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|  | **The City of Springfield**  COMMUNITY DEVELOPMENT BLOCK GRANT –  DISASTER RECOVERY  Policies & Procedures Manual  Detailed Plan for Financial Administration and Management of the HUD Disaster Recovery Community Development Block Grant  **Mayor Domenic J. Sarno**  **September, 2014** |

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**SECTION 1: INTRODUCTION**

The fundamental purpose of Springfield’s financial management plan is to ensure the appropriate, effective, timely and honest use of funds. Specifically, Springfield ensures that:

* Internal controls for monitoring, reporting and management are in place and adequate;
* Documentation is available to support accounting record entries;
* Financial reports and statements are complete, current, reviewed periodically; and
* Audits are conducted in a timely manner and in accordance with applicable standards.

The Office of Community Development (OCD) and Office of Housing (OH) are departments of the City of Springfield. Certain financial activities and functions for these departments are performed by other City departments:

* City Comptrollers
* City Treasurer/Collector
* Information Technology
* Internal Audit
* Office of Procurement
* Law
* Mayor
* Office of Management and Budget
* Payroll
* Personnel
* Business Loan Program

**SECTION 2: FINANCIAL MANAGEMENT SYSTEM**

In establishing a financial management system, Springfield has complied with 24 CFR Part 85 “Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments” (also known as the Common Rule) and 24 CFR Part 84 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations”.

Both the Common Rule and 24 CFR Part 570 govern CDBG grantee financial management systems. In addition, the use and accounting for CDBG Disaster Recovery (CDBG-DR) funds are governed by OMB Circular A-87, and Treasury Circular 1075. Springfield understands that failure to account for and manage CDBG-DR funds accordingly may result in sanctions imposed by the Disaster Recovery Unit (DRU) and/or U.S. Department of Housing and Urban Development (HUD).

The City of Springfield incorporates redundant systems to monitor duplication of benefits and financial compliance. The following parts detail financial and grant management systems that will be utilized to maximize compliance and efficiency.

**Part (A): MUNIS Financial System**

In compliance with the Common Rule, Springfield utilizes the MUNIS Financial Management System. Based on delivering accurate and reliable financial data, MUNIS’s core business logic is built on proven, functionally mature and industry-specific metrics. Springfield’s MUNIS Financial Management System delivers accurate, transparent, and efficient financial operations. MUNIS Financial applications make it easy to streamline and simplify all of CDBG-DR accounting operations throughout the program. With its versatile features and options, MUNIS connects financial data to the MUNIS General Ledger, a true multi-fund accounting system with automated Due To/Due From processing. The MUNIS system records Grant Awards, Obligations, Un-Obligated Balances, Assets, Liabilities, Expenditures and Program Income. Plus, a flexible chart of accounts is adaptable to the program and projects’ needs. A sample Chart of Accounts is included as Attachment A.

Additionally, MUNIS updates all balances in real-time with each transaction, connecting users to the most current, accurate information. MUNIS’ Project and Grant Accounting provides an optional method for multi-year tracking of budgets, expenditures and revenues for user-defined projects, such as capital improvements, special programs and more.

This customizable system allows the Springfield to provide the following:

* Accurate, current, and complete disclosure of financial results;
* Records that identify adequately the source and application of grant funds;
* Comparison of actual outlays with amounts budgeted for the grant;
* Procedures for determining reasonableness and allowable costs;
* Accounting records that are supported by appropriate source documentation such as cancelled checks, paid bills, payroll records, time and attendance records, contracts and sub grant award documents etc.; and
* A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

The MUNIS Project Manual is included as Attachment B.

**Part (B): RPM Grant Management System**

To provide redundant systems for monitoring duplication of benefits, the City also monitors financial status of grants and expenditures in the Recovery Program Management (RPM) system. This system currently tracks in detail the related expenses, reimbursements and grant obligations of all FEMA Public Assistance, FHWA, NRCS and FEMA Hazard Mitigation Grants. With the ability to import data from MUNIS the redundant systems create comprehensive capabilities to analyze expense data. The RPM allows the City to split invoices between different grants based on specific scope expenses. It also allows for notification when an expense has been applied to any specific grants beyond the grants obligation limits.

The RPM system also monitors grant obligation balances and reimbursements as well as project timelines, tasks and assignments, and stores documents electronically all in a web-based, collaborative platform. Finally, RPM has the ability to create an endless arrangement of customized reports based on any number of specific data points.

A summary of the RPM capabilities are included in Attachment C.

**Part (C): Disaster Recovery Grant Reporting System – (DRGR)**

DRGR allows Springfield to submit financial and performance data to HUD regarding activities funded under CDBG-DR and NSP grants. DRGR provides the means for updating and reconciling grant award amounts, drawdown information, and current balances from the Line of Credit Control System (LOCCS) via the DRGR system.

DRGR provided users with the ability to create vouchers which are then reconciled with the drawn amounts with LOCCS to ensure accuracy of financial balances. After the vouchers are processed via LOCCS, DRGR updates the status of the vouchers, enabling users to track the status of their draw-downs.

The basic components of DRGR to be utilized by Springfield are:

* Grants, Sub-funds, and sub-grants
* Consolidated Plan/Action Plan
* Projects
* Activity Setup
* Activity Funding
* Draw-downs
* Accomplishment Reporting
* Reports
* Security and Data Access

**SECTION 3: ADVANCED FUNDING**

The City of Springfield will not request advanced funding from HUD. All draw down requests are on a reimbursement basis only.

**SECTION 4: PROGRAM INCOME**

Program Income are earnings realize from Entitlement support activities and may include such items as loan repayments, rent received, proceeds from sale of property, and lien repayments.

Springfield will comply with HUD requirements found in 24 CFR 570.489. In the event the City’s activities generate program income, those funds, to the maximum extent feasible, shall be distributed before the City makes additional withdrawals from the Treasury.

All subrecipients funded through the CDBG-DR grant who generate program income shall comply with all the HUD requirements. All program income derived from activities funded under CDBG-DR and all program income generated after the expiration of any contract/agreement shall be turned over to the City of Springfield within 10 days of receipt by the subrecipient as stated in the contract. No program income will be retained by a subrecipient.

Program income received before or after the closeout of the grant and used to continue disaster recovery activities, will be treated as additional CDBG-DR funds subject to the requirements of the Federal Register Notice dated March 5, 2013 and must be used in accordance with the City’s Action Plan(s) for Disaster Recovery.

All program income payments are recorded in a Program Income Report file, maintained by Community Development’s Operations Manager, and balanced against MUNIS monthly. Program Income is also recorded in the appropriate database (DRGR) on a monthly basis and used before any entitlement funds are drawn. The internal Program Income Report, MUNIS and DRGR are balanced monthly by the financial analyst to insure actuate and timely reporting of program income.

The OCD currently services all CDBG assisted loans. All loans have written contract that clearly describe the repayment terms, what constitutes a default, how it can be cleared, and what actions will be taken if the default is not cured. If applicable, detail of pledged security or collateral is also included in the contract. All loans, when applicable are recorded at the registry of deeds.

Loans receivable are recorded in a Loans Receivable ACCESS database upon receipt of an authorized encumbrance order. The following Information is recorded for each loan, as applicable:

* Contract number
* Borrower
* Property address
* Date of encumbrance and/or loan document
* Type of note (funding source or program)
* Face of Note
* Loan Amount
* Grant Amount
* Interest rate charged
* Terms
* Payment amount
* Principal balance
* Additional information found in database file, as applicable:
* Date of most recent payment received
* Is loan current?
* Notes and comments

Billable loans are invoiced monthly, on or about the 15th of each month, with payment due the first of each following month (e.g. billed Jan 15th for payment due Feb 1st), unless payment structure is different per loan documents, by OCD’s Operation Manager. Each invoice shows the following information:

* Loan (contract) number
* Prior month balance
* Date and amount of last payment received
* Interest and principal charged for month
* Total amount due

Upon receipt of a loan payment, a deposit voucher (settlement form) is prepared by the OCD Operations Manager for the transfer of funds to the City Treasurer for deposit and processing. Program income is recorded and the loan database is updated for the date of the current payment. The loan database is reviewed monthly for loan maturity dates and any other updates as required.

On or around the 10th of every month the Operation Manager within the OCD will notify the appropriate department of the status of all delinquent loans. A first notice of late payment is sent out 15 days after the payment due date. A 2nd notice is send out 45 days after the payment due date and the 3rd notice is sent 75 days after the payment due date. If no payment is received and no payment arrangements have been made with the loan holder, the loan documents are sent by the Operations Manager to the City of Springfield Law Department to pursue legal action. The monthly meeting is held with the City of Springfield Law Department and the OCD for updates and status of the delinquent loans.

**SECTION 5: SALARIES AND WAGES**

The City of Springfield utilizes the KRONOS payroll system for the recording and reimbursement of administrative and program support staff. The KRONOS system requires staff and their immediate supervisors to certify payroll weekly; followed by a time stamp record of this weekly certification. The system shows the grants and programs worked on. KRONOS has the functionality to record comments next to each days funding split, which are mandate to be done by all grant funded staff. Based on the time punches by employees reports are created representing the exact hours pertaining to specific projects completed by staff. The payroll expense based on actual hours worked on each grant is charged weekly in the City’s financial reporting system MUNIS.

**SECTION 6: INDIRECT COSTS**

The City does not intend to charge an indirect cost to the CDBG-DR grant. Administrative costs and support staff costs will be charged based on actual hours worked.

**SECTION 7: LUMP SUM DRAW DOWNS**

The City of Springfield does not request lump sum draw downs.

**SECTION 8: INTERNAL CONTROLS**

The detailed procedures are designed to include internal controls required to provide for adequate safeguarding of assets and accurate financial reporting. The concepts, elements, and objectives of internal controls include the following:

Concepts:

The establishment and maintenance of a system of internal control is the responsibility of management and should be under continuous monitoring and supervision.

Accounting control provides reasonable, but not absolute, assurance that the objectives of the system will be met.

Underlying effective internal control are the competence and integrity of personnel. Independence is their assigned function, and their understanding of defined procedures.

Elements:

Personnel with clear lines of authority and responsibility

Adequate segregation of duties

Objectives**:**

Adequate controls over cash receipts, cash disbursement and purchases, payroll, account reconciliation, and record keeping.

**Part (A): Organizational Chart**

The City of Springfield is the Grantee for the CDBG-DR funds from HUD. As the Grantee the City of Springfield is responsible for the expenditure of the funds in compliance with HUD regulations and waivers, and any other State or Federal requirements.

The OCD will provide a Disaster Recovery division to administer the CDBG-DR projects included in its Action Plan. A chart displaying the scalable organizational structure to be employed by the City for this program is included below.

**Part (B): Staffing**

The City of Springfield will oversee all activities and expenditures of the CDBG-DR Grant. The City will hire additional staff to support an increased volume of funding and projects resulting from the CDBG-DR award. These individuals will be trained by internal staff and consultants to execute project deliverables and ensure program compliance. New staffing may include, but is not limited to, a Senior Project Manager, a Director of Disaster Recovery & Compliance, a Financial Analyst, and a Program Manager. Staffing will be added, as needed, based on project complexity and size, then integrated into the OCD Organizational Structure under direct lines of authority to Senior Staff members. Senior Staff includes the Deputy Director of Economic Development, the Deputy Director of Planning, the Director of Housing, and the Director of Administration and Finance.

Technical assistance will be provided by experienced consultants to City of Springfield personnel thereby increasing the capacity of the City of Springfield to implement and monitor CDBG-DR funded projects on a day to day basis. The City of Springfield will also maintain a close relationship with its HUD representatives and consult them throughout the disaster program when guidance is required.

**Part (C): Lines of Authority**

In establishment of its CDBG-DR Program, the OCD focused on creating a cohesive, cross-functional organizational structure that incorporates both horizontal and vertical lines of communication. In doing so, OCD has met its organizational goals to:

* Create clear approval controls that provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management’s general or specific criteria;
* Establish controls over the design and use of documents that provide reasonable assurance that transactions and events are properly documented, recorded, and auditable;
* Assign segregation of duties to effectively reduce the opportunity for program participants to perpetrate or conceal errors or irregularities in the normal course of duties;
* Institute guidelines and policy that make clear all personnel are responsible for communicating upward the program participant’s operating problems and noncompliance with laws and regulations; and
* Develop internal control standards that support the Department’s ability to prepare financial statements that are fairly presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements.

While each of the Program’s Divisional Components has specific and unique responsibilities they are required to overlap and perform peer-to-peer review to identify errors or omissions in Program Compliance.

**Part (D): Program Administration Sequence**

Once the Action Plan is approved by HUD, the Disaster Recovery Staff will follow specific lines of responsibility and authority to facilitate the program. OCD has developed specific Program Controls that provide staff with guidelines and metrics to measure accomplishment.

### **Grant and Budget Establishment**

The City of Springfield Comptroller’s Office is responsible for the use and maintenance of the MUNIS financial system. All grant awards, obligations, unobligated balances, assets, liabilities, expenditures, and program income are tracked within the MUNIS system.

Once the CDBG-DR Action Plan is approved by HUD, a Grant Set up Form (GSUF) is completed by the Senior Project Manager and Approved by the Director of Administration and Finance. The GSUF includes an approved Council Order as well as all information relative to the grant: type, name, amount, award date, awarding agency, grant period, matching requirements, description, special conditions/restrictions, and drawdown information. The set up form lists all the organizational and object codes for each grant. Organizational and object codes follow the approved grant budget (Attachment D). The GSUF and the signed grant agreement are then sent to City Comptroller’s Office.

Once the City Comptroller’s Office approves the GSUF, an account is set up in the MUNIS Financial Management System in both the grant module and the project module. The account information entered into MUNIS follows the GSUF. The account and budget information is entered by a Financial Accountant in Comptroller’s Office based on information provided in the GSUF.

Next, the Budget will be approved by the City Comptroller or the Deputy City Comptroller and officially posted in MUNIS. Upon posting of the budget by the Comptroller’s Office, a Financial Accountant will notify the OCD Director of Administration and Finance, who then notifies the Senior Project Manager. The Senior Project Manager is responsible for communicating awards to various agencies and departments within the City.

A budget is kept internally for each grant that mirrors MUNIS in the RPM System. The Senior Project Manager will be responsible for entering all required information into the database. This internal OCD grant record includes grant awards, obligations, un-obligated balances, assets, liabilities, expenditures and program income. Expenditures entered into the RPM System will immediately be cross-referenced against all FEMA, FHWA and NRCS Grants to ensure no duplication of benefits. Expenditures are also detailed to identify their specific relation to eligible scope of work. If multiple funding sources are used for any particular project the RPM System will allow for an allocation of project expense based on eligible work performed.

### **Project Delivery**

Agencies are required to submit the following documents in order to start the contract process: scope, budget, policies and procedures, most recent audited financial statements, corporate certificate, insurance certificate, internal control questionnaire, debarment certificate, conflict of interest certificate, and tax certification form (Attachment E). City departments are required to send scopes and budgets for the awarded projects. All recipients of funds from the City of Springfield must also be current on all City taxes and fees and may not have any code violations, per city policy. A full review of all documents, as well as eligibility and fiscal review, is completed by the Compliance Officer and the Financial Analyst. Once the Compliance Officer and the Financial Analyst approve the information it is reviewed by the Sr. Project Manager and then sent to the Program Manager for contract assembly and processing. If an issue is identified as a problem it is brought to the attention of the Sr. Project Manager immediately. The Senior Project Manager sets up a meeting with Senior Staff to review the documents and resolves all issues. If necessary Senior Staff will discuss any unresolved issues with HUD as it deems appropriate.

The Program Manager is required to submit set up and close out forms for the RPM and DRGR System related to each contract, to the Compliance Officer and the Sr. Project Manager. Program eligibility and accomplishment data is a requirement on these forms.

Throughout the Project Life-Cycle the Program Manager and the Financial Analyst are responsible for receiving and tracking Project Status Reports and invoices for each contract. The Program Manager reviews the Project Status Reports submitted by the subrecipient. The Financial Analyst matches the invoice to the correct contract and purchase order and reviews the fiscal expenditure draw for contract compliance. Following review, the Program Manager and the Financial Analyst sign the invoice authorizing payment and submits it to the Compliance Officer. If no negative findings are identified, the Compliance Officer signs the invoice and forwards it for processing.

The expenditure is then entered into MUNIS by the Financial Analyst. The expense is liquidated against the purchase order and approved within the MUNIS system by the Director of Administration and Finance and verified by the City Comptroller’s Office. Once verified and approved by the City Comptroller’s Office a check is generated by the City Treasurers office within the MUNIS system.

