

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

820



FROM: DEPARTMENT OF PUBLIC SOCIAL SERVICES

SUBMITTAL DATE:
November 15, 2011

SUBJECT: EXECUTED U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT GRANT AGREEMENT

RECOMMENDED MOTION:

1. That the Board of Supervisors ratify, receive and file the attached Grant Agreements between DPSS and the U.S. Department of Housing and Urban Development:

CA1017C9D081000 – Housing Authority of the County of Riverside

Patricia Reynolds for Susan Loew

Patricia Reynolds, Assistant Director
for Susan Loew, Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	11-12

SOURCE OF FUNDS:

Federal Funding: 100% State Funding: 0%; County Funding: 0%; Realignment Funding: 0%; Other Funding: 0%

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

Debra Courmoyer
BY: Debra Courmoyer

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL:
BY: *ELENA M. BOEVA* 11/2/11
DATE: 11/2/11
Departmental Concurrence

- Policy
- Consent
- Policy
- Consent

Dept Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 4

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

2.16

TO: BOARD OF SUPERVISORS

DATE: November 15, 2011

SUBJECT: EXECUTED U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
GRANT AGREEMENT

BACKGROUND:

On November 16, 2010, DPSS submitted an application for Homeless Assistance funds to the U.S. Department of Housing and Urban Development (HUD). On April 28, 2011, HUD announced the approval of the two new grants for Riverside County's homeless projects which included the Shelter Plus Care (S+C) program referenced below.

In accordance with Board Resolution No. 2010-045, approved by the Board on May 25, 2010 (Item 3.38), the authority to accept McKinney-Vento Homeless Assistance Act funding was delegated to the Director of DPSS. This enables the contracts to be executed as quickly as possible and allows the Department to meet HUD's timelines.

With the full execution of the attached Grant Agreements by HUD, the Grant Agreements are being submitted to the Board to receive and file as the official copies of record. Following is a brief description of the program:

The Housing Authority of the County of Riverside, in partnership with Operation SafeHouse, is proposing to establish six (6) units of permanent supportive housing to serve homeless and chronically homeless transition age youth (18-23) in the Coachella Valley. These units will be funded through Project Based Shelter Plus Care rental certificates and will be located at Operation SafeHouse's comprehensive services campus, SafeHouse of the Desert, located in Thousand Palms, CA. The Housing Authority will serve as the official Project Sponsor and will directly administer the project based rental assistance. Operation SafeHouse will be the provider and coordinator of supportive services provided to project participants.

FINANCIAL:

No County General Funds are required. Funding is 100% Federal.

ATTACHMENT(S):

1. Grant Agreement between DPSS and U.S. Department of Housing and Urban Development.

CONCUR/EXECUTE –

County Purchasing

SL:eps



U.S. Department of Housing and Urban Development
Office of Community Planning and Development
611 W. 6th Street
Suite 800
Los Angeles, CA 90017

Grant Number: CA1017C9D081000
Project Name: CA-608 - NEW - Shelter Plus Care Project Based w/ OSH
Total Award Amount: \$349,200
Number of Units: 6
Component: PRA
Recipient: County of Riverside
Official Contact Person and Title: Judith Murdock, Fiscal Manager
Telephone Number: (951) 358-5636
Fax Number: (951) 358-7755
E-mail Address: JMurdock@riversidedpss.org
EIN/Tax ID Number: 95-6000930
DUNS Number: 152240540
Effective Date: _____
Project Location(s): 5555 Arlington Ave, Riverside, CA 92504

2010 SHELTER PLUS CARE AGREEMENT - New Projects

This Agreement is made by and between the United States Department of Housing and Urban Development (HUD) and the Recipient, which is described in section 1 of Exhibit 3.

This Agreement will be governed by Subtitle F of Title IV of the McKinney-Vento Homeless Assistance Act 42 U.S.C. 11301 *et seq.* (the Act); the HUD Shelter Plus Care Program final rule codified at 24 CFR 582 ("the Rule"), which is attached hereto and made a part hereof as Exhibit 1, and the Notice of Funding Availability (NOFA) that was published in two parts. The first part was the General Section of the NOFA, which was published June 11, 2010 at 75 FR 33323. The second part was the Continuum of Care Homeless Assistance Programs section of the NOFA, which is located at <http://archives.hud.gov/funding/2010.grpcoc.cfm>. The terms "Grant" or "Grant Funds" mean the funds for rental assistance that are provided under this Agreement. The term "Application" means the application submission on the basis of which a Grant was approved by HUD, including the certifications and assurances and any information or documentation required to meet any grant award conditions. The Application is incorporated herein as part of this Agreement; however, in the event of any conflict between the Application and any provision contained herein, this Shelter Plus Care Agreement shall control.

The following are attached hereto and made a part hereof:

- Exhibit 1 - The Shelter Plus Care Program Rule
- Exhibit 2 - for Tenant-based Rental Assistance
- Exhibit 3 - for Project-based Rental Assistance
- Exhibit 4 - for Sponsor-based Rental Assistance
- Exhibit 5 - for Section 8 Rehabilitation for SRO
- Exhibit 5A - Subgrant for the Administration of Rental Assistance (for SRO)

HUD notifications to the Recipient shall be to the address of the Recipient as stated in the Application, unless HUD is otherwise advised in writing. Recipient notifications to HUD shall be to the HUD Field Office executing the Agreement.

Recipient agrees to conduct an ongoing assessment of the rental assistance and supportive services required by the participants in the program; to assure the adequate provisions of supportive services to the participants in the program; to be responsible for overall administration of this grant, including overseeing any sub-recipients, contractors and subcontractors; and to comply with such other terms and conditions, including record keeping and reports (which must include racial and ethnic data on participants for program monitoring and evaluation purposes), as the Secretary may establish for purposes of carrying out the program in an effective and efficient manner.

The recipient and project sponsor, if any, will not knowingly allow illegal activities in any unit assisted with S+C funds.

