



URA (cont)

- Voluntary acquisitions (even from bank, court etc) are covered by URA
 - Must provide voluntary acquisition notice
 - Be careful about involuntary purchases
- Three different types of voluntary sale:
 - Grantee has eminent domain powers but won't use
 - Grantee doesn't have eminent domain powers
 - Purchases from government agency where buyer does not have eminent domain powers over that agency



Neighborhood Stabilization Program 2



URA (cont)

- Must notify the seller:
 - Grantee will not use (or does not have) power of eminent domain
 - Owner-occupant not eligible to receive relocation assistance
 - Estimate of fair market value
 - Appraisal not required, but determination made by someone with knowledge of real estate market
 - Appraisal required if acquiring foreclosed unit worth > \$25k



Neighborhood Stabilization Program 2



URA (cont)

- If properties occupied (or vacated for NSP Project), URA relocation rules apply
 - Must determine occupant's status & URA entitlement
 - Lawful occupant entitled to:
 - Notices
 - If displaced, advisory services, moving costs, and replacement housing assistance
 - If not displaced, temporary moving assistance, if applicable
- If grantee allows new tenants to occupy, provide "move-in" notices



Neighborhood Stabilization Program 2





NSP Tenant Protections

- Statute includes noticing requirements for “bona fide” tenants in occupancy when unit acquired by initial successor in interest through foreclosure (usually lender)
 - “Bona fide” tenant:
 - Not former mortgagor
 - Lease is arms length transaction
 - Lease requires rent that is not substantially less than fair market rent for property
 - Effective for acquisitions by successor in interest (lender) **after** 2/17/09 (& note PTFA 5/20/09)



Neighborhood Stabilization Program 2



NSP Tenant Protections (cont)

- Lender must provide 90 day notice to vacate to “bona fide” tenant occupants
 - NSP funds cannot be used in any property unless lender followed notice rule
 - OR
 - Grantee assumes NSP tenant protection obligations
 - May trigger relocation assistance to displaced persons under URA



Neighborhood Stabilization Program 2



NSP Tenant Protections (cont)

- Grantee must document lender compliance
 - If tenant in property, must have 90 day notice
 - If not occupied, lender must certify either that property was not occupied by “bona fide” tenant at time of foreclosure or that tenant received 90 day notice
 - If tenant has Section 8 assistance, lender must agree to continue lease & HAP contract
 - Protecting Tenants At Foreclosure Act



Neighborhood Stabilization Program 2





Davis Bacon

- 8 or more units per property when construction financed whole/part with NSP \$\$\$
 - For homeowner units in co-op or condo with 8+ units, applies to all units
 - For rental projects with 8+ units, construction for whole property is covered



Neighborhood Stabilization Program 2



Davis Bacon (cont)

- All bid solicitations & contracts subject to Davis-Bacon must contain standard clauses & applicable DB wage decision
- May wish hold a preconstruction conference to review requirements with contractor (not required)
- Prime or general contractor is responsible for full compliance, including lower tier subs
- Grantee enforces requirements and provides information to contractor



Neighborhood Stabilization Program 2



Other Labor Laws

- Contract Work Hours & Safety Standards Act
 - Workers shall not work more than 40 hours/week unless they get overtime & projects must comply with safety standards
- Copeland Anti-Kickback Act
 - Requires payment once a week & only permissible payroll deductions
- Fair Labor Standards Act
 - Federal minimum wage & overtime requirements



Neighborhood Stabilization Program 2





Lead Based Paint

- Applies to sale, rental or rehab of pre-1978 units
- All transactions require:
 - Disclosure notice with signed receipt
 - Pamphlet “Protect Your Family From Lead in Your Home”
 - Visual inspection for deteriorated paint
- If paint deteriorated, must be stabilized using safe work practices – clearance must be obtained
- Certain types of rehab work exempt:
 - Properties tested & found not to have lead
 - Properties where lead has been removed
 - Rehab won't disturb paint surfaces



Neighborhood Stabilization Program 2



Lead Based Paint (cont)

- Lead evaluation and treatment depends on *level of assistance* which is lower of:
 - Per unit rehabilitation hard costs (all funds) OR
 - Per unit federal assistance
- Evaluation activity depends on level of assistance:
 - Less than \$5,000 = Paint testing
 - \$5,000 to \$25,000 = Risk assessment
 - More than \$25,000 = Risk assessment
- Notification:
 - Notice of Lead Hazard Evaluation to homeowner within 15 days of inspection
 - Can presume presence of lead & provide “Notice of Presumption”