**The MUNIS system will not allow for payments/encumbrances that exceed the purchase order/contract amount or the grant award.**

### **Financial Management**

All drawdowns from HUD or other funding agencies are prepared by the Financial Analyst based on actual expenditures in MUNIS. The Sr. Project Manager reviews the draws against MUNIS. Once approved, the Financial Analyst then enters the request into the HUD data base DRGR. The OCD Director of Administration and Finance then approves the draws in DRGR and sends an expected funds alert to the Treasurer’s office based on the draw-down request. This alert tells the Treasurer’s office of an incoming wire and for what project the funds are associated with.

All funding of activities, draw-downs and close outs in DRGR are reconciled with the City’s MUNIS system by the Sr. Project Manager and the Financial Analyst and reviewed by the OCD Director of Administration and Finance. Year to date budget reports are run monthly by the Financial Analyst on each grant and the draw-downs in DRGR are based on actual expenditures.

Monthly, the Financial Analyst balances internal control spreadsheets against MUNIS, RPM, and DRGR. The Sr. Project Manager reviews all spreadsheets and confirms all accounts balance. The monthly internal program review report is sent to OCD Director of Administration and Finance for review and approval.

A monthly activity report is also created by the Comptroller’s Office detailing beginning balance, Grant Award, revenue received, expenditures, encumbrances, and the ending cash balance. The Disaster Recovery staff review the activity report and confirm the balances to the Director of Administration and Finance within the OCD.

Quarterly, a full Program Reconciliation is performed by the Financial Analyst to balance all expenditures in MUNIS, RPM, and DRGR. As with the monthly review, the Sr. Project Manager reviews the Quarterly Report before submission to OCD Director of Administration and Finance for approval. This Quarterly Financial Report is then sent to the Compliance Officer and the Program Manager for project management oversight information.

### **Close-Out**

An OCD contract will be considered “out of compliance” for late or incomplete reports, unresolved programmatic issues, monitoring findings, and/or audit findings. The contract shall remain “out of compliance” until all issues have been satisfactorily resolved.

The Compliance Officer and the Program Manager notifies the Financial Analyst when a contract is complete and can be closed out in MUNIS, RPM, DRGR and internal data-bases. The close out form is required or an updated accomplishment narrative if the National Objective has not been met at that time.

Once all expenditures have been processed and all revenue has been received, grant close out begins.

The OCD Director of Administration and Finance informs the Financial Analyst in the City Comptroller’s office of the requested close out. The Comptroller’s office then verifies all expenditures and revenues have been received and the grant can be closed. Notification is promptly delivered to HUD by the OCD Director of Administration and finance requesting the grant be closed.

**Part (E): Procurement**

The City follows 24 CFR 85.36 and Massachusetts State Law requirements regarding procurement. Attachment F of this document details the requirements of the local, state and federal procurement requirements. The Compliance Officer within the CDBG-DR division will work with the Chief Procurement Officer (CPO) and Law Department of the City of Springfield to insure adherence to all state, local and federal procurement laws.

**Part (F): Payment Processing**

Invoices can be submitted monthly or quarterly depending on the arrangement between the subrecipient and Program Manager. The contract will clearly state the agreed up frequency of invoicing. The subrecipient submits their requests for reimbursement based on the budgets attached to the contract. Funds are released on a reimbursement basis only and source documentation is required. Source documentation may include, but is not limited to, time and attendance records, payrolls, invoices, canceled checks, paid bills, purchase orders, and other sufficient documentation to justify the expenditures. In addition to source documentation, all requests for payment must include a status/progress report. The Financial Analyst matches the invoice to the correct contract and purchase order and reviews the fiscal expenditure draw for contract compliance.

Following the review, both programmatic and fiscal, the Program Manager and the Financial Analyst sign the invoice authorizing payment and submits it to the Compliance Officer. If deficiencies are found, the subrecipient is notified immediately. Payment is contingent on: 1) expenditures being in accordance with the contract; and 2) satisfactory monitoring with no other outstanding issues. If no negative findings are identified, the Compliance Officer signs the invoice and forwards it for processing.

**SECTION 9: DOCUMENT CONTROL AND REPORTING**

All documents used by the DR staff will be standardized, property documented, recorded, and auditable.

Records, applications, and support documents related to the grant shall be retained for the greater of seven years from close-out of DR grant award, final audit acceptance, or the period required by other applicable laws and regulations as described in Sec. 570.487 and Sec. 570.488, including Conciliation Agreement. File will consist of source documentation, including contracts and sub grant awards and will be maintained in hard copy files. The City MUNIS system will also retain all source documentation and accounting records for the same period.

A quarterly performance report will be submitted to HUD no later than 30 days following the end of each quarter after grant award and continuing until all funds have been expended and all accomplishments have been reported. Each quarterly report will include information about the uses of funds during the applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted, obligated, drawn down and expended; the funding source and total amount of any non-CDBG-DR funds to be expended on each activity; beginning and completion dates of activities; achieved performance outcomes; status of quarterly spending estimates and completion targets for each project; and the race and ethnic status of persons assisted under direct-benefit activities. Quarterly reports to HUD will be submitted using the DRGR system and within 3 days the City of Springfield will post the submitted report to its official website.

The City will maintain a Recovery website that provides citizens with critical information on project scope, budget and delivery status. The Recovery website, [www.springfield-ma.gov/planning/cdbg-dr.html](http://www.springfield-ma.gov/planning/cdbg-dr.html), will provide access to CDBG-DR plans, procedures and project reports. It is a separate page on the City of Springfield web site dedicated to Recovery activity and will be updated at least quarterly by the GIS manager within the Office of Planning and Economic Development (OPED).

All critical information will be updated at least quarterly. Action Plans, Amendments, Performance Reports including all activities as described in the CDBG-DR Action Plan, Quarterly Reports, and the Citizen Participation Plan will be available on this site. Information will be submitted to the GIS Manager by the Senior Project Manager after it is reviewed by Senior Staff.

**SECTION 10: OVERALL BENEFIT OF LOW/MODERATE INCOME PERSONS**

The overall benefit waiver in the Federal Register Notice dated March 3, 2013 provides that 50% of total CDBG-DR funds awarded must benefit low and moderate income persons.

At a minimum $6,953,000 of the funds allocated in Partial Action Plan A for eligible activities will provide an overall benefit to low and moderate income persons. At a minimum $10,948,000 of the total $21,896,000 CDBG-DR allocation will provide an overall benefit to low and moderate income persons.

**SECTION 11: PROGRAM ADMINISTRATION COSTS LIMITATION**

In accordance with 24 CFR 570.200, 24 CFR 570.205 and 24 CFR 570.206 no more than $1,094,8000 or 5% of total CDBG-DR grant award of $21,896,000 will be used for program administrative costs. No more than $695,300 or 5% of the $13,000,000 allocated in Partial Action Plan A will be used for Program Administrative Costs.

**SECTION 12: PUBLIC SERVICE CAP**

In accordance with 24 CFR 570.201 no more than $2,005,900 or 15% of the total amount of the $21,896,000 of CDBG-DR funds awarded will be used for Public Services.

**SECTION 13: PREVENTING FRAUD, ABUSE OF FUNDS AND DUPLICATION OF BENEFITS**

In order to ensure the proper disbursement of grant funds, the City of Springfield plans to remain in compliance with applicable CDBG rules and regulations, as well as other applicable federal regulations such as Office of Management and Budget Circulars A-87, A-133 and 24 Code of Federal Regulations Part 85 (Uniform Administrative Requirements). The City of Springfield will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement and accountability which may also be investigated. The City of Springfield will monitor the compliance of applicants and HUD will monitor the Disaster Recovery Division of the Office of Community Development. In addition to the steps listed below, Section 11 Monitoring and Section 14 Audits of this document also detail the City’s plan to prevent fraud, abuse of funds and duplication of benefits.

### **Duplication of Benefits**

As provided by the Stafford Act, duplication of benefits is prohibited in accordance with the HUD Federal Register 5582-N-01. The OCD Disaster Recovery Staff will continuously monitor, or cause to be monitored, for compliance with this requirement. FEMA, National Flood Insurance Program, private insurers, the U. S. Army Corps of Engineers, SBA and other agencies will be contacted and data sharing agreements put into place to ensure that there is no duplication of benefits occurring within the various programs.

CDBG-DR funds will not be used for activities for which funds have been received (or will be received) from FEMA, National Flood Insurance Program, private insurers, the U. S. Army Corps of Engineers, SBA and other agencies. CDBG-DR funds may be used to provide assistance to the extent that a disaster recovery need has not been met by other sources. Applicants for assistance will be required to disclose all sources of assistance applied for, received or to be received. All applicants will sign an application and a contract verifying all sources and an agreement to pay back any or all of the CDBG-DR assistance if addition funding is made available to them during the term of the contract or after the contract expires.

The Office of Disaster Recovery & Compliance will be responsible for verifying the application information before an award is made or a contract is executed. (See Appendix DOB-1- Duplication of Benefits Forms)

The Office of Disaster Recovery & Compliance will use data from FEMA, SBA, private insurance, etc., to verify Duplication of Benefits. Unique budget codes will be established for all projects and expenditures will be tracked using Recovery Management software that cross references every expenditure against all Recovery Grants (FEMA-PA/HMP, FHWA-ER, NCRS, Other).

Any findings of duplicated benefits will be reported by CDBG-DR Staff to the OCD Director of Administration and Finance who will immediately notify Senior Staff, the City of Springfield Law department and HUD. Appropriate actions will be taken to reclaim benefits following a full review.

The City will be executing subrogation agreements with recipients of CDBG-DR funds that will guide recapture of funds if a Duplication of Benefits is discovered after the disbursement of funds. (See Appendix DOB-2- Subrogation Agreement)

### **Steps to Avoid Mismanagement and Abuse of Funds**

The City of Springfield will assess all program policies and procedures from an anti-fraud, waste, and abuse perspective. The City will work with HUD to provide anti-fraud training to program staff and the Compliance Officer.

On January 9, 2009, the Commonwealth enacted Chapter 468 of the Acts of 2008.  This legislation contained a series of governance changes, including the creation of the Director of Internal Audit.  The Office of Internal Audit conducts financial and performance reviews to prevent and detect waste, fraud and abuse and to improve the efficiency, effectiveness, and quality of public services provided in and by the City of Springfield.

The Office of the Internal Audit has a fraud hotline that can be used to report information about fraud, waste, or abuse of resources related to the City of Springfield. Anyone with information regarding known or suspected misappropriation of municipal funds or resources is encourages to report the information to the City’s Office of Internal Audit. Concerns and findings may be submitted in one of three ways:

* Complete a Fraud Information Report online; <http://www.springfield-ma.gov/finance/fraud-hotline.html>
* Leave a recorded voicemail message on the fraud hotline at (413)886-5125. This hotline is available 24 hours a day, 7 days a week; or
* Send a written report via U.S. mail to the following address: Office of Internal Auditor, 95 State Street, 6th Floor, Springfield, MA 01103.

The City of Springfield has a blanket crime policy for all employees who handle cash. The Treasurer, Assistant Treasurer, and the Assistant City Collector are also bonded per Massachusetts General Law (M.G.L.).

### **Conflict of Interest**

The Office of Disaster Recovery does not permit individuals having functions or responsibilities with respect to activities assisted with CDBG, CDBG-DR, or HOME funds, or who are in a position to participate in a decision-making process, or gain inside information with regard to these activities, from obtaining a financial interest or benefit from a CDBG, CDBG-DR, or HOME-assisted activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business-ties, during their tenure or for one year thereafter. This provision applies to employees, agents, consultants, officers, or elected/appointed official of the City of Springfield. Exceptions to this policy can only be approved by HUD upon submission of a written request for an exception.

Applicants having any of the aforementioned positions, relationships or associations that may or could influence the decision-making process or outcome of a request for assistance in any manner, shape or form, must disclose the nature of their association, in order that the appropriate procedure for facilitating assistance may be followed. Failure to disclose this information may cause immediate termination of the application or a return of program funds after the fact.

**SECTION 14: FEDERAL DEBARMENT/SUSPENDED LIST**

HUD regulations at 24 CFR Part 24 and 24 CFR Part 85.35, prohibit the use of HUD financial assistance to directly or indirectly employ, award contracts to, or otherwise engage the services of, or fund any contractor or Developer during any period of debarment, suspension, or placement in ineligibility status.

As part of property-specific CDBG-DR grant or loan agreements, developers and other contractors are required to provide certification that neither the developer/contractor nor its principals are currently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction.

The System for Award Management (SAM) (https://www.sam.gov/portal/SAM/#1) is an electronic, web-based system that identifies those parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-financial assistance and benefits.

**SECTION 15: MONITORING**

The City of Springfield will continuously monitor awardees which will provide quality assurance. The City will determine the areas to be monitored, the number of monitoring visits, and their frequency. Any entity administering CDBG-DR funding will be monitored not less than once during the contract period. The monitoring will address program compliance with contract provisions, including national objectives, financial management, and the requirements of 24 CFR Part 58.

The Office of Disaster Recovery & Compliance will oversee all activities and expenditures of the CDBG-DR funds. Existing City employees will be utilized and additional personnel and contractors may be hired to aid in the administration of, and to carry out, recovery programs. Not only will these personnel remain involved in ensuring that there are layers of financial control, they also will provide technical assistance to the City, and will undertake administrative and monitoring activities to better assure compliance with applicable requirements, including, but not limited to, meeting the disaster threshold, eligibility, national objective compliance, fair housing, nondiscrimination, labor standards, environmental regulations, and procurement regulations at Part 85.

Each activity funded will meet the disaster threshold and one of HUD’s three national objectives, with emphasis on achieving the primary national objective of benefiting low and moderate income persons, and will be an eligible activity. Office of Disaster Recovery & Compliance will perform the monitoring in accordance with a CDBG-DR monitoring plan.

The Office of Disaster Recovery & Compliance will maintain a high level of transparency and accountability by using a combination of risk analysis of programs and activities, desk reviews, site visits, and checklists modeled after HUD’s Disaster Recovery Monitoring Checklists and existing monitoring checklists used in monitoring regular program activities.

The Office of Disaster Recovery & Compliance will determine appropriate monitoring of grants, taking into account prior CDBG-DR grant administration performance, audit findings, as well as factors such as the complexity of the project.

The primary purpose of the City’s monitoring strategy is to ensure that all projects comply with applicable federal regulations and are effectively meeting their stated goals. The frequency and areas monitored will be determined by a risk analysis. All projects will be monitored at least once on-site during the life of the activity.

The Office of Disaster Recovery & Compliance will determine the areas to be monitored, the number of monitoring visits, and their frequency. Subrecipients will be provided training and technical assistance if requested, or if the Office of Disaster Recovery & Compliance determines that in-house or on-site monitoring is needed.

The City will continue to follow all guidelines it uses to monitor projects funded under the regular CDBG program. The monitoring will address program compliance with contract provisions, including, but not limited to environmental reviews, fair housing, Section 3 compliance, compliance with the Davis-Bacon Act as well as other labor standard provisions, procurement regulations, fair housing and equal opportunity requirements, and compliance with the OMB A-87, program income, and other CDBG financial requirements.

OCD has an established a monitoring plan that governs the oversight of all subrecipient and interdepartmental contract agreements including: Community Development Block Grant (CDBG); HOME Investment Partnership Program; Emergency Solutions Grant (ESG); Housing Opportunities for Persons with AIDS (HOPWA); McKinney-Vento Homeless Assistance grants; and Neighborhood Stabilization Program (NSP) grants. This monitoring plan will be implemented for the CDBG-DR Program with internal monitoring via the DRGR System, project reports, and strong internal procedures. For these projects and others implemented by City departments (such as public works), the OCD staff fully understands and incorporates program requirements. The OCD program also undergoes an annual performance audit, to insure compliance with HUD regulations.

The Office of Disaster Recovery & Compliance will oversee the Subrecipients compliance activities and programs to ensure they are reasonably designed, implemented, enforced and generally effective in preventing and detecting violations of the OCD requirements through conducting risk assessments, desk reviews, on-site monitoring, compliance reviews, physical inspections, and technical assistance. All subrecipients will undergo some level of monitoring. Subrecipients can be selected for additional or in-depth monitoring according to various factors and criteria, for example, unsatisfactory performance standards during the program period, current external audit findings, program experience, project complexity, or special circumstances. The Office of Disaster Recovery & Compliance will review and recommend such actions as are necessary.