Recipient agrees to draw Grant Funds for and to make rental assistance payments on behalf of eligible program participants at least quarterly.

A default shall consist of any use of Grant Funds for a purpose other than as authorized by this Agreement, noncompliance with the Act, Rule, any material breach of the Agreement, failure to expend Grant Funds in a timely manner, or misrepresentations in the Application submissions which, if known by HUD, would have resulted in a grant not being provided. Upon due notice to the Recipient of the occurrence of any such default and the provision of a reasonable opportunity to respond, HUD may take one or more of the following actions:

- (a) direct the Recipient to submit progress schedules for completing approved activities;
- (b) issue a letter of warning advising the Recipient of the default, establishing a date by which corrective actions must be completed and putting the Recipient on notice that more serious actions will be taken if the default is not corrected or is repeated;
- (c) direct Recipient to establish and maintain a management plan that assigns responsibility for carrying out remedial actions;
- (d) direct the Recipient to suspend, discontinue or not incur costs for the affected activity;

- (e) reduce or recapture the grant;
- (f) direct the Recipient to reimburse the program accounts for costs inappropriately charged to the program;
- (g) continue the Grant with a substitute Recipient selected by HUD;
- (h) other appropriate action including, but not limited to, any remedial action legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions and any other available remedies.

The Grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS), the Central Contractor Registration (CCR) database, and the Federal Funding Accountability and Transparency Act, including Appendix A to Part 25 of the *Financial Assistance Use of Universal Identifier and Central Contractor Registration*, 75 Fed. Reg. 55671 (Sept. 14, 2010)(to be at 2 CFR part 25) and Appendix A to Part 170 of *Requirements for Federal Funding Accountability and Transparency Act Implementation*, 75 Fed. Reg. 55663 (Sept. 14, 2010)(to be codified at 2 CFR part 170).

No delay or omissions by HUD in exercising any right or remedy available to it under the Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any Recipient default.

This Agreement constitutes the entire agreement between the parties hereto, and may be amended only in writing executed by HUD and the Recipient. More specifically, Recipient shall not change sponsor or population to be served, or make any other change inconsistent with the Application, without the prior approval of HUD. No right, benefit, or advantage of the Recipient or Sponsor hereunder be assigned without prior written approval of HUD. The effective date of the Agreement shall be the date of execution by HUD. HUD will recapture unobligated balances at the end of the grant period.

By signing below, Recipients that are states and units of local government certify that they are following a current HUD approved CHAS (Consolidated Plan).

SIGNATURES

This Grant Agreement is hereby executed as follows:

UNITED STATES OF AMERICA
Secretary of Housing and Urban Development

By:

Signature and Date

 8/16/11
William G. Vasquez, Director
Community Planning and Development

Print name of signatory

Title

RECIPIENT

County of Riverside, Department of Public Social Services

Name of Organization

By:

Authorized Signature and Date

Susan Loew

Print name of signatory

Director, County of Riverside Department of Public Social Services

Title

Continuum of Care Grantee Closeout Certification

Grantee Name: _____

Grant Number: _____

Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the executed Grant Agreement and applicable Grant award statute and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflect costs and sources of funds of the reference project grant(s) and are taken from HUD-approved reports and other project-related documents.

1. Grant amount authorized: _____

2. Cumulative grant funds disbursed: _____

(Grantee should draw down amounts for any subsequent final audit costs or unsettled third party claims. Any such amounts not subsequently disbursed must be immediately reimbursed to HUD.)

3. Grant funds already recaptured/de-obligated: _____

4.* Balance of grant funds remaining: _____

***These funds will be recaptured by the Fort Worth Accounting Center in order that they can be used in future homeless assistance funding rounds.**

(Note: Grantees which spent funds for acquisition, rehabilitation, or new construction through the Supportive Housing Demonstration Program (SHDP) or Supportive Housing Program (SHP) are required by law to continue to use the assisted facilities for the benefit of homeless persons for up to 20 years following the date of initial assistance. Therefore, notwithstanding this Grantee Closeout Certification, grantees failing to comply with this requirement shall be required to repay all or a portion of the grant amount, as stipulated in the appropriate regulation.)

Grantee Authorized Representative Signature and Date

CPD Division Director Signature and Date

Typed Name of Signatory

William G. Vasquez

Typed Name of Signatory

Director, Office of Community Planning and
Development

Title

Title

The above signature by HUD signifies approval of grant closeout.

Please note: Certification forms not returned within 60 days will be processed with the CPD Director's signature only and funds remaining recaptured without further HUD notification.

EXHIBIT 1

24 CFR Ch. V (4-1-09 Edition)

PART 582-SHELTER PLUS CARE

Subpart A-General

Sec.

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Subpart B-Assistance Provided

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582.310 Resident rent.

582.315 Occupancy agreements.

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582.325 Outreach activities.

582.330 Nondiscrimination and equal opportunity requirements.

582.335 Displacement, relocation, and real property acquisition.

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Subpart E-Administration

582.400 Grant agreement.

582.405 Program changes.

582.410 Obligation and deobligation of funds.

AUTHORITY: 42 U.S.C. 3535(d) and 11403-11407b.

SOURCE: 58 FR 13892, Mar. 15, 1993, unless otherwise noted.

Subpart A-General

§ 582.1 Purpose and scope.

(a) General. The Shelter Plus Care program (S+C) is authorized by title IV, subtitle F, of the Stewart B. McKinney Homeless Assistance Act (the McKinney Act) (42 U.S.C. 11403- 11407b). S+C is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities (primarily those who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have acquired immunodeficiency syndrome (AIDS) and related diseases) and their families. The program provides grants to be used for rental assistance for permanent housing for homeless persons with disabilities. Rental assistance grants must be matched in the aggregate by supportive services that are equal in value to the amount of rental assistance and appropriate to the needs of the population to be served. Recipients are chosen on a competitive basis nationwide.