Neighborhood Stabilization Program 2



Lead Based Paint (cont)

- How to address lead depends upon amount of assistance:
 - <\$5k = repair surfaces to be disturbed using safe work practices
 - \$5k - \$25k = interim controls using safe work practices & trained workers
 - >\$25k = abatement using safe work practices & certified supervisor & workers



Neighborhood Stabilization Program 2





Lead Based Paint (cont)

- Clearance must also be performed
 - Do NOT pay final payment to contractor before unit has passed clearance
 - Provide Notice of Lead Hazard Reduction to property owner within 15 days of clearance test



Neighborhood Stabilization Program 2



Fair Housing & Equal Opportunity

- Non-discrimination and equal opportunity laws apply
 - Affirmatively further fair housing
- Comply with Section 504 regarding handicapped access
- Comply with FHAA Accessibility Guidelines
- Comply with Section 3 regarding employment and contracting for low income persons



Neighborhood Stabilization Program 2



What is non-discrimination?

- CDBG grantees are responsible for ensuring that all housing assisted with CDBG funds is made available on a non-discriminatory basis: that is, without regard to race, color, religion, sex, disability, familial status, age, or national origin.
- Discriminatory housing practices might include any action in which an individual or class of individuals in a specific protected class is treated differently than others who are not in that protected class, when the result of that action denies that individual or class of individuals equal access to or benefit of a housing opportunity. Note that specific actions may be required to create equal program access for people with disabilities.



Neighborhood Stabilization Program 2





Illegal vs. Legal Discrimination

- Illegal discrimination includes such practices as:
 - Discrimination in the sale or rental of a dwelling
 - Discriminatory conduct by members of the real estate industry
 - Discriminatory advertisements, statements, and notices
 - Engaging in blockbusting practices
 - Discrimination in the provision of brokerage services
 - Discrimination in residential real estate-related transactions



Neighborhood Stabilization Program 2



What is Affirmatively Furthering Fair Housing?

- "Affirmatively Furthering Fair Housing" is defined in the regulations as:
 - Having an Analysis of Impediments (AI) to fair housing choice;
 - Taking appropriate actions to overcome the effects of identified impediments; and,
 - Keeping records reflecting the analysis and showing the actions taken.



Neighborhood Stabilization Program 2



Applicable Fair Housing Regulations

- 24 CFR 570.601: Fair Housing (Entitlement grantees). The following apply: Title VI of the Civil Rights Act of 1964 (and implementing regulations at 24 CFR part 1); Housing and Community Development Act (including section 104(b)(2)); and Executive Order 11063, as amended by 12259 (with implementing regulations in 24 CFR part 107).
- 24 CFR Parts 100-125: Fair Housing.
- 24 CFR 570.206(c): Fair Housing Activities. Provision of fair housing services designed to further the objectives of the Fair Housing Act.



Neighborhood Stabilization Program 2





Applicable Regulations (cont)

- 24 CFR 570.602: HCDA Section 109 nondiscrimination (Entitlement grantees)
- 24 CFR 570.495(b): HCDA Section 109 nondiscrimination (State grantees). HUD enforcement practices.
- 24 CFR 570.904: Equal Opportunity and Fair Housing Review Criteria (Entitlement grantees)
- 24 CFR Part 91.325(b)(5): Compliance with Anti-discrimination laws.
 - A certification that the grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 and the Fair Housing Act, and implementing regulations.



Neighborhood Stabilization Program 2



Strategies to Affirmatively Further Fair Housing

- Understand how HUD defines affirmatively furthering fair housing
- Understand how impediments to fair housing choice are defined
- Understand what actions or omissions constitute impediments to fair housing choice
- Ensure that analysis of impediments process is inclusive
- Implement actions to address the impediments identified



Neighborhood Stabilization Program 2




Fair Housing Documentation

- Each recipient shall establish and maintain records that include:
 - Documentation of analysis of impediments and actions
 - Data on participation in CDBG funded programs or activities, by racial and ethnic group, and single head of households
 - Data on employment in each of the recipients operating units funded in whole or in part with CDBG funds
 - Race and ethnicity data of households displaced as a result of CDBG-funded activities




Neighborhood Stabilization Program 2






Fair Housing Documentation (cont)


- Documentation of actions undertaken to meet the requirements of the Section 3 program
- Race/ethnicity data for each business receiving a contract or subcontract of \$25,000 or more from CDBG funds
- Documentation of affirmative action measures taken to overcome prior discrimination
- Documentation of Limited English Proficiency compliance


 Neighborhood Stabilization Program 2



Section 3


- Section 3 of the Housing and Urban Development Act of 1968 requires that employment and other economic opportunities arising in connection with housing rehab, construction or other public construction projects shall be given to low- and very low-income persons, to greatest extent feasible (24 CFR Part 135 and 24 CFR 570.487).