### Monitoring Objectives

The Office of Disaster Recovery & Compliance will be knowledgeable about the content and operation of the Springfield OCD compliance and ethics guidelines. The Office of Disaster Recovery & Compliance will exercise reasonable oversight for the implementation and effectiveness of the subrecipients programs, through the following objectives:

* Assuring that subrecipients with operational responsibility are monitored through regular ongoing risk assessment; regularly performing and reviewing risk assessments; and recommending and assuring that appropriate steps are taken to design, implement, or modify compliance activities to reduce the compliance risks identified by risk assessments.
* Assuring that compliance roles and responsibilities are clearly established across the subrecipients system and that due care is taken in delegating substantial authority.
* Assuring that subrecipients implements standards of conduct, policies, procedures and internal control systems reasonably capable of ensuring compliance and reducing misconduct within their organization.
* Exercising reasonable oversight over compliance activities, to include requesting and receiving information on the implementation and effectiveness of the compliance and ethics program from individuals with day-to-day operational responsibility, as well as the Senior Compliance Officer.
* Assuring that the subrecipients compliance standards, procedures and expectations, are effectively communicated through technical assistance and other appropriate means.
* Assuring that reasonable steps have been taken to achieve compliance with regulations, policies, and procedures throughout the subrecipient’s organization through the use of reasonably designed auditing and monitoring systems as well as periodic evaluation of the compliance program’s effectiveness.
* Assuring that subrecipients maintains an effective mechanism for employees to report or seek guidance regarding potential or actual wrongdoing, including mechanisms to allow for anonymous reporting, and appropriate safeguards to protect against potential retaliation.
* Assuring that compliance is promoted and enforced consistently throughout the subrecipient agency.
* Reporting on the implementation and effectiveness of the compliance program.
* Taking such other actions, or making such other recommendations, as are necessary to promote an ethical organizational culture.

### **Team Members**

Monitoring will be carried out primarily by the Sr. Program Manager and the Financial Analyst. The Director of Disaster Recovery & Compliance will oversee all monitoring activities. The Compliance Officer will report directly to the Director of Disaster Recovery & Compliance and the OCD Director of Administration and Finance on all monitoring issues.

### **Monitoring Activities**

The monitoring activities will consist of comprehensive and thorough procedures to meet the monitoring objectives above. These procedures and monitoring activities will be documented through the project life cycle and will vary according to their need. The Program Manager and the Financial Analyst will conduct reviews, monitoring, and internal audits of subrecipients at the City of Springfield Disaster Recovery Office and onsite at the subrecipients’ place of business. The OCD Director of Administration and Finance will provide administrative support to the OCD Compliance Officer. Senior Staff will review all monitoring and compliance reports.

A comprehensive system has been developed by OCD for subrecipients in order to insure compliance with program and budget requirements. This system will be used for the CDBG-DR Grant.

OCD has contractual agreements with subrecipients of the program funds that require compliance with programmatic statutes and regulations. OCD is responsible for ensuring that subrecipients comply with all HUD regulations and are achieving their performance objectives within the contractual schedule and budget and performance measurement system. Per HUD’s recommendation, OCD utilizes a coordinated project monitoring process, including coordinated fiscal and program on-site monitoring visits.

Main program files for CDBG-funded programs and projects are maintained within OCD’s central file system, but the programs and projects are managed by program delivery staff within their respective departments. The OCD has primary responsibility for long-term compliance with program and comprehensive planning requirements. In addition, OCD staff oversees the fiscal monitoring of all activities funded through CDBG, HOME, ESG, HOPWA, and NSP. OCD monitors CDBG contracts with organizations, and inter-departmental agreements with other City departments.

The CDBG-DR monitoring process will include these essential components:

Initial Evaluation – An initial evaluation will be conducted for each subrecipient and sub-grantee. This initial evaluation will take place during project development and once a contract has been executed. The initial evaluation will consist of a survey and a number of questions designed to assess the risk factors and the need for additional monitoring.

Pre-Monitoring – Pre-monitoring will primarily consist of technical assistance and on-site reviews of subrecipient’. The purpose of pre-monitoring is to more specifically review the policies and procedures of the subrecipients in meeting their compliance objectives. It will also determine the adequacy of the on-going monitoring efforts and program objectives.

Progress Reports— All subrecipients are required to submit status reports to their Program Manager. Reports are reviewed by Program Manager to ensure that subrecipients are undertaking the activities contained within the Scope of Service and that they have achieved or are making diligent efforts to achieve the goals and objectives contained within the contract.

Monitoring Schedule—OCD maintains a master contract schedule to track the dates and results of monitoring for all subrecipients and inter-departmental contracts. The schedule measures each contract against six risk factors.

RISK FACTOR 1: Subrecipient is new to the program

RISK FACTOR 2: Turnover of key staff

RISK FACTOR 3: Prior compliance or performance problems

RISK FACTOR 4: Subrecipient is carrying out a high risk activity (e.g. economic development)

RISK FACTOR 5: Multiple CDBG Contracts for the first time

RISK FACTOR 6: Reports not turned in on time

Any contract not included in the program monitoring schedule is subject to “bench monitoring.” This process involves contract scope review and review of monthly report forms and monthly narratives submitted by the subrecipient.

On-Site Monitoring—A notification letter is sent to the subrecipient confirming the date and the scope of the monitoring and a description of the information that will be required at the visit. At the visit, the monitor reviews project files to verify: (1) that the activities undertaken by the subrecipient are appropriate to satisfy the contractual obligations; (2) the accuracy of the information contained within the monthly progress reports; and (3) that the subrecipient is properly administering and implementing the program within federal guidelines. In addition, the monitor ensures that the subrecipient is achieving or making diligent efforts to achieve the goals and objectives stated in the contracts scope of service.

Follow-up—as a follow-up to a monitoring visit, the monitor will send a determination of compliance letter notifying the subrecipient of the monitoring results. The letter will detail the purpose of the visit, provide feedback, and address areas for improvement, if necessary. If the monitor identifies findings, a corrective action plan will be required. If the monitor has any concerns, specific recommendations will be provided to the subrecipient. The subrecipient will be required to provide to OCD a written response describing how the subrecipient will resolve any findings and correct any deficiency identified in the letter. Upon receipt of a subrecipient’s response to identified findings or concerns, the monitor will determine if a follow-up site visit is necessary to ensure that (1) corrective action was taken; and (2) the agency is now complying and performing in accordance with its contract. If the Compliance Officer is not satisfied with the corrective action taken by the subrecipient, the findings are sent to the Director of Community Development and the OCD Director of Administration and Finance for further action.

Close-out – This operation will generally follow the close-out procedures as required by HUD and OCD. The Sr. Project Manager and the Compliance Officer will be responsible for closing out projects and reconciling program activities. This will ensure proper documentation and close-out procedures are met.

Long Term Compliance—Projects that have long-term compliance requirements are monitored annually to ensure compliance with funding terms. The City’s monitoring policy requires unit inspections and tenant rent and income certifications of Federally-assisted properties every year. All rental units subsidized with CDBG, HOME and Lead Based Paint Hazard Control funds must be recertified to determine that the rent and/or income remains in compliance with the HUD rent and/or income limits for the project and that the units are occupied by income-eligible tenants. In addition, every Federally-assisted unit is inspected to determine compliance with HUD’s Housing Quality Standards.

ON-SITE COMPLIANCE MONTORING: During the Restriction Commitment Period required by the particular loan documents, the City undertakes regular on-site monitoring visits to ensure that self-reporting on income and rent certification is accurate, and to ensure that all program requirements and policies are in compliance with federal requirements.

**SECTION 16: TIMELINESS OF EXPENDITURES**

The City of Springfield uses regular monitoring and reporting to ensure that timeliness standards are met.   The CDBG-DR Action Plan in DRGR will provide quarterly spending estimates and completion targets for each project, which will be created in consultation with subrecipients.  The CDBG-DR Senior Project Manager will track expenditure and completion targets on a monthly basis using the City’s MUNIS system and RPM Grant Management System. At the time of each quarterly report in DRGR, the CDBG-DR Senior Project Manager will compare the actual expenditures and completion rates against the projected expenditures and completion rates within DRGR.  The Senior Project Manager will identify any discrepancies and report the findings to Senior Staff. Where there are discrepancies, the Compliance Officer and the Program Manager will work with subrecipients to create a plan to return to the anticipated schedule or revise the schedule as necessary.  Adjustments and revisions will be submitted to the Senior Project Manager and Senior Staff for approval. Once approved, the adjustments and revisions will be entered into DRGR. Where projects become stalled and will be unable to be completed timely, the City Senior Staff will reprogram funds to a different activity within the current Action Plan. All revision will be entered into DRGR by the Senior Project Manager in the next quarter after the project/activity has been cancelled and funds have been identified.

**SECTION 17: SUBRECIPIENT REQUIREMENTS**

Subrecipients are required by the City of Springfield to follow all applicable laws, standards and regulations related to the HUD CDBG-DR Program as well as all other State, Local and Federal laws. As described in Section 11: Monitoring, the OCD has established strict reporting and compliance measures for all subrecipients.

Prior to executing the contract, the following need to be resolved to OCD’s satisfaction within 90 days after the contract award date:

* “Readiness to proceed” issues regarding the current award; and
* Outstanding issues on existing contracts regarding compliance with program requirements.

The OCD desires that each subrecipient performs all projects in a timely manner meeting all reporting and compliance measures. The OCD requires subrecipients to demonstrate capabilities and capacity to perform all duties required by contract with the City of Springfield. The City provides technical assistance to ensure that subrecipients have policies and procedures in place to meet the requirements of all State, local, and Federal laws.

Additional reporting requirements (i.e., annual audits, contractual obligations, labor and minority business enterprise reports, as applicable) will be specified in the contract documents.

**SECTION 18: AUDITS**

### **Audit Requirements**

Audits are required for non-Federal entities that expend more than $500,000 or more in a year of Federal awards.

The City undertakes an annual outside audit performed according to the standards of O[MB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."](http://www.whitehouse.gov/omb/circulars_a133-lead)

An outside audit pursuant to OMB A-133 is required for all subrecipients expending $500,000 or more a year. This requirement is included in all subrecipient agreements. Audits must be undertaken annually, with one exception. Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits biennially.

### **Uniform Administration Requirements**

The City complies with requirements set forth in the following:

[OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments"](http://www.whitehouse.gov/omb/fedreg_cost_principle_nprm_preamble)This circular establishes principles and standards to provide a uniform approach for determining allowable costs under Federal grants and other agreements with states and local governments and Indian tribal governments.

[24 CFR 85 "Administrative Requirements for Grants and Cooperative Agreements for State, Local, and Federally Recognized Indian Tribal Governments"](http://www.access.gpo.gov/nara/cfr/waisidx_02/24cfr85_02.html)

These regulations set forth uniform requirements for financial management systems, procurement, reports and records, and grant close-outs for recipients of Federal grant funding.

Nonprofit subrecipients must comply with requirements set forth in the following:

[OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"](http://www.whitehouse.gov/omb/circulars/a110/a110.html)

This circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other nonprofit organizations.

[OMB Circular A-122 "Cost Principles for Non-Profits"](http://www.whitehouse.gov/omb/circulars/a122/a122.html)

This circular establishes principles for determining allowable costs under grants, contracts, and other agreements with nonprofit organizations.

### Allowable Costs

To be allowable under Federal awards, costs incurred by the City or any subrecipient of Federal dollars must meet the following general criteria:

* Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
* Be authorized under State or local laws or regulations.
* Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
* Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
* Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
* Be determined in accordance with generally accepted accounting principles.
* Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
* Be adequately documented.

The City of Springfield and contract awardees are subject to the Single Audit Act. A Single Audit encompasses the review of compliance with program requirements and the proper expenditure of funds by an independent Certified Public Accountant. All findings and associated evidence will be reported directly from the independent Certified Public Accountant to the Office of Internal Audit and the Mayor. A corrective Action Plan is then completed by the City of Springfield and submitted to the independent Certified Public Accountant to accompany the Audit file of that year.

The organizational diagram below illustrates that the audit function reports is independent and completely separate from the Office of Community Development.

**SECTION 19: FAIR HOUSING/EQUAL OPPORTUNITY EMPLOYMENT**

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability).

The City of Springfield is committed to the spirit and intent of these various laws, rules and regulations in the administration and operation of this program and will strive to ensure that all applicants receive fair access and treatment in the receipt and review of all applications in response to request for assistance and in the distribution of its funding resources for programs and services based on availability.

**SECTION 20: UNIFORM RELOCATION REQUIREMENTS**

The City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) as a result of CDBG activities pursuant to 24 CFR 570.606.

When contemplating any project or program, the City shall:

* Gather complete information identifying all tenants and owners who might be affected.
* Immediately inform any tenant or owner that they are entitled to information and counseling and they should not move unless specifically required to do so until they have received formal notices. Inform them that moving before that has occurred may cause them to give up rights.

Generally, a displaced person under the URA is an individual, family, partnership, association, corporation, or organization which moves from their home, business, or farm or move their personal property, as a direct result of acquisition, demolition, or rehabilitation for a federally funded project.

Relocation of displaced persons shall be in conformance with Section 104(d) of the Housing and Community Development Act and the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 as amended, with the exception of the waivers granted in the Federal Register Notice dated March 5, 2013.

**SECTION 21: FEDERAL LABOR STANDARDS (Davis Bacon Prevailing Wage & Reporting Requirements)**

Federal labor standards provisions are applicable to construction work financed in whole or in part with CDBG-DR funds, except that construction work involving residential property with lessthan 8 units is exempt. Federal labor standards provisions involve 3 key requirements:

* 1. Payment of not less than prevailing (Davis-Bacon) wage rates to all laborers and mechanics employed by contractors and subcontractors;
  2. Compensation for overtime hours (hours worked over 40 in a work week at the site of the covered work) at no less than 1 ½ the regular basic rate of pay;
  3. The certification and submission of weekly payroll reports for each week work is performed at the site of the covered work.

Both Federal and State Labor Standards and Prevailing Wages are included in all bids and contracts distributed by the Office of Procurement.

Contractors are required to submit weekly certified payrolls forms throughout the duration of work performed that document prevailing wages paid to all eligible employees.

Certified payroll forms are reviewed by the Office of Procurement for compliance with both federal and state prevailing wage requirements. Original certified payroll documents are retained by the Office of Procurement and copies of approved certified payroll documents are provided to the Office of Disaster Recovery & Compliance.

**SECTION 22: INSURANCE REQUIREMENTS**

All Contractors/Vendors/Developments/Sub-recipients, with the exclusion of internal City of Springfield Departments, that will be receiving and/or administering CDBG-DR funds shall provide certificates of such insurance at the time of execution of contract:

1) Worker's compensation and employer's liability insurance as required by the Commonwealth of Massachusetts providing coverage for all claims pursuant to M.G.L. c. 152.

2) Comprehensive automobile and vehicle liability insurance covering claims based on personal injuries, including death, and/or damages to property arising from use of motor vehicles, including onsite and offsite operations, and owned, non-owned, or hired vehicles, with not less than $1,000,000.00 single limits and $3,000,000.00 aggregate limits.

3) Commercial general liability insurance covering claims based on personal injuries, including death, or damage to property arising out of any act or omission of the Contractor/Vendor/Developer/Sub-recipient or of any of its employees, agents, or subcontractors, with not less than $1,000,000.00 single limits and $3,000,000.00 aggregate limits.

The City shall be named as an additional insured and the Contractor/Vendor/Developer/Sub-recipient waives subrogation against the City as to said policies. The policies will provide that they will not be cancelled without 30 days prior notice to the City.

The insurers will be authorized to do business in Massachusetts.

The Contractor/Vendor/Developer/Sub-recipient shall require the same insurances from its Sub-contractors.

**Title Insurance** Developers of CDBG-DR funded projects that include acquisition and development shall provide the City with title abstracts as requested. In addition, the Developer shall provide and maintain title insurance on the property to the City in an amount equal to 100% of the grant amount.

**SECTION 23: ENVIRONMENTAL REVIEW**

CDBG-DR requires that an environmental review be completed for every activity before funds (even non-CDBG-DR funds associated with the activity) are committed or expended. Such environmental reviews must comply with the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed at 24 CFR Part 58. An environmental review must be conducted considering federal laws, authorities, and regulations which address noise, air quality, historic properties, floodplains, wetlands, water quality, solid waste disposal, man-made hazards, farmlands protection, wild and scenic rivers, coastal areas, endangered species and others.

In accordance with 24 CFR Part 58, recipients, owners, developers, sponsors or any other third party partners cannottake any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and the jurisdiction has received a Release of Funds approval.

### **Tier I Review: Target Area Assessment**

The City conducted a tiered environmental review under 24 CFR 58.15 for the CDBG-DR Partial Action Plan A.

A tiered environmental review allows for a general assessment of the impacts of an activity on the environment prior to identification of a specific site.