(b) Components. Rental assistance is provided through four components described in § 582.100. Applicants may apply for assistance under any one of the four components, or a combination.

[58 FR 13892, Mar. 15, 1993, as amended at 61 FR 51169, Sept. 30, 1996]

§ 582.5 Definitions.

The terms Fair Market Rent (FMR), HUD, Public Housing Agency (PHA), Indian Housing Authority (IHA), and Secretary are defined in 24 CFR part 5.

As used in this part:

Acquired immunodeficiency syndrome (AIDS) and related diseases has the meaning given in section 853 of the AIDS Housing Opportunity Act (42 U.S.C. 12902).

Applicant has the meaning given in section 462 of the McKinney Act (42 U.S.C. 11403g).

Eligible person means a homeless person with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases) and, if also homeless, the family of such a person. To be eligible for assistance, persons must be very low income, except that low-income individuals may be assisted under the SRO component in accordance with 24 CFR 813.105(b).

Homeless or homeless individual has the meaning given in section 103 of the McKinney Act (42 U.S.C. 11302).

Indian tribe has the meaning given in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

Low-income means an annual income not in excess of 80 percent of the median income for the area, as determined by HUD. HUD may establish income limits higher or lower than 80 percent of the median income for the area on the basis of its finding that such variations are necessary because of the prevailing levels of construction costs or unusually high or low family incomes.

Nonprofit organization has the meaning given in section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704). The term nonprofit organization also includes a community mental health center established as a public nonprofit organization.

Participant means an eligible person who has been selected to participate in S+C.

Person with disabilities means a household composed of one or more persons at least one of whom is an adult who has a disability.

(1) A person shall be considered to have a disability if such person has a physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that such ability could be improved by more suitable housing conditions.

(2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that-

(i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;

(ii) Is manifested before the person attains age 22;

(iii) Is likely to continue indefinitely;

(iv) Results in substantial functional limitations in three or more of the following areas of major life activity:

(A) Self-care;

(B) Receptive and expressive language;

(C) Learning;

(D) Mobility;

(E) Self-direction;

(F) Capacity for independent living; and

(G) Economic self-sufficiency; and

(v) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated.

(3) Notwithstanding the preceding provisions of this definition, the term person with disabilities includes, except in the case of the SRO component, two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important to their care or well-being, and the surviving member or members of any household described in the first sentence of this definition who were living, in a unit assisted under this part, with the deceased member of the household at the time of his or her death. (In any event, with respect to the surviving member or members of a household, the right to rental assistance under this part will terminate at the end of the grant period)

under which the deceased member was a participant.)

Recipient means an applicant approved to receive a S+C grant.

Seriously mentally ill has the meaning given in section 462 of the McKinney Act (42 U.S.C. 11403g).

Single room occupancy (SRO) housing means a unit for occupancy by one person, which need not but may contain food preparation or sanitary facilities, or both.

Sponsor means a nonprofit organization which owns or leases dwelling units and has contracts with a recipient to make such units available to eligible homeless persons and receives rental assistance payments under the SRA component.

State has the meaning given in section 462 of the McKinney Act (42 U.S.C. 11403g).

Supportive service provider, or service provider, means a person or organization licensed or otherwise qualified to provide supportive services, either for profit or not for profit.

Supportive services means assistance that-

(1) Addresses the special needs of eligible persons; and

(2) Provides appropriate services or assists such persons in obtaining appropriate services, including health care, mental health treatment, alcohol and other substance abuse services, child care services, case management services, counseling, supervision, education, job training, and other services essential for achieving and maintaining independent living.

(Inpatient acute hospital care does not qualify as a supportive service.)

Unit of general local government has the meaning given in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

Very low-income means an annual income not in excess of 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 50 percent of the median income for the area on the basis of its finding that such variations are

necessary because of unusually high or low family incomes.

[61 FR 51169, Sept. 30, 1996; 62 FR 13539, Mar. 21, 1997]

Subpart B-Assistance Provided

§ 582.100 Program component descriptions.

(a) Tenant-based rental assistance (TRA). Tenant-based rental assistance provides grants for rental assistance which permit participants to choose housing of an appropriate size in which to reside. Participants retain the rental assistance if they move. Where necessary to facilitate the coordination of supportive services, grant recipients may require participants to live in a specific area for their entire period of participation or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Recipients may not define the area in a way that violates the Fair Housing Act or the Rehabilitation Act of 1973. The term of the grant between HUD and the grant recipient for TRA is five years.

(b) Project-based rental assistance (PRA). Project-based rental assistance provides grants for rental assistance to the owner of an existing structure, where the owner agrees to lease the subsidized units to participants. Participants do not retain rental assistance if they move. Rental subsidies are provided to the owner for a period of either five or ten years. To qualify for ten years of rental subsidies, the owner must complete at least \$3,000 of eligible rehabilitation for each unit (including the unit's prorated share of work to be accomplished on common areas or systems), to make the structure decent, safe and sanitary. This rehabilitation must be completed within 12 months of the grant award.

(c) Sponsor-based rental assistance (SRA). Sponsor-based rental assistance provides grants for rental assistance through contracts between the grant recipient and sponsor organizations. A sponsor may be a private, nonprofit organization or a community mental health agency established as a public nonprofit organization. Participants reside in housing owned or leased by

the sponsor. The term of the grant between HUD and the grant recipient for SRA is five years.

(d) Moderate rehabilitation for single room occupancy dwellings (SRO). (1) The SRO component provides grants for rental assistance in connection with the moderate rehabilitation of single room occupancy housing units. Resources to initially fund the cost of rehabilitating the dwellings must be obtained from other sources. However, the rental assistance covers operating expenses of the rehabilitated SRO units occupied by homeless persons, including debt service to retire the cost of the moderate rehabilitation over a ten-year period.