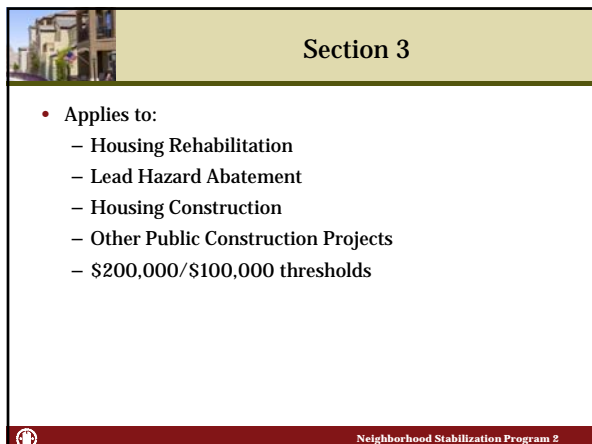
 Neighborhood Stabilization Program 2



Section 3

- Requires that to greatest extent possible:
 - Training, employment and other economic opportunities arising in connection with CDBG-funded housing or other public construction projects must be provided to low- and very low-income persons residing in the program/project service area.
 - Contracts be awarded to business concerns that are located in or owned by persons residing in program/project service area and that will employ low- and very low-income persons who reside in the service area.

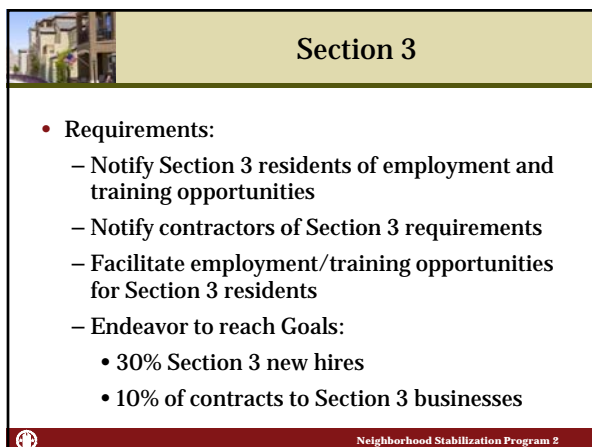
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Section 3

- Applies to:
 - Housing Rehabilitation
 - Lead Hazard Abatement
 - Housing Construction
 - Other Public Construction Projects
 - \$200,000/\$100,000 thresholds

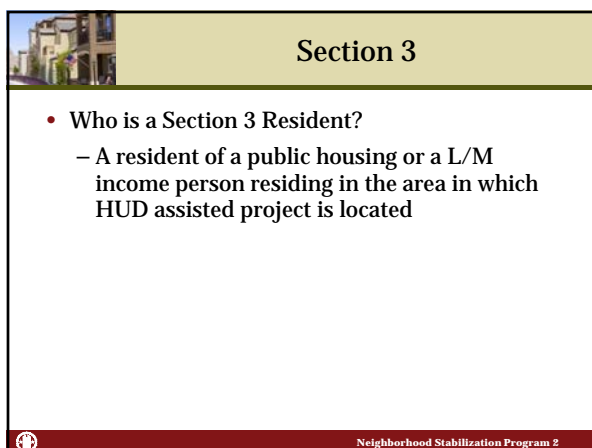
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Section 3

- Requirements:
 - Notify Section 3 residents of employment and training opportunities
 - Notify contractors of Section 3 requirements
 - Facilitate employment/training opportunities for Section 3 residents
 - Endeavor to reach Goals:
 - 30% Section 3 new hires
 - 10% of contracts to Section 3 businesses

Neighborhood Stabilization Program 2



Section 3

- Who is a Section 3 Resident?
 - A resident of a public housing or a L/M income person residing in the area in which HUD assisted project is located

Neighborhood Stabilization Program 2



Section 3

- What is a Section 3 Business Concern?
 - Owned by Section 3 resident(s)
 - Employs a substantial number of Section 3 residents (30% of permanent FTE position) or
 - Subcontracts with business concerns owned by or employing Section 3 residents (at least 25% of dollar award of all subcontracts)



Neighborhood Stabilization Program 2



Section 3 Reporting

- States are responsible for reporting to HUD annually on all contract and subcontract activities in period for contracts over \$10,000.
- Local governments must provide required information.



Neighborhood Stabilization Program 2