The Tier 1 review addresses and analyzes those environmental impacts related to the proposed activities that might occur on a typical site within the geographic area. The Tier 1 review also assesses project effects related to a longer list of environmental factors (e.g., compatibility with surrounding land uses, conformance with zoning plans, nuisances that affect site safety, displacement of people or businesses, solid waste management, etc.)

All environment compliance requirements satisfactorily resolved in this first level of review, meaning findings of no significant impact or impact requiring mitigation, are excluded from any additional examination or consideration once the Tier 1 review is completed.

The Tier 1 review identifies those compliance requirements that cannot be resolved until specific project locations become known. Site specific issues that cannot be resolved in a Tier 1 review may include: aboveground storage tanks that present a safety hazard to buildings and occupants of buildings; new residential units located in close proximity to a freeway that generates high levels of noise; soils that aren't suitable for multifamily structures; asbestos removal that may be necessary; or other potential impacts. The Tier 2 Site Specific Review will address such issues.

During the Tier 1 review process, the City developed written standards (a checklist) that will be used during the Tier 2 Site Specific Project Review. The checklist is used to identify potential environmental impacts, as well as help the City choose appropriate sites.

### **Tier II: Site Specific Project Review**

A review for each individual property is required once sites are selected. The Tier 2 review focuses only on the environmental compliance requirements that could not be resolved in the Tier 1 Target Area Assessment.

The City performs the Tier 2 review. When the City identifies specific properties or sites within the target area and is ready to obligate funds (e.g. to buy a property, finance repairs, demolish a structure, etc.) the City will use the written standards, both checklist and narratives set forth in the Tier 1 review process to determine if there are any environmental issues associated with the site. This Site Specific Project Review documents in writing that compliance standards for the specific project are met, and that required mitigation measures, if any, will be incorporated into the project.

The Tier 2 review must be completed before funds (including non-CDBG-DR funds) are committed or expended on the project. The Tier 2 Site Specific Project Review will be maintained in the project files.

### **Request for Tier II Review**

Requests for a Tier 2 review must be submitted to the City’s Disaster Recovery Program Manager (Sean Pham), and must include a full project description. The project description should contain the following:

* ALL proposed project activities in detail, regardless of funding source.
* Entire project scope and all phases of the project from beginning to end.
* Exact project location, supported by a location map.
* Photographs, site plans, project plans, renderings, and maps (e.g. topographic, aerial).
* Total project costs by all funding sources.
* Explain any known, existing environmental conditions at and around the project site. In addition, how such conditions may be expected to change because of the project.
* Temporary impacts anticipated by construction activities and a timeline for construction.

The City will normally undertake Tier 2 environmental review within five business days of receipt of a completed request for review.

**SECTION 24: FEMA IDENTIFIED FLOOD ZONES & NATIONAL FLOOD INSURANCE**

The City will be including a review of FEMA Flood Hazard Zone maps during the environmental review process. Each construction/rehabilitation/repair project will be individually evaluated for flood risk.

If a project is identified to be located within a FEMA Flood Zone, the City will ensure that any residential, commercial and/or infrastructure projects account for increased flood risk resulting from a variety of factors by elevating and/or otherwise flood proofing to one foot above the elevation recommended by the most recent available federal flood guidance.

The specific steps that these types of structures will need to take include:

* Elevating – the standard would require structures to elevate their bottom floor one foot higher than the most recent flood risk guidance provided by FEMA; and/or
* Flood-Proofing – In situations where elevation is not possible, the standard will require structures to prepare for flooding a foot higher than the most recent flood risk guidance provided by FEMA – for example, by relocating or sealing boilers or other utilities located below the standard of elevation.

Funding will not be approved for acquisition or construction for use in any area that has been identified as having special flood hazards and is not participating in the National Flood Insurance program.

**SECTION 25: LEAD BASED PAINT AND LEAD HAZARDS**

Projects that involve the acquisition or renovation of a property built prior to 1978 must be tested for lead based paint. Interim controls and safe work practices are required during construction. In addition, housing assisted with federal funds is subject to the:

* Prohibition of lead-based paint
* Elimination of immediate lead-based paint hazards in residential structures
* Notification of the lead hazards of lead-based paint poisoning to purchasers and tenants of residential structures constructed prior to 1978

Paid renovators and multi-family housing maintenance workers who work in pre-1978 housing and child-occupied facilities will be required to meet the training and certification requirements of both HUD – Lead Safe Housing Rule (LSHR) and EPA – Renovation, Repair and Painting Rule (RRP). Paid renovators include renovation contractors, painters and other specialty trades.

**Lead Based Paint and Homeowner Repair Program**

The Office of Disaster Recovery will require that ***ALL*** eligible households requesting assistance through CDBG-DR HRLP undergo lead inspection and/or risk assessment for properties built prior to 1978, and where there are children residing in the home under the age of six (6). Inspections shall be conducted by a certified lead-based paint inspector, or a qualified Risk Assessor.

The homeowner will be required to have the unit(s) de-leaded if it is determined that lead or lead-based paint hazard conditions are present in the home. The Office of Disaster Recovery will not proceed with requests for assistance without a “Letter of Compliance” issued by a state-licensed lead inspector. Visual assessment alone will not be sufficient in meeting inspection requirements. The cost of lead inspections will be included as part of the rehabilitation cost and an inspection will be required when the Rehabilitation Specialist suspects or presumes the presence of lead has been determined for the property.

The Office of Disaster Recovery will allow exception to policy regarding lead-inspection and de-leading requirements when:

1. Circumstances prove to be of an urgent nature. Emergency repairs needed to remove threats considered to be an imminent danger to human life, health or safety, or to protect the property from further structural damage are examples of these types of situations; or
2. If the rehabilitation will not disturb any painted surface, the exception also applies.

The Office of Disaster Recovery will implement and operate its CDBG-DR HRLP program under the auspices of federal, state and local laws, ordinances and systems that address lead poisoning prevention and/or abatement. The Office of Disaster Recovery will, as far as practicable, address the elimination of lead-based paint hazards in residential properties that receive federal rehabilitation assistance. Applicants must receive **all** required and appropriate notices and pamphlets regarding lead hazard information, as well as notices concerning evaluation and lead hazard reduction activities. Acknowledgement forms, documenting all such notifications, shall be kept in each applicant’s file.

Evaluation and hazard reduction requirements for homeowner rehabilitation will be determined among three categories based on the level of assistance and shall require paint testing on the painted surfaces to be disturbed or replaced during rehabilitation activities, or presume that all painted surfaces are coated with lead-based paint:

* Assistance of up to and including $5,000 per unit;
* Assistance of more than $5,000 per unit and up to $25,000 per unit; and
* Assistance of more than $25,000 per unit.

This level of assistance is determined by taking the ***lower*** of:

* Per unit rehabilitation hard costs (regardless of the *source* of funds); or
* Per unit Federal assistance (regardless of the *use* of funds)

**Assistance of up to and including $5,000 per unit**

Projects where the level of rehabilitation assistance is less than or equal to $5,000 per unit must meet the following requirements:

The goal is to “do no harm.” Therefore all work must be conducted using lead safe work practices. Workers must be trained in lead safe work practices.

Lead Hazard Evaluation. Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced. Alternatively, the City may presume that these surfaces contain lead-based paint.

Lead Hazard Reduction. The City must repair all paint that will be disturbed during rehabilitation, unless such paint is found not to be lead-based paint.

* If lead-based paint is detected or presumed, safe work practices must be used during rehabilitation.
* Clearance is required by a certified clearance examiner.

Notices that must be provided to owners and tenants:

* The Lead Hazard Information pamphlet;
* The Notice of Evaluation (if paint testing is performed) or Notice of Presumption (if paint testing is not performed); and
* The Notice of Lead Hazard Reduction.

In short, for rehabilitation projects where the level of assistance is less than or equal to $5,000 per unit, workers must be trained in safe work practices, notices must be provided to owners and tenants, and clearance must be achieved.

**Assistance of more than $5,000 per unit and up to $25,000 per unit**

Projects where the level of rehabilitation assistance is between $5,000 and $25,000 per unit must meet the following requirements:

* The goal is to “identify and address lead hazards.” A risk assessment is required to identify lead hazards and identified hazards must be addressed by interim controls.

Lead Hazard Evaluation. A risk assessment must be conducted by a qualified professional prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation.

Lead Hazard Reduction. If the risk assessment identifies lead-based paint hazards, interim controls must be implemented to address lead-based paint hazards.

* Interim controls must be performed by qualified professionals using safe work practices.
* Clearance, conducted by a qualified clearance examiner, is required when lead hazard reduction activities are complete.

Options. There are two options, as follows:

1. The City is permitted to presume that lead-based paint is present and that lead-based paint hazards exist. In such cases, evaluation is not required. The City must perform standard treatments in lieu of interim controls on all applicable painted surfaces and presumed lead-based paint hazards.
2. The City is also permitted to conduct a lead hazard screen instead of a risk assessment. The lead hazard screen has more stringent requirements and is only recommended in units in good condition. If the lead hazard screen indicates that there is no lead contamination, no lead hazard reduction is required. If the lead hazard screen indicates the presence of lead hazards, the City must then conduct a risk assessment. (Note: Passing a lead hazard screen, or a risk assessment, does not eliminate the requirement to perform interim controls on lead-based paint hazards created as a result of the rehabilitation work.)

Notices that must be provided to owners and tenants:

* The Lead Hazard Information pamphlet;
* The Notice of Evaluation (if a risk assessment is performed) or Notice of Presumption (if a risk assessment is not performed); and
* The Notice of Lead Hazard Reduction.

In short, compliance with the Lead Safe Housing Rule for such rehabilitation projects will affect the project planning, timeline, scope of work, contracting and budget.

**Assistance of more than $25,000 per unit**

Projects where the level of rehabilitation assistance is over $25,000 per unit must meet the following requirements:

The goal is to “identify and eliminate lead hazards.” A risk assessment is required to identify hazards and any identified hazards must be abated by a certified abatement professional.

Lead Hazard Evaluation. A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation or the City may assume that lead-based paint hazards exist.

Lead Hazard Reduction. To address hazards identified:

* Abatement must be conducted to reduce all identified lead-based paint hazards except those described below. Abatement must be conducted by a certified abatement contractor.

If lead-based paint hazards are detected during the risk assessment on the exterior surfaces that are not to be disturbed by rehabilitation, interim controls may be completed instead of abatement to reduce these hazards.

Clearance is required when lead hazard reduction activities are complete.

Options. There are two options, as follows:

1. The City is permitted to presume that lead-based paint hazards exist. In such cases, a risk assessment is not required. The City must abate all applicable painted surfaces that will be disturbed during rehabilitation and all presumed lead hazards.
2. The City is permitted to conduct a lead hazard screen instead of a risk assessment. The lead hazard screen has more stringent requirements and is only recommended in units in good condition. If the lead hazard screen indicates that there is no lead contamination, no lead hazard reduction is required. If the lead hazard screen indicates the presence of lead hazards, the City must then conduct a risk assessment. (Note: Passing a lead hazard screen, or a risk assessment, does not eliminate the requirement to perform abatement on lead-based paint hazards created as a result of the rehabilitation work.)

Notices that must be provided to owners and tenants:

* The Lead Hazard Information pamphlet;
* The Notice of Evaluation (if a risk assessment is conducted) or Notice of Presumption (if a risk assessment is not conducted); and
* The Notice of Lead Hazard Reduction.

In short, compliance with the Lead Safe Housing Rule for such rehabilitation projects will affect the project planning, timeline, scope of work, contracting, and budget. In particular, it involves the engagement of a certified abatement contractor.

**SECTION 26: ACQUISITION AND DEVELOPMENT FOR HOMEOWNERSHIP**

Partial Action Plan A allocates $1,450,000 for acquisition and development for homeownership. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 in December, 2013. The City expects that it will allocate additional funds for acquisition and development for homeownership in future partial action plans.

Acquisition and development for homeownership is a CDBG-DR eligible activity under 24 C.F.R. § 570.204(c), and meets the national objective of low/moderate income housing. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

**Geographic Area**

**Development must take place on vacant residential lots within the tornado-impacted neighborhoods of Six Corners, Old Hill and the South End.**

The chart below lists the eligible neighborhood areas by census tract and block group.

**CDGB-DR ELIGIBLE CENSUS TRACTS AND BLOCKS**

|  |  |  |
| --- | --- | --- |
| **Neighborhood** | **Census Tract** | **Block Groups** |
| Old Hill | 8018 | 1, 2, 3, 5, 6 |
| Six Corners | 8019 | 1, 2, 3, 4, 5, 8 |
| South End | 8020 | 1, 2 |

Developers can check the census tract and block group of a particular property using the City’s GIS program at <http://www2.springfieldcityhall.com/gis/viewer.htm>.

**Eligible Developers**

Private for-profit and nonprofit housing developers capable of developing single-family homes and selling the homes to eligible home buyers are eligible to apply for CDBG-DR funds for acquisition and development for homeownership. Developers must be capable of complying with all federal regulatory requirements and must develop homes that will contribute to neighborhood revitalization.

**Criteria for Selection**

****Request for proposals process, which will evaluate**:** Proposer History and Capacity; Project Feasibility; Achievement of Public Policy Goals;  Readiness to Proceed; Direct Financial Benefit to the City; and Ability to Comply with CDBG-DR Requirements and Timelines.

**Income Restrictions**

CDBG-DR funds may only be used to benefit households at or below 120% of area median income.

**Project-Specific Grant or Loan Agreement**

Once a developer is selected and approved by the City, the City will enter into a project-specific grant agreement which identifies the project address and sets forth the budget and schedule for the project as well as all CDBG-DR and other Federal requirements.

**Sole/Multiple Funding Sources**

An important goal of City’s CDBG-DR Action Plan is to quickly return vacant and/or abandoned properties to productive use as inhabited homes, in order to stabilize these disaster– affected neighborhoods. These projects will also provide critically needed employment opportunities.

In many cases, the City of Springfield prioritizes use of its funding to leverage other sources of funds. For the CDBG-DR program, the City will consider requests to fully fund projects with City CDBG-DR funds.

**General Responsibilities**

Respective responsibilities of the Developer and the City are as follows:

1. The Developer shall be responsible for preparing plans and specifications (or work write-ups), estimating construction costs, managing contract awards, and managing the construction process. Developer assumes all risks of cost overruns in excess of the construction and contingency budget line item in the previously approved Project Budget, unless the City approves a revised Project Budget.
2. The City is responsible for approval of project, approving plans, specifications and estimates for projects; monitoring the work; and approving draw requests.

**Budget/Cost Estimate**

The Developer is responsible for producing cost estimates including builder overhead and profit in a form approved by grantee, as follows:

1. 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;
2. Site improvement cost estimates will be completed for each improvement and based on take-offs of quantities of materials and labor required;
3. Cost estimates for each CDBG-DR project will be reviewed by the City to determine cost-reasonableness and must be approved by the City. When approved, the cost estimate becomes a schedule of values which is used by the City’s construction iCDBG-DRector to determine the value of work completed for the purpose of approving draw requests.

**Plans and Specifications**

Developer is responsible for completing plans and specifications which are in a form approved by City. Plans/specifications and work write-ups will include the following:

1. General requirements for which the builder is responsible (permits, fees, mobilization, site utilities, site security, builder’s risk insurance, homebuyer warranty, etc.);
2. Site plans, fencing, landscaping or other site improvements are being provided;
3. Working drawings and materials specifications;

**Design Review**

All new construction projects are subject to design review by the City of Springfield Office of Planning. Construction may not begin on any project until full design approval has been given.

**Change Orders**

Developer may approve change orders up to a combined amount equal to the rehab/construction contingency budget line item. Developer is responsible for all construction costs exceeding the contingency budget amount, unless the City at its sole discretion approves a revised construction budget and Project Budget and reviews and approves a change order for additional scope of work and costs in excess of the total construction budget.

**Invoices**

Invoices must contain specific items accomplished, consistent with work write-up. Back-up documentation must be included with invoice, which verifies all expenses.

**Construction Standards**

New construction must meet or exceed current Massachusetts State Building Code 780 CM, and the State Sanitary Code that specifies the minimum standards for human habitation, 105 CMR 400 and 410. The City strongly encourages rehabilitation that improves energy efficiency and/or conservation. The City also encourages incorporation of green building improvements when economically feasible to provide long-term affordability, increased sustainability and attractiveness of housing and neighborhoods.