(2) SRO housing must be in need of moderate rehabilitation and must meet the requirements of 24 CFR 882.803(a). Costs associated with rehabilitation of common areas may be included in the calculation of the cost for assisted units based on the proportion of the number of units to be assisted under this part to the total number of units.

(3) SRO assistance may also be used for efficiency units selected for rehabilitation under this program, but the gross rent (contract rent plus any utility allowance) for those units will be no higher than for SRO units (i.e., 75 percent of the 0-bedroom Moderate Rehabilitation Fair Market Rent).

(4) The requirements regarding maintenance, operation, and inspections described in 24 CFR 882.806(b)(4) and 882.808(n) must be met.

(5) Governing regulations. Except where there is a conflict with any requirement under this part or where specifically provided, the SRO component will be governed by the regulations set forth in 24 CFR part 882, subpart H.

§ 582.105 Rental assistance amounts and payments.

(a) Eligible activity. S+C grants may be used for providing rental assistance for housing occupied by participants in the program and administrative costs as provided for in paragraph (e) of this section, except that the housing may not be currently receiving Federal funding for rental assistance or operating costs under other HUD programs. Recipients may design a housing

program that includes a range of housing types with differing levels of supportive services.

Rental assistance may include security deposits on units in an amount up to one month's rent.

(b) Amount of the grant. The amount of the grant is based on the number and size of units proposed by the applicant to be assisted over the grant period. The grant amount is calculated by multiplying the number of units proposed times the applicable Fair Market Rent (FMR) of each unit times the term of the grant.

(c) Payment of grant. (1) The grant amount will be reserved for rental assistance over the grant period. An applicant's grant request is an estimate of the amount needed for rental assistance. Recipients will make draws from the reserved amount to pay the actual costs of rental assistance for program participants. For TRA, on demonstration of need, up to 25 percent of the total rental assistance awarded may be spent in any one of the five years, or a higher percentage if approved by HUD, where the applicant provides evidence satisfactory to HUD that it is financially committed to providing the housing assistance described in the application for the full five-year period.

(2) A recipient must serve at least as many participants as shown in its application. Where the grant amount reserved for rental assistance over the grant period exceeds the amount that will be needed to pay the actual costs of rental assistance, due to such factor as contract rents being lower than FMRs and participants are being able to pay a portion of the rent, recipients may use the remaining funds for the costs of administering the housing assistance, as described in paragraph (e) of this section, for damage to property, as described in paragraph (f) of this section, for covering the costs of rent increases, or for serving a great number of participants.

(d) Vacancies. (1) If a unit assisted under this part is vacated before the expiration of the occupancy agreement described in § 582.315 of this part, the assistance for the unit may continue for a maximum of 30 days from the end of the month in which the unit was vacated, unless occupied by another eligible person. No additional assistance

will be paid until the unit is occupied by another eligible person.

(2) As used in this paragraph (d), the term "vacate" does not include brief periods of inpatient care, not to exceed 90 days for each occurrence.

(e) Administrative costs. (1) Up to eight percent of the grant amount may be used to pay the costs of administering the housing assistance. Recipients may contract with another entity approved by HUD to administer the housing assistance.

(2) Eligible administrative activities include processing rental payments to landlords, examining participant income and family composition, providing housing information and assistance, inspecting units for compliance with housing quality standards, and receiving into the program new participants. This administrative allowance does not include the cost of administering the supportive services or the grant (e.g., costs of preparing the application, reports or audits required by HUD), which are not eligible activities under a S+C grant.

(f) Property damage. Recipients may use grant funds in an amount up to one month's rent to pay for any damage to housing due to the action of a participant.

[58 FR 13892, Mar. 15, 1993, as amended at 61 FR 51170, Sept. 30, 1996]

§ 582.110 Matching requirements.

(a) Matching rental assistance with supportive services. (1) To qualify for rental assistance grants, an applicant must certify that it will provide or ensure the provision of supportive services, including funding the services itself if the planned resources do not become available for any reason, appropriate to the needs of the population being served, and at least equal in value to the aggregate amount of rental assistance funded by HUD. The supportive services may be newly created for the program or already in operation, and may be provided or funded by other Federal, State, local, or private programs in accordance with 42 U.S.C. 11403b. This statute provides that a recipient may use funds from any source, including any other Federal source (but excluding the specific statutory subtitle from which S+C

funds are provided), as well as State, local, and private sources, provided that funds from the other source are not statutorily prohibited to be used as a match.

(2) Only services that are provided after the execution of the grant agreement may count toward the match.

(3) It is the responsibility of the recipient to ensure that any funds or services used to satisfy the matching requirements of this section are eligible under the laws governing the funds or services to be used as matching funds or services for a grant awarded under this program.

(b) Availability to participants. Recipients must give reasonable assurances that supportive services will be available to participants for the entire term of the rental assistance. The value of the services provided to a participant, however, does not have to equal the amount of rental assistance provided that participant, nor does the value have to be equal to the amount of rental assistance on a year-to-year basis.

(c) Calculating the value of supportive services. In calculating the amount of the matching supportive services, applicants may count:

(1) Salaries paid to staff of the recipient to provide supportive services to S+C participants;

(2) The value of supportive services provided by other persons or organizations to S+C participants;

(3) The value of time and services contributed by volunteers at the rate of \$10.00 an hour, except for donated professional services which may be counted at the customary charge for the service provided (professional services are services ordinarily performed by donors for payment, such as the services of health professionals, that are equivalent to the services they provide in their occupations);

(4) The value of any lease on a building used for the provision of supportive services, provided the value included in the match is no more than the prorated share used for the program; and

(5) The cost of outreach activities, as described in § 582.325(a) of this part.

[58 FR 13892, Mar. 15, 1993, as amended at 73 FR 75325, Dec. 11, 2008]

§ 582.115 Limitations on assistance.