**Lead-Safe Housing**

***Applicability of Lead-Safe Housing Rule*** CDBG-DR grantees are required to certify and ensure that their activities comply with the same lead regulatory requirements that apply to Community Block Grant Development programs. These requirements are in the Lead Disclosure Rule (24 CFR part 35, subpart A), and the Lead Safe Housing Rule’s provisions for rehabilitation (subpart J), and for acquisition, leasing, support services, or operation (subpart K), and the accompanying procedural requirements in subparts B and R. For more information regarding compliance with the Lead rules, visit the OHHLHC’s web site at: [www.hud.gov/offices/lead/enforcement/regulations.cfm](../../../Documents%20and%20Settings/gmccafferty/Documents%20and%20Settings/Documents%20and%20Settings/h10766/Application%20Data/Microsoft/Word/www.hud.gov/offices/lead/enforcement/regulations.cfm).

**Responsibility for Marketing and Sales**

Developer is fully responsible for marketing CDBG-DR-funded homes and selling them to qualified buyers. If an CDBG-DR-funded home does not sell in a timely manner and this results in cost overruns that cannot be paid out of contingency funds, Developer will be responsible for paying the additional costs unless, at the sole discretion of the City, the Project Budget is revised to provide additional funding.

**Affirmative Fair Housing Marketing Plan**

Each CDBG-DR developer must develop, and put in place, an affirmative marketing plan that will attract potential homebuyers of all minority and non-minority groups within the housing market, regardless of race, color, religion, sex, national origin, disability, or familial status. The purpose of such programs is to provide services designed to affirmatively further the fair housing objectives stated in [Title VIII of the Fair Housing Act](http://www.hud.gov/offices/fheo/progdesc/title8.cfm).

Examples of activities that developers may use to meet affirmative fair housing marketing goals include:

* Advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (i.e. radio stations, posters, newspapers) within the marketing area;
* Using the [Equal Housing Opportunity Logo](http://www.hud.gov/library/bookshelf11/hudgraphics/fheologo.cfm) and the equal housing opportunity statement;
* Educating persons within the organization about fair housing and obligations to follow nondiscrimination laws; and
* Conducting outreach to advocacy groups (i.e. disability rights groups) on the availability of housing.

Each CDBG-DR developer must provide its Affirmative Fair Housing Marketing Plan to the City of Springfield for approval.

**Pricing of Homes/Development Subsidy**

Developer will set an asking price for CDBG-DR homes in their initial Proposal. It is anticipated that most CDBG-DR-developed properties in the target area will have a market price that is lower than the total development cost. When development costs exceed market value, the portion of CDBG-DR funds advanced to the project that are above the market value become a development subsidy to the project. Neither the Developer nor the homebuyer is required to repay CDBG-DR funds used for an approved development subsidy. (However, the homebuyer may be subject to recapture provisions for the amount of any Homeowner Financial Assistance —which subsidizes the contract price of the home and possibly closing costs as well. The recapture issue is discussed below.)

**Affordable Price /Initial Affordability**

Developers must sell and rent units developed under CDBG-DR at an affordable price. The maximum sales and rental prices for federal FY2014 are in the charts below.

***Affordable Home Price*** The City defines Affordable Home Price as the HOME Homeownership Value Limits established annually by HUD. The 2014 Affordable Homes prices for Hampden County are:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| HOME Homeownership Value Limits - FY2014  New Homes | | | | |
| Unadjusted Median Value | 1 Unit | 2 Unit | 3 Unit | 4 Unit |
| $215,000 | $204,000 | $261,000 | $317,000 | $392,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| HOME Homeownership Value Limits - FY2014  Existing Homes | | | | |
| Unadjusted Median Value | 1 Unit | 2 Unit | 3 Unit | 4 Unit |
| $178,000 | $169,000 | $216,000 | $262,000 | $325,000 |

Because of the existing property values and income levels in the recovering target neighborhoods, the City anticipates the final selling prices of these CDBG-DR homes to be much closer to the existing home values (rather than the new home) above.

**Income-Qualified Purchaser**

Developers may sell units only to Income-Qualified Households earning less than or equal to 120% of Area Median Income (AMI). The 120% AMI limits for Springfield for 2014 are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **FY2010 Income Limits for 120% of HUD Area Median Income, Springfield, MA** | | | | | | | |
| 1 person household | 2 person household | 3 person household | 4 person household | 5 person household | 6 person household | 7 person household | 8 person household |
| $72,150 | $82,450 | $92,750 | $103,100 | $111,350 | $119,550 | $ | $ |

Annual household income is the anticipated total income from all sources received by the Family head and spouse (even if temporarily absent) and by each additional member of the Family (other than children under the age of 18 years), including all net income derived from assets for the 12‑month period following the effective date of certification of income. Annual Income specifically includes and excludes certain types of income as set forth in, and shall be determined in accordance with, 24 C.F.R. Part 813 (or any successor regulations).

**Documenting Income Eligibility and City Approval**

The Developer must document income eligibility using source documents. Source documents include items such as wage statements, interest statements, and unemployment compensation statements. Eligibility determinations are based on anticipated income; last year’s tax return does not reflect next year’s earning (nor does it constitute adequate source documentation).

Calculations and copies of source documents must be forwarded to the City for approval of income eligibility of a purchaser prior to sale.

**Long-Term Affordability/Continued Affordability**

The City of Springfield requires that assisted units remain affordable for at least a minimum period. The City’s minimum affordability periods are based on what is required in the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254, and are as follows:

* Up to $15,000 – 5 Years
* $15,001 to $40,000 – 10 Years
* Over $40,000 – 15 years
* New Construction – 20 years

The City’s primary use of these CDBG-DR funds is todevelop homes in the CDBG-DR target neighborhoods for homeownership. These are neighborhoods which have experienced severe hardship as a result of the 2011 tornado. With available low interest rates, these homes, when sold, are expected to be affordable to a wide range of potential homebuyers, further redeveloping, revitalizing, and stabilizing these areas.

Under HUD rules, the City has three options for ensuring continued affordability of assisted houses:

• ***Resale*** of the home to the grantee or to another income-eligible buyer;

• ***Recapture*** all or part of the initial subsidy, via full repayment of the loan, forgiveness of a portion of the principal, or equity-sharing. With recapture, the subsidy funds can be used for another home. Such recaptured funds become Program Income to the CDBG-DR Program;

• ***Presumed affordability*** of homes in affected neighborhoods. Using analysis of

market conditions, the grantee may show that houses will continue to be affordable to LMMI purchasers with conventional mortgage financing.

Initially, the City will use RECAPTURE as the means of ensuring continued affordability.

**Affordability: Recapture**

The City will enforce affordability restrictions on CDBG-DR properties through recapture. The City elects to use recapture, rather than resale, as the means of affordability restriction, because the recapture option is more suited to stabilizing a market where values are declining, and there are challenges to attracting purchasers to move into the neighborhood. Some of the factors that the City considered in choosing to use recapture are the following:

* The homebuyer may sell the property to any willing buyer.
* The recapture option provides grantees and homebuyers with maximum flexibility.
* The homebuyer can resell the property on the open market to any willing buyer at whatever price the market will bear.
* Lenders are generally comfortable with the recapture option, since it does not restrict or affect the resale transaction until the lender's loan has been repaid.
* The grantee can tailor the level of the homebuyer's risk to market conditions.

With Recapture, the sale of the property during the affordability period triggers repayment of the direct HOME subsidy that the buyer received when he or she originally purchased the home, provided that this amount may not exceed the net proceeds from the sale of the property.

**Direct subsidy:** A direct subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise subsidizes the purchase (e. g., downpayment or closing cost assistance, subordinate financing, price below market value).

**Net proceeds:** The net proceeds of a sale are the sales price minus closing costs and any superior loan repayments.

**Principal Residence**

Purchasers of CDBG-DR-developed homes must occupy the properties as their principal residence. These stipulations apply for a principal residence:

* A deed restriction or covenant running with the land should incorporate this requirement.
* The loan documents between the purchaser and the program administrator should also incorporate this requirement.

**Disclosure Statement**

Prospective purchasers must be given hard copies of preliminary disclosure documents that provide the following:

* An explanation of the CDBG-DR program in general terms and its benefits to buyers and the community.
* Applicant’s household size and estimate of monthly income, with a statement that the income amount must be verified prior to the Applicant being approved for CDBG-DR assistance.
* A good faith estimate of the amount (or range of amounts) and terms of Homeowner Financial Assistance that Applicant may qualify for, based on an analysis of Applicant’s financial and other data provided.
* A general description of a CDBG-DR buyer’s obligations for repayment of subsidies, and recapture controls on homes.

During the intake interview or subsequent face-to-face meeting, a representative of the developer will review these disclosures with the Applicant and be available to answer questions about them. No purchase will be approved unless disclosures have been made as required.

**Deed Restrictions: Principal Residence**

In properties that are produced with CDBG-DR funds for homeownership, the City shall require that purchasers maintain the home as their principal place of residence. In order to enforce these requirements, the City shall require that a deed restriction be placed upon all properties produced with CDBG-DR funds.

**Housing Counseling**

Each CDBG-DR-assisted household must complete at least 8 hours of housing counseling. CDBG-DR-funded developers are responsible for providing verification that this requirement has been met.

HUD-certified housing counseling agencies in Springfield include:

HAP Housing

322 Main St.

Springfield, MA 01105

(413) 233-1620

Springfield Neighborhood Housing Services

111 Wilbraham Rd.

Springfield, MA 01109

(413) 739-4737

Springfield Partners for Community Action

619 State St.

Springfield, MA 01109

(413) 263-6511

**Proceeds from Sale of CDBG-DR-Developed Properties**

Proceeds from the sale of the Project Property shall be returned to the City at the time of transfer of the property to the qualified purchaser. Proceeds from the sale of the property shall mean: (*a*) the sale price, plus (*b*) the sum of all CDBG-DR grants and forgivable loans to the property, plus (*c*) the sum of any energy rebates or grants to the property, minus:

1. the development costs and developer’s fee set forth in the individual project budget attached to the property-specific grant agreement, and

Depending on the project, there may be no proceeds.

In the event there are multiple lenders on the property proceeds shall be distributed to the senior lender first, and secondly to the Developer as acquisition lender, if the Developer has made an acquisition loan for the original acquisition of the property, and thirdly to the City, up to the amount of the City’s CDBG-DR grant or loan to the project, and lastly among other junior lenders proportionally to the amount of principal outstanding on their respective loans, provided, however, that any amount to be distributed to the junior lenders may be retained by the Developer, if such retention is allowed by such other junior lenders.

Funds returned to the City after sale of a project property become Program Income to the City for use in another eligible Project.

**SECTION 27: REMOVAL OF BLIGHT**

Partial Action Plan A allocates $600,000 for removal of blight. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 in December, 2013. The City expects that it will allocate additional funds for removal of blight in future partial action plans.

Removal of blight is a CDBG-DR eligible activity under 24 C.F.R. § 570.201(d), and meets the national objective of low/moderate income housing. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

**Geographic Area**

**Demolition and/or removal of demolition debris must take place within the tornado-impacted neighborhoods included in District 1, 2 & 3. For those properties that are within the tornado impact zone, but not within CDBG target areas, the City will be using the Urgent Need national objective.**

**Eligible Properties**

Properties that are vacant, blighted, deteriorated beyond repair and necessary to the long-term recovery of the tornado impact zone, will be targeted for demolition. Properties will either be owned by the City of Springfield and/or privately owned and court orders will be obtained that allows the City to enter private property and demolish the dangerous and/or blighted structures.

**General Program Administration**

Respective responsibilities of the Contractor are as follows:

* Removal and abatement of all hazardous materials at each project site, in accordance with local, state and federal environmental requirements. This includes submittal of all required documentation to the Massachusetts DEP.
* Removal and disposal of all demolition, construction debris from each project site in accordance with local, state and federal requirements.
* Restoration of site, including the filling of foundations, installation of loam, seed and fencing as required by contract.
* Fulfilling all contract terms and submitting all required paper work to the City of Springfield, including the following documents:
  + Payment and Performance Bonds
  + Proof of insurance
  + Certified payroll statements in accordance with State Division of Labor and Federal Davis Bacon wage rates
  + Permits
  + Proof of Utility Disconnects
  + Close-out packages
  + Hazardous waste manifests
  + Demolition dump slips
* Submitting Section 3 reporting requirements to the City of Springfield, Office of Housing
* Obtaining all necessary permits, ensuring and obtaining documentation of utility terminations, coordinating hazardous material removal with the City’s environmental consultant, meeting all labor standard and OSHA requirements.

Respective responsibilities of the Environmental Consultant are as follows:

* Fulfilling all contract terms including submitting testing results, reports, air monitoring results to the City.
* Act of the City’s behalf in communication with the Massachusetts Department of Environmental Protection.
* All pre-demolition hazardous testing and reporting and submitting copies to the City of Springfield.
* All monitoring and oversight of contractor’s removal of hazardous material and asbestos contaminated waste and advising the City if there are concerns regarding contractor performance in regards to these areas.

Respective responsibilities of the City are as follows

* Selecting projects and ensuring that projects meet CDBG national objectives and eligibility requirements and appropriately documenting files.
* Assuming all responsibility for the environmental review process in accordance with policies and procedures in Section 22 and compliance with environmental requirements in accordance with Policies and Procedures in Sections 23 and 24.
* Ensuring no Duplication of Benefits occurs in accordance with Duplication of Benefits Policies and Procedures in Section 13.
* Ensuring Contractor(s) and Environmental Consultant(s) are not on the Federal Debarment list in accordance with Policies and Procedures in Section 14.
* Reviewing certified payroll statements to ensure compliance with both State and Federal prevailing wage rates in accordance with Policies and Procedures in Section 20.
* Maintaining all file records for projects and ensuring all appropriate documentation is in the file.  
  Appropriately bidding the jobs in accordance with applicable local, state and federal requirements.
* Drafting, approval, execution and monitoring of contracts.
* Monitoring both contractor and environmental consultant and ensuring compliance with contract requirements.
* Reviewing all payment requests and ensuring that all costs are necessary, reasonable and in accordance with the contract.
* Filing liens against privately owned properties for work completed at the sites.

**Change Orders**

Contractor must submit all change orders to the City for review and approval before work proceeds. These change orders will be amended into the contract upon the City’s approval.

**Invoices**

Invoices must contain specific items accomplished. Back-up documentation must be included with invoices, which verify all costs and ensure that work was completed as required.

Contractor and Environmental Consultant will submit project invoices and the City of Springfield, Office of Disaster Recovery & Compliance will review all invoices to ensure all costs are necessary, reasonable and comply with contract. Invoices will be paid within thirty (30) days of completion of review.

**Liens**

Liens will be filed in accordance with Court Orders issued by the Western Division Housing Court and Massachusetts state law, to recoup the costs of demolition at any privately owned property. Liens will not be filed against City owned properties.

**Procurement/Contractor Selection Process**

The City follows Massachusetts State Law requirements regarding procurement (See Policies and Procedures – Section 8). The Director of Disaster Recovery & Compliance, in conjunction with the Office of Procurement and the Law Department of the City of Springfield will ensure adherence to all state, local and federal procurement laws.

Demolition projects will be bid in accordance with M.G.L. c.149 that regulates the procurement of construction projects within the Commonwealth of Massachusetts. Demolition projects will be awarded to lowest, qualified bidder.

**SECTION 28: HOUSING REPAIR**

This policy has been developed as a lending reference guide for the administration and underwriting of applicants for the CDBG-DR Homeowner Rehabilitation Loan Program (CDBG-DR HRLP). It has been designed to ensure, as much as practicable, a fair and consistent approach in soliciting, selecting, evaluating and determining the eligibility of participating households. The policy further establishes a formal operating format that is intended to be consistent with Community Development Block Grant – Disaster Recovery (CDBG-DR) rules and regulations that govern this program as an eligible activity.

The CDBG-DR Homeowner Rehabilitation Loan Program assists qualified Springfield households whose primary residence was damaged by the June 1, 2011 tornado to complete repairs. The City of Springfield recognizes that a lack of adequate resources for housing repairs was an impediment for many homeowners impacted by the June 1, 2011 tornado. An additional challenge is the age of the present housing stock, particularly in these largely low to moderate-income neighborhoods. Often, available funds from various sources (insurance proceeds, FEMA, SBA loans, etc.) were insufficient to cover the breadth of repairs needed to bring the property up to even the minimum housing quality standards (HQS). The City of Springfield endeavors to help ameliorate these conditions by allocating a portion of its’ CDBG-DR award to help improve the quality and safety of affected homes.

The City of Springfield, through the Office of Disaster Recovery, has created the CDBG-DR HRLP using standards set by the Department of Housing and Urban Development. The CDBG-DR HRLP program offers zero percent (0%) forgivable loansto assist eligible low and moderate-income households within the City of Springfield. It is designed to help those Springfield homeowners directly impacted by the June 1, 2011 tornado make needed repairs to their homes.

To be considered for the CDBG-DR HRLP, households must first meet preliminary requirements as outlined:

* The property must be located within the disaster-impacted neighborhoods of Six Corners, South End, Metro Center, Old Hill, Upper Hill, Forest Park, East Forest Park and Sixteen Acres.
* The home must have been the owner’s principal residence on the date of the disaster (June 1, 2011).
* Total household income cannot be more than 120% of Area Median Income, adjusted for the number of persons residing in the home.
* All property taxes, fees, fines or municipal liens must be current with the City of Springfield.
* The property must meet all state and local codes, ordinances and zoning requirements upon completion of project.
* **MOST IMPORTANTLY, THERE MUST BE DISASTER RELATED DAMAGE TO THE PROPERTY AND AN UNMET NEED WITHOUT ANY DUPLICATION OF BENEFITS. APPLICANTS WILL BE REQUIRED TO SUBMIT AND CERTIFY EVIDENCE OF ANY AND ALL ASSISTANCE RECEIVED (OR LACK THEREOF) AT TIME OF APPLICATION INCLUDING, BUT NOT LIMITED TO, ANY FEMA ASSISTANCE, SBA LOANS, INSURANCE PROCEEDS, ETC.**

## **Eligible Repairs**

The Office’s Rehabilitation Specialist shall inspect the housing unit to develop a priority list of health and safety hazards and required repairs. All health and safety issues must be cured with the rehabilitation loan and/or other funds available to the homeowner as a condition of this loan program. Any replacement items shall be of similar size, quality, and shape unless noted otherwise. Medium grade and/or construction grade materials shall be utilized only. If the owner chooses an item which increases the cost due to, but not limited to materials, quality, energy conservation, etc., the difference between the specified cost and the owner’s request shall be the responsibility of the owner.

The CDBG-DR HRLP will provide funds to perform rehabilitation activities and provide materials to achieve minimum compliance with all federal, state and local laws. The maximum grant or loan amount to be awarded to an eligible homeowner will be capped at $50,000.All substitutions or changes in materials must be submitted in writing and receive approval from the Office of Disaster Recovery.

## **Ineligible Repairs**

The general physical guidelines for the rehabilitation of existing residential properties will be developed to provide minimum design and construction criteria. Therefore, the Office of Disaster Recovery has determined the following as ineligible for repair:

* Additions & dormers
* Porch enclosures or decks
* Additional bathrooms
* Landscaping
* New garages
* All items of a luxury nature

## **Eligible Costs**

In administering the CDBG-DR HRLP program, the Office of Disaster Recovery acknowledges that there are expenses necessary in helping qualified homeowners meet established housing rehabilitation standards and will endeavor to ensure that all costs are customary and reasonable in providing this service. The list below conveys many of the eligible costs allowed under the HOME and CDBG programs. Reasonableness of eligible rehabilitation costs will be determined by the Rehabilitation Specialist and approved by the City’s Director of Disaster Recovery.

**ELIGIBLE HOMEOWNER REHABILITATION COSTS**

|  |  |
| --- | --- |
| **HARD COSTS** | **SOFT COSTS** |
| * Meeting the rehabilitation standards | * Financing fees (from other lenders) |
| * Meeting applicable codes, standards and ordinances | * Title binders and insurance |
| * Essential improvements | * Recordation fees, transaction taxes |
| * Energy-related improvements | * Legal and accounting fees |
| * Lead-based paint hazard reduction**\*** | * Appraisals |
| * Accessibility for disabled persons | * Architectural/engineering fees, including specifications and job progress inspections |
| * Repair or replacement of major housing systems | * Project costs incurred by the Office of Disaster Recovery that are directly related to a specific project |
| * Incipient repairs and general property improvements of a non-luxury nature |  |
| * Site improvements and utility connections   **\**Note:*** *Lead hazard reduction costs are not counted as hard costs for the purposes of determining the level of assistance under 24 CFR Part 35 (Lead Safe Housing Rule).* |  |

## **Allowable Contractors**

The Office of Disaster Recovery will not directly or indirectly employ, award contracts, or engage the services of any contractor or subrecipient during any period of debarment, suspension or placement on ineligibility status. Program staff will review federal and state lists of debarred, suspended and ineligible contractors before any CDBG-DR funds are committed.

Contractors chosen, directly or indirectly, must meet all state licensure requirements and have all necessary insurance coverage for the types of work to be performed on behalf of the homeowner. The information provided by such contractors will be kept on file.

The minimum requirements for contractors are as follows:

1. Massachusetts Construction Supervisors license or trade license; or
2. Registration as a Massachusetts Home Improvement Contractor;

Additionally, all contractors must have proof of:

1. Workman’s compensation insurance at statutorily required limits; and
2. Property and liability insurance; and
3. Demonstrated experience in the appropriate trade(s).

The certificate of insurance shall include property damage and liability insurance with appropriate limits and amounts that indemnify the City of Springfield, the property owner, and any sub-contractor against claims for injury and damage which may occur or result from work performed pursuant to a contract agreement. The certificate of insurance shall further list the homeowner as an additional loss payee.

The Office of Disaster Recovery does not maintain a list of qualified contractors or home improvement professionals. Therefore, homeowners are encouraged to seek out contractors that have the ability to provide the desired services. Homeowners are expected to provide ***at least three bids*** for the work to be performed.

## **Marketing & Outreach**

The City of Springfield is committed to ensuring that its programs and services are available and accessible to all income eligible households. The Office of Disaster Recovery will operate this program within the context of fairness in order to promote awareness of available programs and services. The Office of Disaster Recovery affirmatively strives to encourage and further fair housing initiatives, whether acting on its own, or with and/or through, other public and private-sector organizations.

The CDBG-DR HRLP will be marketed through a variety of print and broadcast media outlets. Program availability and information will be conveyed through direct mailings, informational meetings, press releases, notices to local agencies serving low and moderate-income households, religious establishments and on ~~t~~he City of Springfield’s official website.

## **Application Process**

Applications are available at the Office of Housing located at 1600 East Columbus Avenue, from 8:30 a.m. to 4:30 p.m. Loan applications may be obtained online, requested by phone, mail, or by email. Applications may not be submitted through email or facsimile. Disaster Recovery staff are encouraged to review applications in person with the applicant(s), when possible, to avoid delays in reviewing, processing and requesting appropriate information. Applications are to be completed in their entirety and will be suspended or rejected when the information is not sufficient to process the request.

Applications are considered to be “complete” when appropriate documentation is provided that substantiates all the information conveyed on the loan application. Applicants who do not provide the required documentation in a timely manner will be notified by letter requesting the information. Applications will be closed if there is no response within 30 days after a letter has been mailed. The loan process will resume when the application is considered complete.

Homeowners who have applied for assistance and are determined to be ineligible may re-apply when the household meets established criteria. An applicant may re-submit a loan request at any time; however, the application will be considered new and subsequently processed in the order in which it was received.

## **Selection Process**

The Office of Housing and the Office of Disaster Recovery & Compliance will receive, review and process applications on a first-come, first-served basis. However, to ensure program funds address housing rehabilitation with more critical needs, applications involving emergencies, the elderly, and those seeking to address accommodations for those with disabilities will take priority over applications received that are not of an urgent nature. Disaster Recovery staff reserves the right to assign priority status to any emergency application as necessary.

## **Eligible Applicants**

The program is available to owner-occupants of the South End, Six Corners, Metro Center, Old Hill, Upper Hill, Forest Park, East Forest Park and Sixteen Acres neighborhoods only and is reserved for homeowners who maintained the property as their primary place of residence on the date of the disaster (June 1, 2011). Proof of homeownership is required and shall be evidence by a copy of a deed indicating the name(s) of the applicant(s), length of ownership, and the property having a physical location within the designated neighborhoods.

Dwellings that are investor-owned and unoccupied by the owner will not be eligible to participate in this program.

## **Ownership and Residency**

Ownership status in the property is supported by documentation of physical evidence that the owner(s) of record actually reside in the property under consideration for assistance. Documentation that meets these criteria will consist of the following:

* 1. Copy of Deed;
  2. Leasehold Agreement;
  3. Trust Agreement;
  4. Copy of most recent mortgage billing statement; and
  5. Copy of most recent utility billing statements to including service for cable or phone.

Further, sufficient source documentation showing that the home was the owner’s principal place of residence on the date of disaster (June 1, 2011) will be required.

## **Income**

HUD establishes income guidelines for CDBG-DR program participation. HUD calculates these income levels annually and sets forth the maximum limit at 120% of Area Median Income (AMI), adjusted for family household size. Consequently, these amounts may change without notice during the program year. Office of Disaster Recovery staff should refer to the HUD web site at: [www.hud.gov](http://www.hud.gov) for updates. The table below outlines the maximum household income for 2014:

|  |  |  |  |
| --- | --- | --- | --- |
| **Maximum Household Income** | | | |
| **Household Size** | **Income** | **Household Size** | **Income** |
| 1 person | $72,150 | 5 persons | $111,350 |
| 2 persons | $82,450 | 6 persons | $119,550 |
| 3 persons | $92,750 | 7 persons | $127,800 |
| 4 persons | $103,100 | 8 persons | $136,050 |

THE OFFICE OF DISASTER RECOVERY WILL USE THE 24 C.F.R PART 5 (“SECTION 8”) DEFINITION OF ANNUAL INCOME IN DETERMINING THE ELIGIBILITY OF PROGRAM PARTICIPANTS.

# **Income Eligibility**

The City limits participation in this program for existing homeowners earning no more than 120% of Area Median Income, as defined by the Department of Housing and Urban Development (HUD).

Household income may not exceed the income limits in effect at the time of application. Income is defined as the income earned from all household members age 18 years and above. Adult members, 18 to 23 years of age, who are attending school away from home on a full-time basis, require that the first $480.00 in earned income be included in the calculation of household income. Income includes earnings from employment, unemployment, government benefits, investments, other cash-generating activities, and etc. Refer to the Technical Guide for Determining Income and Allowances (“The Purple Book”) for a complete list of acceptable types of income and whose income to count.

1. Income from employment for full-time employees will be calculated from the applicant’s most recent pay stub covering a 90-day pay period, and projected forward at the same level of earnings for the next 12 consecutive months;
2. For part-time hourly employees, Disaster Recovery staff will calculate the year-to-date income from the most recent pay stub and divide the earnings by the number of weeks covered through the year, in order to find the average amount of weekly earnings. The weekly earnings will then be multiplied by 52 and divided by 12 to calculate monthly gross income. If the year-to-date income covers less than three months in the current year, staff may include the average year-to-date earnings from the prior calendar year in addition to the current year;
3. Income from overtime, commissions, ongoing stipends, shift differential pay, and other sources will be averaged (using year-to-date earnings) and included in the applicant’s gross monthly income. Exceptions may be considered for applicant’s receiving one-time, non-recurring bonuses or relocation benefits;
4. Interest income from investments such as savings, money market, certificates of deposit, dividend income from mutual fund accounts and other income-generating assets will be included in the applicant’s household income;
5. Current monthly income payments from retirement accounts (including social security and pensions), alimony, child-support, and other steady, ongoing sources will be included in the applicant’s gross monthly household income calculation; and
6. All forms of income from non-applicant spouses and other adult household members will be included in the gross monthly income calculation, regardless of the taxability of such income;
7. Income from seasonal and part-time jobs such as coaching, lecturing, test proctoring, etc., will be included in the definition of household income, when the work can reasonably be expected to continue into the future.

## **Self Employed Borrowers**

For self-employed borrowers, the following documents may be required:

* A year-to-date profit and loss statement prepared and signed by a Certified Public Accountant, with information covered through the last quarter;
* A year-to-date-balance sheet, prepared to reflect the financial position of the business at a specific point in time; and/or
* A signed letter of explanation regarding the applicant’s anticipated gross annual income from earnings covering the next 12 months.

Verification of income must be completed before assistance is provided.

Income will need to be re-certified if more than six (6) months has elapsed beyond the initial time funding was approved.

## **Property Standards**

All dwelling units that require rehabilitation must meet all applicable state and local building codes, zoning ordinance requirements and federal HQS. The City of Springfield will require home rehabilitation to meet or exceed current Massachusetts State Building Code, 780 CMR, and the State Sanitary Code that stipulates the minimum standards for human habitation, found in 105 CMR 400 and 410.

The City of Springfield encourages the incorporation of “Green” building improvements when economically feasible to provide long-term affordability, increased sustainability through lower fuel costs, and attractiveness of housing and neighborhoods. Rehabilitated residential units are also encouraged to meet “Energy Star” certification, which provides added benefits to homeowners through improved standards for energy efficiency that ultimately lead to greater long-term affordability.

Properties found to be in gross states of disrepair will not be considered economically viable for funding under the CDBG-DR HRLP. Program applicants seeking financial assistance for rehabilitation work beyond the economic means and scope of work of the program must consider private financing sources for loan arrangements that may be able to address that level of need.

The amount of assistance is limited to a one-time occurrence per property and is subject to availability.

## **Structure of CDBG-DR Homeowner Repair Assistance**

The Office of Disaster Recovery will administer the CDBG-DR HRLP using 0% interest forgivable loans. The loans require no monthly payments and no interest accrues on the loan. The loan is forgiven incrementally each year over the affordability period as long as the homeowner remains in the home. Repayment is deferred until one of the following occurs:

* Property is sold;
* Ownership of the property is transferred;
* Property is refinanced; or
* Owner no longer occupies the home as a primary residence.

## **Loan Terms**

For the CDBG-DR HRLP, the Office of Disaster Recovery will allow a maximum loan of the lesser of no more than $50,000.00. Loans in excess of this amount may be permitted on a case-by-case basis depending on the nature, extent and urgency of repairs needed. Any request beyond the maximum loan amount allowed must be approved by the Director of Disaster Recovery.

All loans shall be secured by a note and mortgage against the property. Any liens extending beyond first or second lien positions must be approved by the Director of Disaster Recovery.

In an effort to leverage available funds with private-sector lenders, the Office of Disaster Recovery will allow this product to be combined with private-sector financing of a fully-amortizing fixed rate loan.

***Note: Balloon payment; temporary buy downs; negative- amortizing; interest only or pre-payment penalty loans and cash back at closing are not allowed.***

The City reserves the right to deny a loan application if, in the opinion of Office of Disaster Recovery staff, the homeowner has or intends to use a sub-prime or predatory loaninconsistent with sustainable lending policies, or that it is determined that the homeowner does not intend to maintain the property as his/her primary residence.

**Loan Repayment / Recapture**

Repayment of the CDBG-DR HRLP loan shall be triggered by the sale, lease, rental, refinance (with cash-out), transfer of the property, or if an owner is no longer occupying the property. Loans are forgiven proportionally each full year (from the date the assistance is provided) that the homeowner occupies the home as a principal residence, in accordance with the chart below. For example, 10% of the principal is forgiven each year on a loan with a 10 year Period of Affordability. At the conclusion of 10 full years, the loan has been forgiven in full (100%).

|  |
| --- |
| **REQUIRED PERIODS OF AFFORDABILITY**  Rehabilitation of existing of structures Period of Affordability  Less than $15,000 5 years  $15,000 to $40,000 10 years  $40,000 or more 15 years |

*In no event, however, will the Recapture Amount be greater than the amount (the "****Net Proceeds****") by which the resale price of the Property exceeds the sum of the total amount of allowable secured debt on the Property plus broker's fees, recording costs and excise taxes incurred by the owner (seller) in connection with the sale of the Property.*

## **Refinancing**

The Office of Disaster Recovery, in general, will not subordinate its’ mortgage to allow refinancing for taking cash equity out of the property.

## **Subordinations**

The City of Springfield maintains a standard practice to not allow subordination on any of its loans. However, the need may arise occasionally to allow subordination of the CDBG-DR assistance. CDBG-DR loans may only be subordinated to fully-amortizing first and second mortgages. No subordination will be allowed that places the City in a fourth or successive line holder positions. The City will, on a case-by-case basis, subordinate loans involving credit extensions that prove to be an economic benefit to the homeowner. In these instances, the subordination must not allow a refinance that would increase amount of debt that supersedes our lien position, with an exception for reasonable closing and settlement charges pertaining to the refinance.

Any request made for subordination must ensure that the property owners are in compliance with all of the terms of the loan documents which include the loan agreement, Mortgage and Note. The homeowner must also be current on all municipal obligations including, but not limited to property taxes; excise taxes; water and sewer charges; trash removal fees; and any fines or other assessments that may be outstanding.

Subordination requests for hardships will be considered on a case-by-case basis. Types of hardships that may be considered include, but are not limited to: financial crisis, serious illness and home improvements made out of extreme necessity. Each review of a hardship instance will be determined on the circumstances presented.