(a) Current occupants. Current occupants of the real property are not eligible for assistance under this part. However, as described in § 582.335, persons displaced as a direct result of acquisition, rehabilitation, or demolition for a project under the S+C program are eligible for and must be provided relocation assistance at Uniform Relocation Act levels.

(b) Amount of assistance provided within a jurisdiction. HUD will limit the amount of assistance provided within the jurisdiction of any one unit of local government to no more than 10 percent of the amount available.

(c) Faith-based activities. (1) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the S+C program. Neither the Federal government nor a State or local government receiving funds under S+C programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(2) Organizations that are directly funded under the S+C program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(3) A religious organization that participates in the S+C program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice and expression of its religious beliefs, provided that it does not use direct S+C funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide S+C-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an S+C-funded religious organization retains its authority over

its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

(4) An organization that participates in the S+C program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(5) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

(d) Maintenance of effort. No assistance received under this part (or any State or local government funds used to supplement this assistance) may be used to replace funds provided under any State or local government assistance programs previously used, or designated for use, to assist persons with disabilities, homeless persons, or homeless persons with disabilities.

[58 FR 13892, Mar. 15, 1993, as amended at 68 FR 56407, Sept. 30, 2003]

§ 582.120 Consolidated plan.

(a) Applicants that are States or units of general local government. The applicant must have a HUD-approved complete or abbreviated consolidated plan, in accordance with 24 CFR part 91, and must submit a certification that the application for funding is consistent with the HUD-approved consolidated plan. Funded applicants must certify in a grant agreement that they are following the HUD-approved consolidated plan. If the applicant is a State, and the project will be located in a unit of general local government that is required to have, or has, a complete consolidated plan, or that is applying for Shelter Plus Care assistance under the same Notice of Fund Availability (NOFA) and will have an abbreviated consolidated plan with respect to that application, the State also must submit a certification by the unit of general local government that the State's application is consistent with the unit

§ 582.200

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of general local government's HUD-approved consolidated plan.

(b) Applicants that are not States or units of general local government. The applicant must submit a certification by the jurisdiction in which the proposed project will be located that the jurisdiction is following its HUD-approved consolidated plan and the applicant's application for funding is consistent with the jurisdiction's HUD-approved consolidated plan. The certification must be made by the unit of general local government or the State, in accordance with the consistency certification provisions of the consolidated plan regulations, 24 CFR part 91, subpart F.

(c) Indian tribes and the Insular Areas of Guam, the U.S. Virgin Islands, American Samoa, and the Northern Mariana Islands. These entities are not required to have a consolidated plan or to make consolidated plan certifications. An application by an Indian tribe or other applicant for a project that will be located on a reservation of an Indian tribe will not require a certification by the tribe or the State. However, where an Indian tribe is the applicant for a project that will not be located on a reservation, the requirement for a certification under paragraph (b) of this section will apply.

(d) Timing of consolidated plan certification submissions. Unless otherwise set forth in the NOFA, the required certification that the application for funding is consistent with the HUD-approved consolidated plan must be submitted by the funding application submission deadline announced in the NOFA.

[60 FR 16379, Mar. 30, 1995]

Subpart C-Application and Grant Award

§ 582.200 Application and grant award.

(a) Review. When funds are made available for assistance, HUD will publish a notice of fund availability in the FEDERAL REGISTER in accordance with the requirements of 24 CFR part 4. Applications will be reviewed and screened in accordance with the guidelines, rating criteria and procedures published in the notice.

(b) Rating criteria. HUD will award funds based on the criteria specified in section 455(a)(1) through (8) of the McKinney Act (42 U.S.C. 11403d(1)- 11403d(8)) and on the following criteria authorized by section 455(a)(9) of the McKinney Act (42 U.S.C. 11403d(9)):

(1) The extent to which the applicant has demonstrated coordination with other Federal, State, local, private and other entities serving homeless persons in the planning and operation of the project, to the extent practicable;

(2) Extent to which the project targets homeless persons living in emergency shelters, supportive housing for homeless persons, or in places not designed for, or ordinarily used as, a regular sleeping accommodation for human beings;

(3) Quality of the project; and

(4) Extent to which the program will serve homeless persons who are seriously mentally ill, have chronic alcohol and/or drug abuse problems, or have AIDS and related diseases.

(Approved by the Office of Management and Budget under control number 2506-0118)

[61 FR 51170, Sept. 30, 1996]

§ 582.230 Environmental review.

(a) Activities under this part are subject to HUD environmental regulations in part 58 of this title, except that HUD will perform an environmental review in accordance with part 50 of this title prior to its approval of any conditionally selected applications from PHAs for Fiscal Year 2000 and prior years for other than the SRO component. For activities under a grant to a PHA that generally would be subject to review under part 58, HUD may make a finding in accordance with § 58.11(d) and may itself perform the environmental review under the provisions of part 50 of this title if the recipient PHA objects in writing to the responsible entity's performing the review under part 58.

Irrespective of whether the responsible entity in accord with part 58 (or HUD in accord with part 50) performs the environmental review, the recipient shall supply all available, relevant information necessary for the responsible entity (or HUD, if applicable) to perform for each property any environmental review required by this part.

The recipient also shall carry out mitigating measures required by the responsible entity (or HUD, if applicable) or select alternate eligible property. HUD may eliminate from consideration any application that would require an Environmental Impact Statement (EIS).

(b) The recipient, its project partners and their contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project under this part, or commit or expend HUD or local funds for such eligible activities under this part, until the responsible entity (as defined in § 58.2 of this title) has completed the environmental review procedures required by part 58 and the environmental certification and RROF have been approved or HUD has performed an environmental review under part 50 and the recipient has received HUD approval of the property. HUD will not release grant funds if the recipient or any other party commits grant funds (i.e., incurs any costs or expenditures to be paid or reimbursed with such funds) before the recipient submits and HUD approves its RROF (where such submission is required).

[68 FR 56130, Sept. 29, 2003]

Subpart D-Program Requirements

§ 582.300 General operation.