A review of the subordination request will consist of an evaluation of the new loan amount, interest rate, term, closing costs, settlement charges, and new monthly payments. An appraisal of the property must also be submitted to ensure that sufficient value exists in the home to secure a new first mortgage in addition to the outstanding CDBG-DR HRLP loan.

**SECTION 29: REPLACEMENT OF MULTI-FAMILY HOUSING**

**SECTION 30: WORKFORCE TRAINING**

Partial Action Plan A allocates $250,000 for Workforce Training. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 on December 17, 2013.

Workforce Training is a CDBG-DR eligible activity under 24 C.F.R. § 570.201(e), and meets the national objective of Low/Moderate Income Limited Clientele. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

This guidebook sets forth the requirements that apply to the City of Springfield DR Workforce Training Program.

**Program Administration**

The City will be soliciting proposals from qualified Service Providers to administer workforce development and job training programs for those residing in neighborhoods impacted by the disaster. This program is being performed as a public service activity.

The City will have $250,000 to allocate to various providers, with a maximum award of $100,000 per provider. Providers will be required to demonstrate their ability to meet the following criteria:

* A minimum of 5-10 year(s) experience providing job training programs and workforce development services to diverse populations in urban areas.
* Demonstrate an understanding of the workforce development and job training needs of individuals living in target areas.
* Document a clear staffing plan comprised of team of professionals with the expertise to provide high quality job training programs, multilingual services and workforce development services.
* Supply a clear and comprehensive management and implementation plan that demonstrates they are able to begin the program within the City’s mandated timeline.
* Leverage the highest amount of other committed financial resources to match requested funding in an effort to maximize services.
* Demonstrate an ability to do intensive outreach and enroll residents of the impacted neighborhoods.

Providers will be responsible for the following tasks:

* Providing quality workforce development programs to residents of disaster impacted neighborhoods. Programs should prepare trainees for highest and best employment opportunities available and should provide opportunities for participants to attain sustainable employment.
* Perform extensive and targeted outreach to ensure enrollment of trainees from disaster impacted neighborhoods.
* Provide quarterly reporting to the City of Springfield on number of people trained, outreach completed, students enrolled and their anticipated certificates earned.
* The City will only be reporting to HUD on number of people trained, but will also be requesting that providers report to the City for up to one(1) year on trainees job placement.
* Submitting reasonable and accurate invoices in accordance with approved budgets for services rendered to the City.

The City will be responsible for the following program administration tasks:

* Reviewing all quarterly reports and providing feedback and questions to providers. Quarterly reports will be submitted to the Office of Planning and Economic Development (OPED). OPED will review all reports and respond with questions. Reviewed reports will be forwarded to the Office of Disaster Recovery & Compliance for final review.
* Reviewing and approving all invoices and reimbursement requests submitted by the providers. Invoices will be submitted to the Office of Planning & Economic Development (OPED). OPED will review all invoices and ensure accuracy and then forward to the Office of Disaster Recovery and Compliance for review and payment.
* Drawing down CDBG-DR funds as invoices and/or requests for reimbursement are approved.
* Performing at least one monitoring site visit during the agreement.

**Quarterly Reporting**

Providers shall be responsible for quarterly reporting to the City of Springfield on all aspects of CDBG-DR Workforce Development. Quarterly reports shall include overall training progress and the accomplishments from the previous quarter.

Quarterly reports will be due upon the following schedule throughout the life of the contract(s):

|  |  |  |
| --- | --- | --- |
| **Q** | **Quarter Period** | **Report DUE** |
| 1 | January 1 through March 31 | April 30. |
| 2 | April 1 through June 30 | July 31. |
| 3 | July 1 through September 30 | October 31. |
| 4 | October 1 through December 31 | January 31. |

Quarterly reports shall include the following information:

* Information on all enrolled trainees including name, address, employment status, programs enrolled in, anticipated certificates and graduation dates.
* All outreach to residents of disaster impacted areas that was performed in given quarter.
* Proof of participants’ attendance.
* Copies of certificates awarded.
* If participants’ employment status is altered throughout the duration of training, what the new status is and brief description.

Providers shall also be required to report to the City if there is no activity for the previous quarter.

**SECTION 31: BUSINESS RECOVERY LOAN PROGRAM**

Partial Action Plan A allocates $500,000 for the Business Loan Program. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 on December 17, 2013. The City expects that it will allocate additional funds for the Business Loan Program in future partial action plans.

Business Loan Programs are a CDBG-DR eligible activity under 24 C.F.R. § 570.201, 570.202, 570.203 and meets the national objective of low/moderate income area benefit and/or Urgent Need. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

**Program Administration**

The City will be contracting with an eligible sub-recipient to administer the CDBG-DR Business Loan Program. The sub-recipient will be responsible for performing the following tasks:

* Actively market the Loan Program to potentially qualified businesses.
* Intake loan applications.
* Determine eligibility of applicants and perform initial loan underwriting. Sub-recipient will be required to certify that all applicants meet local and federal regulations, including ensuring all applicants were directly impacted by the disaster and that no Duplication of Benefits occurs.
* Maintain a file on each applicant/borrower that contains all information, correspondence, supporting documentation and loan documents. Files will be available to the City for review when requested and turned over to the City at the conclusion of the program.
* Prepare promissory notes, applicable security instruments that include borrower requirements and complete loan closings.
* Collect loan payments and conduct all loan servicing functions.
* Manage and account for all financial transactions with the program in accordance with federal and local regulations and requirements.
* Receipt and use of Program Income in accordance with 24 CFR 570.500(a) and 24 CFR 570.504.
* Reviewing each application to ensure no Duplication of Benefits
* Reviewing and documenting each application to ensure the business was disaster impacted
* Perform all usual and customary asset management functions related to the program. Including but not limited to, portfolio monitoring, management of loan delinquencies/defaults, and management of assets received as a result of loan defaults.
* Submit quarterly reports that detail progress of program, loans in progress and funds requested.

The City will be responsible for the following tasks in relation to the Business Loan Program:

* Monitoring the program on an ongoing basis.
* Reviewing all quarterly reports and providing feedback and questions to sub-recipient.
* Reviewing and approving all invoices and reimbursement requests submitted by the sub-recipient.
* Drawing down CDBG-DR funds as invoices and/or requests for reimbursement are approved.
* Performing at least one monitoring site visit during the agreement.

**Eligibility**

In order to be approved businesses must be meet the following three criteria

* Business must have sustained physical or economic loss due to disaster;
* Business must meet the definition of small business under 13 CFR 121 with a minimum of $25,000 and a maximum of $5 million in annual revenue;
* Home-based businesses are excluded.
* Start-up businesses are excluded

**Criteria for Selection**:

**First come, first serve***.* Application process will include administrative review by a third party community lender.

**Technical Assistance**

The City will contract with a third party sub-recipient to provide Technical Assistance to applicants. Technical Assistance will include:

* Assisting applicants with completion of the application form and ensuring applicants understand the requirements for supporting documentation.
* Assisting applicants with preparation of a business plan and financial spreadsheets. Including working with applicants in developing realistic financial projections and ongoing business reporting tools.
* Referrals for applicants to additional individuals and organizations that can provide services and assistance beyond capacity of the City and/or third party sub-recipient. This includes organizations that will provide classroom and/or skill training.
* Provide translation services to applicants where language barriers exist, throughout the duration of the process.

**Loan Terms**

The City will be offering loans for small businesses and non-profits that have been affected by the disaster.

Eligible uses of loans:

* Working capital;
* Accounts receivable and inventory financing;
* New and/or used equipment purchase and/or improvements to existing equipment;
* Purchase of real estate if related to the business activity or related to specific development project;
* Building renovation and/or expansion to benefit operating business, leasehold improvements;
* Purchase of an existing business and/or
* Refinancing existing distaster related debt

Terms are as follows:

* Term loans up to ten (10) years and/or Lines of Credit are available;
* Each Term Loan not to exceed $200,000;
* Each Lines of Credit not to exceed $50,000;
* Term Loan will offer an initial interest only period up to six (6) months. Balloon payments at maturity, as appropriate. Lines of Credit will have multi-year term with an annual renewal option.
* Interest rate will be fixed at 2% for the term of the loan. 1% fee at loan closing (can be waived at the discretion of the City of Springfield);
* Personal Guarantee will be required for all corporate owners with 20% or more interest;
* There will be no pre-payment penalty

**Program Income**

Funds paid under this program are for Small Business Loans that are intended to result in the generation of Program Income as defined in 24 CFR 570.500(a) and the sub-recipient and the City intend to comply with the regulations set forth in 24 CFR 570.500(a) that guide Program Income.

Program Income derived prior to the close-out of the CDBG-DR program will be retained by the sub-recipient in a restricted asset account that is not to be co-mingled with other funds. These funds will be utilized to support the existing CDBG-DR Business Loan Program. Sub-recipient will be required to expend all Program Income prior to requesting any additional CDBG-DR funds. Expenditures of Program Income on budgeted costs other than making loans (i.e. services) shall not exceed, on a cumulative basis, 10% of the program income spent on making loans.

Program Income derived after the close-out of the CDBG-DR program will be retained by the sub-recipient (unless otherwise directed by the City) in a restricted asset access account that is not to be co-mingled with other funds and expended on a revolving Business Loan fund that will comply with standard CDBG regulations.

Program Income shall include any property of borrowers used to secure loans in the Program and subsequently transferred to the sub-recipient as a result of loan default. Any cash resulting from the liquidation of such property will be considered Program Income.

**Quarterly Reporting**

Sub-recipient shall be responsible for quarterly reporting to the City of Springfield on all aspects of CDBG-DR Business Loan Program. Quarterly Quarterly reports shall include overall program progress and the accomplishments from the previous quarter.

Quarterly reports will be due upon the following schedule throughout the life of the sub-recipient agreement:

|  |  |  |
| --- | --- | --- |
| **Q** | **Quarter Period** | **Report DUE** |
| 1 | January 1 through March 31 | April 30. |
| 2 | April 1 through June 30 | July 31. |
| 3 | July 1 through September 30 | October 31. |
| 4 | October 1 through December 31 | January 31. |

Quarterly reports shall include the following information:

* Program-to-date data on individual loans in process, loans made and being collected, including applicant and borrower name, date of application, amount of funds requested, eligible expense(s) funded, date of loan closing, total amounts of funds advanced to date;
* Brief description of technical assistance provided since the previous reporting period;
* Total amount of CDBG-DR funds advanced and the total amount of payments received from borrowers as program income;
* Brief descriptions of each borrower and how the activities funded are contributing to neighborhood revitalization.

Sub-recipient shall also be required to report to the City if there is no activity for the previous month.

**SECTION 32: ROADWAYS AND SIDEWALKS**

Partial Action Plan A allocates $5,070,000 for DPW Infrastructure Projects. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 on December 17, 2013. The City expects that it will allocate additional funds for the DPW Infrastructure Projects in future partial action plans.

DPW Infrastructure Projects are a CDBG-DR eligible activity under 24 C.F.R. § 570.201(c) and meets the national objective of low/moderate income area benefit.

This guidebook sets forth the requirements that apply to the City of Springfield - DPW Infrastructure Program.

**General Program Information**

The City will be simultaneously implementing two separate DPW Infrastructure Projects the design of priority roadway realignment projects and repair of roadways and sidewalks, both within the tornado impact zone.

These are a combination of projects that are a direct result of the disaster and that are part of the long-term recovery of the neighborhood that will leave the community sustainably positioned to meet the needs of the post-disaster population and will assist in furthering prospects for growth.

**Clerk of the Works**

The City will have a full-time Clerk of the Works who will operate out of the Department of Public Works and report on DR projects to the Director of the Department of Public Works and the Director of Disaster Recovery & Compliance. That position will be the project manager for all DPW projects.

The Clerk of the Works will be responsible for coordinating the planning, development, design, construction, monitoring, reporting and completion of all DPW CDBG-DR projects.

**Design of Roadway Realignment - Program Administration**

The City will be designing the following roadway realignment projects:

* Marble Street Extension: This roadway redesign will address several concerns identified in a 2007 Urban Land Institute (ULI) study of the area and several objectives of the South End Revitalization Plan.
* Six Corners intersection: This roadway was identified in the Pioneer Valley Planning Commission’s Top 100 High-Crash Intersections in Western Massachusetts. The objectives for the new Six Corners intersection are to improve traffic safety, ensure convenient pedestrian crossings, and create a space that invites community-oriented retail services. The location was also identified for improvements as part of the Rebuild Springfield Study that was completed following the 2011 tornado. Conceptual plans and narrative were completed as part of the report.
* Central Street: This Project addresses objectives from the Watershops District Action plan (April 2013). These objectives include streetscape improvements of both Central and Hickory Streets and involve adding street trees, improving lighting and other amenities. The corridor was also identified for improvements as part of the Rebuild Springfield Study that was completed following the 2011 tornado. Conceptual plans and narrative were completed as part of the report.

The City solicited public bids for On-Call Engineering consultants in October 2012 through its Office of Procurement. A five person committee reviewed the bids that were received and as a result the City selected five consultants to provide general design and consulting services to the City. In relation to the CDBG-DR projects, the City, through the Department of Public Works will review the various qualifications and expertise of each consultant under contract and will select the best firm to handle each roadway redesign project.

The City will execute an interdepartmental contract between the Office of Disaster Recovery & Compliance and the Department of Public Works for CDBG-DR funding.

The City will create basic specifications and scope for each design project in accordance with MassDOT technical specs, industry standards and City needs. The City will select a designer from the five contracted designers for each design project. Designers will be selected based upon their qualifications, expertise and ability to perform the project.

The City will meet with designers on each project and lay out the expectations, scope, anticipated accomplishments, funding, requirements and needs for each design.

The consultant will work with DPW Engineering staff to create final design drawings, plans and specifications that will then be used for the actual construction contracts in the future.

The City of Springfield will be responsible for the following tasks:

* Identifying design projects and ensuring they meet all CDBG-DR national objective and eligibility requirements.
* Providing initial engineering review and scope of work for each design project.
* Execution of the inter-departmental contract between the Office of Disaster Recovery & Compliance and the Department of Public Works for CDBG-DR funds.
* Meeting and coordinating with designers to review scope and requirements for each design project.
* Ensure that procurement of design services is in accordance with local, state and federal regulations.
* Managing and monitoring the contract.
* Ensuring that Section 3 requirements are met to the greatest extent feasible.
* Reviewing and approving all invoices and backup documentation that are submitted. Once review is completed all invoices will be paid within thirty (30) days.
* DPW will review all designs and project specifications submitted by designer to ensure that they are in accordance with the contract, meet all requirements and regulations and the requirements of the City have been met.
* DPW will be the main point of communication for designers and will be responsible for managing the projects.
* DPW will perform initial review of all invoices and documentation. They will certify that work being invoiced for has been completed and certification with invoice and backup documentation will be provided to the Office of Disaster Recovery and Compliance for approval and payment.

The Designers will be responsible for the following tasks:

* Providing standard designs, plans and specifications for construction in accordance with the contract, scope of work and City and State specifications.
* Meet with the City and DPW on projects as needed.
* Submitting any necessary and applicable Section 3 reports to the City.
* Providing invoices and any necessary backup documentation that are reasonable and accurate for the designs provided.

Once designs are completed they will be presented to internal City staff and then presented at public meetings in the applicable disaster affected neighborhoods.

**Roadway and Sidewalk Improvement - Program Administration**

The City will be using a portion of CDBG-DR funding to repaving and construction of existing roadways and sidewalks through the disaster affected neighborhoods.

The City of Springfield through it Department of Public Works (DPW) has identified priority roads and sidewalks throughout the disaster impacted neighborhoods that need repair, reconstruction, repaving, streetscaping and/or replacement.

DPW will perform initial engineering evaluations and assessments and draft specifications and a scope of work in accordance with standard City and MassDOT requirements and industry standards. The City through its Office of Procurement will procure the work in accordance with local, state and federal procurement guidelines. The City will review submitted bids and will select the lowest, responsible bidder.

The City will have a full-time inspector who does regular on-site monitoring of all CDBG-DR roadway and sidewalk projects throughout the duration of the job. The inspector will track all completed quantities, ensure projects are done to specification and ensure quality standards are met.