(a) Participation of homeless individuals. (1) Each recipient must provide for the consultation and participation of not less than one homeless individual or formerly homeless individual on the board of directors or other equivalent policy-making entity of the recipient, to the extent that the entity considers and makes policies and decisions regarding any housing assisted under this part or services for the participants. This requirement is waived if the applicant is unable to meet the requirement and presents a plan, which HUD approves, to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions. Participation by such an individual who also is a participant under the program does not constitute a conflict of interest under § 582.340(b) of this part.

(2) To the maximum extent practicable, each recipient must involve homeless individuals and families, through employment, volunteer services, or otherwise, in constructing or rehabilitating housing assisted under this part and in providing supportive services required under § 582.215 of this part.

(b) Ongoing assessment of housing and supportive services. Each recipient of assistance must conduct an ongoing assessment of the housing assistance and supportive services required by the participants, and make adjustments as appropriate.

(c) Adequate supportive services. Each recipient must assure that adequate supportive services are available to participants in the program.

(d) Records and reports. (1) Each recipient must keep any records and, within the timeframe required, make any reports (including those pertaining to race, ethnicity, gender, and disability status data) that HUD may require.

(2) Each recipient must keep on file, and make available to the public on request, a description of the procedures used to select sponsors under the SRA component and buildings under the SRO, SRA, and PRA components.

(3) Each recipient must develop, and make available to the public upon request, its procedures for managing the rental housing assistance funds provided by HUD. At a minimum, such procedures must describe how units will be identified and selected; how the responsibility for inspections will be handled; the process for deciding which unit a participant will occupy; how participants will be placed in, or assisted in finding appropriate housing; how rent calculations will be made and the amount of rental assistance payments determined; and what safeguards will be used to prevent the misuse of funds.

(Approved by the Office of Management and Budget under control number 2506-0118)
[58 FR 13892, Mar. 15, 1993, as amended at 61 FR 51171, Sept. 30, 1996]

§ 582.305 Housing quality standards; rent reasonableness.

(a) Housing quality standards. Housing assisted under this part must meet the

applicable housing quality standards (HQS) under § 982.401 of this title—except that § 982.401(j) of this title does not apply and instead part 35, subparts A, B, K and R of this title apply—and, for SRO under § 882.803(b) of this title. Before any assistance will be provided on behalf of a participant, the recipient, or another entity acting on behalf of the recipient (other than the owner of the housing), must physically inspect each unit to assure that the unit meets the HQS. Assistance will not be provided for units that fail to meet the HQS, unless the owner corrects any deficiencies within 30 days from the date of the lease agreement and the recipient verifies that all deficiencies have been corrected. Recipients must also inspect all units at least annually during the grant period to ensure that the units continue to meet the HQS.

(b) Rent reasonableness. HUD will only provide assistance for a unit for which the rent is reasonable. For TRA, PRA, and SRA, it is the responsibility of the recipient to determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit, as well as not in excess of rents currently being charged by the same owner for comparable unassisted units. For SRO, rents are calculated in accordance with 24 CFR 882.805(g).

[58 FR 13892, Mar. 15, 1993, as amended at 61 FR 51171, Sept. 30, 1996; 64 FR 50226, Sept. 15, 1999]

§ 582.310 Resident rent.

(a) Amount of rent. Each participant must pay rent in accordance with section 3(a)(1) of the U.S. Housing Act of 1937 (42 U.S.C. 1437a(a)(1)), except that in determining the rent of a person occupying an intermediate care facility assisted under title XIX of the Social Security Act, the gross income of this person is the same as if the person were being assisted under title XVI of the Social Security Act.

(b) Calculating income. (1) Income of participants must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a).

(2) Recipients must examine a participant's income initially, and at least annually thereafter, to determine the amount of rent payable by the participant. Adjustments to a participant's rental payment must be made as necessary.

(3) As a condition of participation in the program, each participant must agree to supply the information or documentation necessary to verify the participant's income. Participants must provide the recipient information at any time regarding changes in income or other circumstances that may result in changes to a participant's rental payment.

[66 FR 6225, Jan. 19, 2001]

§ 582.315 Occupancy agreements.

(a) Initial occupancy agreement. Participants must enter into an occupancy agreement for a term of at least one month. The occupancy agreement must be automatically renewable upon expiration, except on prior notice by either party.

(b) Terms of agreement. In addition to standard lease provisions, the occupancy agreement may also include a provision requiring the participant to take part in the supportive services provided through the program as a condition of continued occupancy.

§ 582.320 Termination of assistance to participants.

(a) Termination of assistance. The recipient may terminate assistance to a participant who violates program requirements or conditions of occupancy. Recipients must exercise judgment and examine all extenuating circumstances in determining when violations are serious enough to warrant termination, so that a participant's assistance is terminated only in the most severe cases. Recipients are not prohibited from resuming assistance to a participant whose assistance has been terminated.

(b) Due process. In terminating assistance to a participant, the recipient must provide a formal process that recognizes the rights of individuals receiving assistance to due process of law. This process, at a minimum, must consist of:

(1) Written notice to the participant containing a clear statement of the reasons for termination;

(2) A review of the decision, in which the participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and

(3) Prompt written notice of the final decision to the participant.

§ 582.325 Outreach activities.

Recipients must use their best efforts to ensure that eligible hard-to-reach persons are served by S+C. Recipients are expected to make sustained efforts to engage eligible persons so that they may be brought into the program. Outreach should be primarily directed toward eligible persons who have a nighttime residence that is an emergency shelter or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (e.g., persons living in cars, streets, and parks). Outreach activities are considered to be a supportive service, and the value of such activities that occur after the execution of the grant agreement may be included in meeting the matching requirement.

§ 582.330 Nondiscrimination and equal opportunity requirements.

(a) General. Recipients may establish a preference as part of their admissions procedures for one or more of the statutorily targeted populations (i.e., seriously mentally ill, alcohol or substance abusers, or persons with AIDS and related diseases). However, other eligible disabled homeless persons must be considered for housing designed for the target population unless the recipient can demonstrate that there is sufficient demand by the target population for the units, and other eligible disabled homeless persons would not benefit from the primary supportive services provided.

(b) Compliance with requirements. (1) In addition to the nondiscrimination and equal opportunity requirements set forth in 24 CFR part 5, recipients serving a designated population of

homeless persons must, within the designated population, comply with the prohibitions against discrimination against handicapped individuals under section 503 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 41 CFR chapter 60-741.

(2) The nondiscrimination and equal opportunity requirements set forth at part 5 of this title are modified as follows:

(i) The Indian Civil Rights Act (25 U.S.C. 1301 et seq.) applies to tribes when they exercise their powers of self-government, and to IHAs when established by the exercise of such powers. When an IHA is established under State law, the applicability of the Indian Civil Rights Act will be determined on a case-by-case basis. Projects subject to the Indian Civil Rights Act must be developed and operated in compliance with its provisions and all implementing HUD requirements, instead of title VI and the Fair Housing Act and their implementing regulations.

(ii) [Reserved]

(c) Affirmative outreach. (1) If the procedures that the recipient intends to use to make known the availability of the program are unlikely to reach persons of any particular race, color, religion, sex, age, national origin, familial status, or handicap who may qualify for assistance, the recipient must establish additional procedures that will ensure that interested persons can obtain information concerning the assistance.

(2) The recipient must adopt procedures to make available information on the existence and locations of facilities and services that are accessible to persons with a handicap and maintain evidence of implementation of the procedures.

(d) The accessibility requirements, reasonable modification, and accommodation requirements of the Fair Housing Act and of section 504 of the Rehabilitation Act of 1973, as amended.

[58 FR 13892, Mar. 15, 1993, as amended at 61 FR 5210, Feb. 9, 1996]

§ 582.335 Displacement, relocation, and real property acquisition.

(a) Minimizing displacement. Consistent with the other goals and objectives of this part, recipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of supportive housing assisted under this part.

(b) Relocation assistance for displaced persons. A displaced person (defined in paragraph (f) of this section) must be provided relocation assistance at the levels described in, and in accordance with, the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR part 24.

(c) Real property acquisition requirements. The acquisition of real property for supportive housing is subject to the URA and the requirements described in 49 CFR part 24, subpart B.

(d) Responsibility of recipient. (1) The recipient must certify (i.e., provide assurance of compliance) that it will comply with the URA, the regulations at 49 CFR part 24, and the requirements of this section, and must ensure such compliance notwithstanding any third party's contractual obligation to the recipient to comply with these provisions.

(2) The cost of required relocation assistance is an eligible project cost in the same manner and to the same extent as other project costs. Such costs also may be paid for with local public funds or funds available from other sources.

(3) The recipient must maintain records in sufficient detail to demonstrate compliance with provisions of this section.

(e) Appeals. A person who disagrees with the recipient's determination concerning whether the person qualifies as a "displaced person," or the amount of relocation assistance for which the person is eligible, may file a written appeal of that determination with the recipient. A low-income person who is dissatisfied with the recipient's determination on his or her appeal may submit a written request for review of that determination to the HUD field office.

(f) Definition of displaced person. (1) For purposes of this section, the term "displaced person" means a person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves personal property from real property permanently as a direct result of acquisition, rehabilitation, or demolition for supportive housing project assisted under this part. The term "displaced person" includes, but may not be limited to:

(i) A person that moves permanently from the real property after the property owner (or person in control of the site) issues a vacate notice or refuses to renew an expiring lease, if the move occurs on or after:

(A) The date that the recipient submits to HUD an application for assistance that is later approved and funded, if the recipient has control of the project site; or

(B) The date that the recipient obtains control of the project site, if such control is obtained after the submission of the application to HUD.

(ii) Any person, including a person who moves before the date described in paragraph (f)(1)(i) of this section, if the recipient or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the assisted project.

(iii) A tenant-occupant of a dwelling unit who moves permanently from the building/complex on or after the date of the "initiation of negotiations" (see paragraph (g) of this section) if the move occurs before the tenant has been provided written notice offering him or her the opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building/ complex, under reasonable terms and conditions, upon completion of the project. Such reasonable terms and conditions must include a monthly rent and estimated average monthly utility costs that do not exceed the greater of:

(A) The tenant's monthly rent before the initiation of negotiations and estimated average utility costs, or

(B) 30 percent of gross household income. If the initial rent is at or near the maximum, there must be a reasonable basis for concluding at the time

the project is initiated that future rent increases will be modest.

(iv) A tenant of a dwelling who is required to relocate temporarily, but does not return to the building/complex, if either:

(A) A tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, or

(B) Other conditions of the temporary relocation are not reasonable.

(v) A tenant of a dwelling who moves from the building/complex permanently after he or she has been required to move to another unit in the same building/complex, if either:

(A) The tenant is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move; or

(B) Other conditions of the move are not reasonable.

(2) Notwithstanding the provisions of paragraph (f)(1) of this section, a person does not qualify as a "displaced person" (and is not eligible for relocation assistance under the URA or this section), if:

(i) The person has been evicted for serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable Federal, State, or local or tribal law, or other good cause, and HUD determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;

(ii) The person moved into the property after the submission of the application and, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or suffer a rent increase) and the fact that the person would not qualify as a "displaced person" (or for any assistance provided under this section), if the project is approved;

(iii) The person is ineligible under 49 CFR 24.2(g)(2); or

(iv) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

(3) The recipient may request, at any time, HUD's determination of whether

a displacement is or would be covered under this section.

(g) Definition of initiation of negotiations. For purposes of determining the formula for computing the replacement housing assistance to be provided to a residential tenant displaced as a direct result of privately undertaken rehabilitation, demolition, or acquisition of the real property, the term "initiation of negotiations" means the execution of the agreement between the recipient and HUD, or selection of the project site, if later.