The City will be responsible for the following tasks:

* Identifying roadway and sidewalk projects and ensuring they meet all CDBG-DR national objective and eligibility requirements.
* Providing initial engineering review and scope of work for roadway and sidewalk projects.
* Providing estimated quantities of total project.
* Execution of the inter-departmental contract between the Office of Disaster Recovery & Compliance and the Department of Public Works for CDBG-DR funds.
* On-site inspection and monitoring of projects to ensure that they meet contract specifications and quality standards.
* Tracking of completed quantities of each project and meeting with contractor to ensure invoicing matches quantities established in the field.
* Ensure that procurement of contractor is in accordance with local, state and federal regulations.
* Managing and monitoring the contract and ensuring all contract provisions are met in a timely fashion.
* Ensuring that Section 3 requirements are met to the greatest extent feasible.
* Reviewing contractors weekly certified payroll documents to ensure state and federal labor standards and wage rates are complied with. Initial review is performed by the Office of Procurement. The Office of Procurement will maintain all original certified payroll documents and reviewed and approved copies will be provided to the Department of Public Works and the Office of Disaster Recovery and Compliance. (See Section 20 –Federal Labor Standards)
* Ensuring that all Federal Environmental review requirements are met in accordance with National Environmental Policy Act of 1969 (NEPA) and the related authorities listed at 24 CFR Part 58. (See Section 22 – Environmental Review)
* Reviewing and approving all invoices and backup documentation that are submitted. Once review is completed all invoices will be paid within thirty (30) days. DPW will certify that work being invoiced for has been completed and certification with invoice and backup documentation will be provided to the Office of Disaster Recovery and Compliance for approval and payment.
* DPW will be the main point of communication for contractor and will be responsible for managing the projects.

The Contractor will be responsible for the following tasks:

* Fulfilling all contract terms and submitting all required paperwork to the City of Springfield, including the following documents:
  + Payment and Performance Bonds
  + Proof of Insurance
  + Certified payroll statements in accordance with the State Division of Labor and Federal Davis Bacon Labor Standards and wage requirements
  + Necessary permits
  + Truck tonnage and weight slips
  + Material slips
  + Unit pricing breakdowns
* Submission of applicable Section 3 reporting to the City of Springfield, Office of Housing.
* Obtaining all necessary permits and meeting all labor standards and OSHA requirements.
* Submitting reasonable and accurate invoicing with appropriate backup documentation to the City of Springfield, Department of Public Works.
* Meeting with the City as needed for project review and updates.

**Invoices and Change Orders**

Contractor will meet with DPW and Clerk of the Works prior to submitting invoices. DPW and Contractor will review and agree to the quantities and/or amounts being billed for prior to the Contractor issuing invoice. DPW will review all invoices and certify that they are accurate, reasonable and that work being billed for has been completed. Invoices will then be reviewed and paid by the Office of Disaster Recovery & Compliance.

If necessary, change orders will be submitted by contractors to DPW.  DPW will ensure that change orders are work that is not included in the original contract scope and/or is a change to existing contract, or relates to unseen / unknown field conditions.  DPW will approve change orders and then forward to the Office of Disaster Recovery & Compliance for review and for submission to the Office of Procurement for a contract amendment.

**SECTION 33: PARKS**

Partial Action Plan A allocates $536,000 for Parks. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 on December 17, 2013.

Redevelopment of parks within the tornado impact area are a CDBG-DR eligible activity under 24 C.F.R. § 570.201(c) and meets the national objective of low/moderate income area benefit.

**General Program Information**

The City will be making improvements and repairs to Nathan Bill Park, which was directly damaged by the tornado. Park equipment and facilities were damaged by the disaster and the costs to rebuild were not fully covered by FEMA and/or insurance. The City will use the Urgent Need objective for this project.

**Design**

The City solicited public bids for On-Call Engineering consultants in January 2014 through its Office of Procurement. A multi person committee reviewed the bids that were received and as a result the City selected multiple consultants to provide general design and engineering services to the Department of Parks, Buildings and Recreation Management. In relation to the CDBG-DR projects, the City, through the Department of Parks, Buildings and Recreation Management will review the various qualifications and expertise of each consultant under contract. The City will select the best firm from the existing contracts with the expertise and knowledge of Nathan Bill Park, the impact the disaster had and the ability to provide plans and specifications to rebuild the park to meet the needs of the post disaster population of the neighborhood.

**Construction & Program Administration**

The City will execute an interdepartmental contract between the Office of Disaster Recovery & Compliance and the Department of Parks, Buildings and Recreation Management for CDBG-DR funding.

The City will meet with designers on each project and lay out the expectations, scope, anticipated accomplishments, funding, requirements and needs for each design.

The consultant will work with Parks Department staff to create final design drawings, plans and specifications that will then be used for the actual construction and improvements of Nathan Bill Park.

The City of Springfield will be responsible for the following tasks:

* Identifying design projects and ensuring they meet all CDBG-DR national objective and eligibility requirements.
* Execution of the inter-departmental contract between the Office of Disaster Recovery & Compliance and the Department of Parks, Buildings and Recreation Management for CDBG-DR funds.
* Meet and coordinate with engineers to review scope and project requirements.
* Ensure that procurement of design and construction services is in accordance with local, state and federal regulations.
* Managing and monitoring the contract.
* Ensuring that Section 3 requirements are met to the greatest extent feasible.
* Reviewing and approving all invoices and backup documentation that are submitted. Once review is completed all invoices will be paid within thirty (30) days.
* The Department of Parks, Buildings & Recreation Management will review all designs and project specifications submitted by designer to ensure that they are in accordance with the contract, meet all requirements and regulations and the requirements of the City have been met.
* The Department of Parks, Buildings & Recreation Management will be the main point of communication for designers and will be responsible for managing the project.
* The Department of Parks, Buildings & Recreation Management will conduct weekly job meetings with contractors.
* The Department of Parks, Buildings & Recreation Management will perform initial review of all invoices and documentation. They will certify that work being invoiced for has been completed and certification with invoice and backup documentation will be provided to the Office of Disaster Recovery and Compliance for approval and payment. Identifying roadway and sidewalk projects and ensuring they meet all CDBG-DR national objective and eligibility requirements.
* Reviewing contractors weekly certified payroll documents to ensure state and federal labor standards and wage rates are complied with. Initial review is performed by the Office of Procurement. The Office of Procurement will maintain all original certified payroll documents and reviewed and approved copies will be provided to the Department of Public Works and the Office of Disaster Recovery and Compliance. (See Section 20 –Federal Labor Standards)
* Ensuring that all Federal Environmental review requirements are met in accordance with National Environmental Policy Act of 1969 (NEPA) and the related authorities listed at 24 CFR Part 58. (See Section 22 – Environmental Review)

The Engineers/Design Team will be responsible for the following tasks:

* Providing standard designs, plans and specifications for construction in accordance with the contract, scope of work and City requirements and state and federal regulations.
* Meet with the City and the Parks Department on projects as needed.
* Submitting any necessary and applicable Section 3 reports to the City.
* Providing invoices and any necessary backup documentation that are reasonable and accurate for the designs provided.
* On-site inspections and monitoring of construction progress as required by the City.
* Reporting of construction progress to the City.
* Performing initial review of milestones invoiced for and making payment recommendations to the City.

The Contractors will be responsible for the following tasks:

* Fulfilling all contract terms and submitting all required paperwork to the City of Springfield, including the following documents:
  + Payment and Performance Bonds
  + Proof of Insurance
  + Certified payroll statements in accordance with the State Division of Labor and Federal Davis Bacon Labor Standards and wage requirements
  + Any and all necessary permits
* Submission of applicable Section 3 reporting to the City of Springfield, Office of Housing.
* Obtaining all necessary permits and meeting all labor standards and OSHA requirements.
* Submitting reasonable and accurate invoicing with appropriate backup documentation to the City of Springfield, Department of Parks, Buildings & Recreation Management.
* Meeting with the City as needed for project review and updates.

DPW will perform initial engineering evaluations and assessments and draft specifications and a scope of work in accordance with standard City and MassDOT requirements and industry standards. The City through its Office of Procurement will procure the work in accordance with local, state and federal procurement guidelines. The City will review submitted bids and will select the lowest, responsible bidder.

The City will have a full-time inspector who does regular on-site monitoring of all CDBG-DR roadway and sidewalk projects throughout the duration of the job. The inspector will track all completed quantities, ensure projects are done to specification and ensure quality standards are met.

**Invoices and Change Orders**

Invoices will be submitted to the Department of Parks, Buildings & Recreation Management. Invoices will submitted as the project progresses and milestones laid out in the contract are met. The Parks Department will review all invoices with contracted Engineer and both parties will certify that invoices are accurate, reasonable and that work being billed for has been completed. Invoices will then be reviewed and paid by the Office of Disaster Recovery & Compliance.

If necessary, change orders will be submitted by contractors to the Department of Parks, Buildings & Recreation Management.  The Department of PBRM will ensure that change orders are work that is not included in the original contract scope and/or is a change to existing contract, or relates to unseen / unknown field conditions.  PBRM will approve change orders and then forward to the Office of Disaster Recovery & Compliance for review and for submission to the Office of Procurement for a contract amendment.

**SECTION 34: ACQUISITION OF SCHOOLS**

Partial Action Plan A allocates $3,700,000 for the Acquisition of School Buildings. HUD has approved Partial Action Plan A and entered into a grant agreement with the City for the initial allocation of $13,906,000 on December 17, 2013.

The acquisition of schools are a CDBG-DR eligible activity under 24 C.F.R. § 570.201(a) and meets the national objective of low/moderate income area benefit. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

**General Program Information**

The City will be acquiring two school related buildings within the tornado zone, in order to assure the continuation and better functioning of two crucial educational facilities and meet needs for classroom space.

Currently both buildings are being leased by the City. Acquisition of the buildings by the City will allow the disaster impacted communities sustainably positioned to meet the needs of the post disaster populations and to further prospects for growth.

The acquisition of the building at 36 Margaret Street, which is leased by the City from the Springfield Diocese for use as the South End Middle School, is crucial to achieving the long-term redevelopment and revitalization of the disaster impacted neighborhood. This purchase will ensure that the middle school remains within the district and that the students will not need to be bussed out of the district. In addition, it will guarantee a permanent home for the school to remain within the neighborhood.

The second acquisition the City intends to make is of the building at 91 School Street. This building also is leased by the City and currently houses the Parent and Community Engagement Center (PACE). The acquisition will both reduce costs and remove uncertainty regarding the permanence of the location within the disaster impacted neighborhood. This facility provides crucial services to the neighborhood including student registration, school assignments and transfers, English Language Learner, Special Education and Health Assessments, community outreach services including the Parent Resource Center and Parent Academy. The building staying permanently in this location particularly serves the need of this low income neighborhood by being within walking distance to many parents who do not have cars. In addition, District 2 parents commented in public hearings that their children were traumatized by experiencing a tornado while in their school buildings and many are still struggling with PTSD. The permanent location of the Parent Resource Center and Parent Academy within the District will allow for additional support to be provided to these families.

**Program Administration**

The City will acquire both of these facilities in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

The City will be acquiring the properties as Involuntary Acquisitions under the threat or use of eminent domain. The City will ensure that the following steps are taken to comply with these regulations:

* Make a determination of involuntary acquisition.
* Make initial contact with the owner and provide a Notice of Proposed Involuntary Acquisition with attached HUD brochures.
* Appraise the properties prior to negotiations, including an appraisal review by qualified appraisers by a state licensed and/or certified qualified appraiser in accordance with 49 CFR 24.103(d) and 12 USC 3331.
* Invite the property owner to accompany the appraiser during inspection.
* Provide the owner with a written offer of just compensation and a summary of what is being acquired.
* Pay for the property before taking possession from the owner.
* Reimburse expenses resulting from the transfer of title such as recording fees, prepaid real estate taxes, or other expenses.

These acquisitions will not displace any residents and/or businesses and relocation requirements will not apply.

The City OF Springfield Law Department will be assisting the Office of Community Development to ensure compliance with all local, state and federal regulations. The City will appoint its Chief Administrative and Financial Officer as the Chief Negotiator to handle all negotiations with the owners of both buildings.

The City of Springfield will be using the 24 CFR Part 5 Annual Income (Section 8) definition to calculate annual gross income of applicants.

**SECTION 35: DETERMINING INCOME**

**Process of Determining Income**

* The Office of Disaster Recovery will assist the applicant in completing an application form that includes the proper privacy notices and required releases.
* The Office of Disaster Recovery will collect and analyze appropriate income documentation for household members either through third party verification or source documentation. Applicants will be required to submit pay stubs, bank account records and other required documents.
* The Office of Disaster Recovery will ask questions about raises or other anticipated income changes. The City will assume that current circumstances will continue for the next twelve (12) months unless there is documentation that the current circumstances will change within that time period.
* The Office of Disaster Recovery will calculate the applicant’s household income based upon documentation provided. Staff may utilize either the attached income form and/or the “On-line Income Calculator” at [www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/calculator.cfm](http://www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/calculator.cfm). Staff will keep either the Income Calculation form or a copy of the print-out from the online income calculator in each project file.

**Household Income**

The City will be using “household” income rather than “family” income to qualify recipients in CDBG-DR housing activities.

This determination will include the income of the following household members:

* Both related and unrelated household members
* Shared custody children will be counted if at least 50% of time is with the household seeking CDBG-DR assistance
* Temporarily absent household members who will return to the household, for example:
  + Members who are temporarily absent for school or work
  + Those who are incarcerated for a short period of time
  + Active military members who will return to the home
* Unborn children
* Absent members such as:
  + Elderly family member who is temporarily in a nursing home
  + Adult student living away from home

The following will be excluded:

* Foster children and legal kinship guardians or foster adults, live-in aides and children of live-in aides.

**Income and Assets**

The following rules will apply to income that will be included in the calculation:

* Income of all adults (18 and older) who will be part of the household during the time CDBG-DR assistance will be received. (i.e. wages, salaries, tips, alimony, military income, part-time income, temporary income, social security, etc.)
* Earned income of minor children will not be counted. However, unearned income of all minor children will be included within in the calculation. (i.e. child support, TANF payments, etc.)
* Income of paid live-in aide is not counted within the household income determination, unless the live-in aide is a related person who is included within the household.

The following assets will be counted in the income calculation:

* Cash held in savings, checking accounts, safe deposit boxes, homes, etc.
* Stocks, bonds, treasury bills, CDs, mutual funds, money market accounts, and other investment accounts
* Individual retirement accounts, 401(k), Keough accounts, and other similar retirement savings accounts
* Cash value of life insurance policies available to the holder before death
* Personal property that is held for investment purposes
* Equity in real property
* Retirement pension funds
* Mineral rights
* Mortgage or deed of trust of applicant

The following assets will not be counted in the income calculation:

* Automobiles
* Jewelry
* Term life insurance policies

**Source Documentation and Third Party Verification**

Applicants will be required to submit either third party verification and/or source documentation for all sources of income and all assets with their applications. Source documentation will include the following documentation:

* Six (6) months of bank statements
* Copies of most recent ninety (90) days of consecutive pay stubs for each income source (i.e. employment, court ordered alimony, child support, etc.)
* Current copy of social security statement and/or award letter
* Current copy of retirement/pension statements
* Current copy of unemployment statement

Applications will be signed with a statement sworn by the applicant to the accuracy of all information provided.

If an adult household member has zero income, they will be required to sign a “Zero Income Verification Affidavit”

**Calculation of Income**

Once income and asset sources have been collected through source documentation, the Office of Disaster Recovery will calculate income using either the Income Calculation Worksheet and/or the Online Income Calculator. Copy of either the worksheet and/or the print-out from the online income calculator will be included with each file.

Calculations will include all assets and if the asset earns income. Calculation will also include all income sources for the household.

**Income Determinations for Acquisition and Development for Homeownership**

Developers are required to verify income of all homebuyers per development agreements with the City of Springfield. Developers must collect either third party verification and/or source documentation to verify that all homebuyers are within 120% of Area Median Income (AMI).

Prior to sale, developers are required to submit all income documentation to the City of Springfield for verification. The City will verify information provided and approve closing to move forward. If they City is unable to verify income calculation from the documents provided, the City will not approve the sale to move forward.

**Income Determination for Replacement of Multi-Family Housing**

The City will be contributing pre-development and/or gap funding towards the replacement of several multi-family housing projects directly impacted by the disaster, owned by the Mental Health Association, the Springfield Housing Authority and Hill Homes Cooperative Housing.

These organizations will be required to certify tenants’ incomes, according to the 24 CFR definition and using the above procedures, at the time that they occupy the funded dwelling units.

**SECTION 36: DEADLINE FOR OBLIGATION AND SPENDING OF CDBG-DR FUNDS**

Once CDBG-DR funds are committed through a partial action plan, the CDBG-DR funds must be fully obligated within 24 months of the date that the City entered into its CDBG-DR grant agreement with HUD for the committed funds. The deadline for CDBG-DR funds committed in Action Plan A is December 17, 2015.