§ 582.340 Other Federal requirements.

In addition to the Federal requirements set forth in 24 CFR part 5, the following requirements apply to this program:

(a) OMB Circulars.¹ (1) The policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles Applicable to Grants, Contracts and Other Agreements with State and Local Governments) and 24 CFR part 85 apply to the acceptance and use of assistance under the program by governmental entities, and OMB Circular Nos. A-110 (Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations) and 24 CFR part 84 and A-122 (Cost Principles Applicable to Grants, Contracts and Other Agreements with Nonprofit Institutions) apply to the acceptance and use of assistance by private nonprofit organizations, except where inconsistent with provisions of the McKinney Act, other Federal statutes, or this part.

(2) The financial management systems used by recipients under this program must provide for audits in accordance with the provisions of 24 CFR part 44. Private nonprofit organizations who are subrecipients are subject to the audit requirements of 24 CFR part 45. HUD may perform or require additional audits as it finds necessary or appropriate.

(b) Conflict of interest. (1) In addition to the conflict of interest requirements

¹ Copies of OMB Circulars may be obtained from E.O.P. Publications, room 2200, New Executive Office Building, Washington, DC 20503, telephone (202) 395-7332. (This is not a toll-free number.) There is a limit of two free copies.

§ 582.400

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in 24 CFR part 85, no person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient and who exercises or has exercised any functions or responsibilities with respect to assisted activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter. Participation by homeless individuals who also are participants under the program in policy or decisionmaking under § 582.300 of this part does not constitute a conflict of interest.

(2) Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b)(1) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the program and the effective and efficient administration of the recipient's project. An exception may be considered only after the recipient has provided the following:

(i) For States, units of general local governments, PHAs and IHAs, a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) For all recipients, an opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(3) In determining whether to grant a requested exception after the recipient has satisfactorily met the requirement of paragraph (b)(2) of this section, HUD will consider the cumulative effect of the following factors, where applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the project which would otherwise not be available;

(ii) Whether the person affected is a member of a group or class of eligible persons and the exception will permit

such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iii) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(iv) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b)(1) of this section;

(v) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vi) Any other relevant considerations.

[58 FR 13892, Mar. 15, 1993, as amended at 61 FR 5210, Feb. 9, 1996; 61 FR 51171, Sept. 30, 1996; 62 FR 13539, Mar. 21, 1997]

Subpart E-Administration

§ 582.400 Grant agreement.

(a) General. The grant agreement will be between HUD and the recipient. HUD will hold the recipient responsible for the overall administration of the program, including overseeing any subrecipients or contractors. Under the grant agreement, the recipient must agree to operate the program in accordance with the provisions of this part and other applicable HUD regulations.

(b) Enforcement. HUD will enforce the obligations in the grant agreement through such action as may be necessary, including recapturing assistance awarded under the program.

§ 582.405 Program changes.

(a) Changes. HUD must approve, in writing, any significant changes to an approved program. Significant changes that require approval include, but are not limited to, a change in sponsor, a change in the project site for SRO or PRA with rehabilitation projects, and a change in the type of persons with disabilities to be served. Depending on the nature of the change, HUD may require a new certification of consistency with the CHAS (see § 582.120).

(b) Approval. Approval for such changes is contingent upon the application ranking remaining high enough to have been competitively selected for funding in the year the application was selected.

§ 582.410 Obligation and deobligation of funds.

(a) Obligation of funds. When HUD and the applicant execute a grant agreement, HUD will obligate funds to cover the amount of the approved grant. The recipient will be expected to carry out the activities as proposed in the application. After the initial obligation of funds, HUD is under no obligation to make any upward revisions to the grant amount for any approved assistance.

(b) Deobligation. (1) HUD may deobligate all or a portion of the approved grant amount if such amount is not expended in a timely manner, or the proposed housing for which funding was approved or the supportive services proposed in the application are not provided in accordance with the approved application, the requirements of this part, and other applicable HUD regulations. The grant agreement may set forth other circumstances under which funds may be deobligated, and other sanctions may be imposed.

(2) HUD may readvertise, in a notice of fund availability, the availability of funds that have been deobligated, or may reconsider applications that were submitted in response to the most recently published notice of fund availability and select applications for funding with the deobligated funds. Such selections would be made in accordance with the selection process described in § 582.220 of this part. Any selections made using deobligated funds will be subject to applicable appropriation act requirements governing the use of deobligated funding authority.

(Approved by the Office of Management and Budget under control number 2506-0118)

EXHIBIT 3

PROJECT-BASED RENTAL ASSISTANCE (PRA)

1. The Recipient is County of Riverside.
2. HUD agrees, subject to the terms of the Agreement, to provide the Grant Funds in the amount specified below for the approved project(s) described in the Application. HUD's total funding obligation is \$349,200 for 6 units of tenant-based rental assistance.
3. Recipient may not change a project site for a rehabilitation project without the prior written approval of HUD.
4. Recipient shall enter into a contract with the owner of an existing structure, which contract shall provide (1) that rental assistance payments shall be made to the owner, and (2) that the units in the structure shall be occupied by eligible persons for not less than the term of the contract.
5. Recipient shall receive aggregate amounts of Grant Funds not to exceed the appropriate existing housing fair market rental value under Sec. 8(c)(1) of the United States Housing Act of 1937 in effect at the time the Application was approved. This fair market rent may be higher or lower than the fair market rent in effect at the time of application submission. Any amounts not needed for a year may be used to increase the amount available in subsequent years.
6. Rental assistance will be provided under this Agreement for a term of
 - five (5) years from the effective date of this Agreement.
 - ten (10) years to commence upon completion of rehabilitation of the structure. Failure to complete rehabilitation within twelve (12) months of the notification of grant award shall constitute an event of default hereunder.