

Community Development

# CDBG

Block Grant

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**Indiana Office of Community and Rural Affairs**

Community Development Block Grant Disaster Recovery: Sullivan

## **Homeowner Occupied Property Enhancement Program Policies and Procedures**



## VERSION POLICY

Version history is tracked in the Version History Table below with notes regarding version changes. Dates of each publication are also tracked in this table.

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

## VERSION HISTORY

<b>Change Date</b>	<b>Version Number</b>	<b>Summary of Change</b>
03.23.2026	1.0	Policies and Procedures created.

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# 1. PROGRAM OVERVIEW AND OBJECTIVES

## 1.1. INTRODUCTION

This document addresses the policies and procedures that will guide the implementation of the State of Indiana (the “State”) Community Development Block Grant – Disaster Recovery (CDBG-DR) Homeowner Occupied Property Enhancement (HOPE) Program (the “Program”).

In March 2023, Indiana experienced severe weather, including tornadoes and flooding, that caused extensive damage across Johnson and Sullivan Counties. The impacts were significant, affecting infrastructure, housing, and the local economy. On April 6, 2023, Governor Eric J. Holcomb requested an expedited major disaster declaration for the storms occurring from March 31 to April 1, covering 12 counties: Allen, Benton, Clinton, Grant, Howard, Johnson, Lake, Monroe, Morgan, Owen, Sullivan, and White. Since that time, the State has worked to leverage available resources from federal partners, including the Federal Emergency Management Agency (FEMA) and the U.S. Small Business Administration (SBA), to support response and recovery efforts.

The Supplemental Disaster Appropriations Act of 2025 ([Public Law 118-158, Division B](#)) (the “Appropriations Act”) appropriated \$12.039 billion in federal funds to the U.S. Department of Housing and Urban Development (HUD) to support long-term recovery efforts in states or units of general local government (UGLGs) impacted by qualifying disasters in 2023 and 2024. The Appropriations Act also directed HUD to allocate any remaining unobligated, no-year balances from prior disaster appropriations laws (Public Laws 108-324, 109-148, 109-234, 110-252, 110-329, 111-212, 112-55, and 113-2), totaling \$31.701 million, toward these same recovery efforts, for a combined total of \$12,070,701,000 in CDBG-DR funding to be allocated for recovery activities related to the qualifying 2023 and 2024 disasters.

From this appropriation, HUD has allocated \$7.663 million to the State to address the damage from the March 2023 severe weather disaster. These funds are intended to supplement other sources of assistance and will be used to address remaining of unmet need after all other funding sources, including federal assistance and private insurance, have been exhausted. The Office of Community and Rural Affairs (OCRA), which serves as Indiana's administrative agency for the CDBG program per [IC 4-4-9.7-6](#), will manage the State’s HUD CDBG-DR allocation.

## 1.2. PROGRAM OVERVIEW

The primary focus of the Program is to assist eligible homeowners to repair their homes that were damaged by the 2023 severe weather in the HUD-identified most impacted and

distressed (MID) areas of Sullivan County (ZIP code 47882). This Program may supplement other funds homeowners have received for recovery; however, regulations prohibit duplicative assistance. The Program will complete a verification of benefits and a Duplication of Benefits (DOB) Analysis to ensure that federal funds do not pay for costs that have been paid by another source. Awards will be determined based on the estimated construction cost of the scope of work based on a standard grade of building materials.

CDBG-DR funds are intended to prioritize unmet needs of low- and moderate-income (LMI) persons. As required in [24 CFR 570.484](#) as modified by waivers and alternative requirements identified in the [Community Development Block Grant Disaster Recovery Universal Notice: Waivers and Alternative Requirements](#) (the “Universal Notice”), funds from the State’s CDBG-DR programs are allocated in a manner that ensures at least 70% of awarded funding is expended for activities that benefit such persons.

The primary objective of the HOPE Program is to address the remaining unmet housing needs and support the long-term recovery and restoration of housing of LMI households in the HUD-designated MID areas of Sullivan County. LMI households are defined as households having an income at or below 80% of the Area Median Income (AMI), adjusted for family size.

### **1.3. LEAD AGENCY AND DISTRIBUTION MODEL**

OCRA, under the oversight of the Lieutenant Governor, is designated as the primary agency responsible for the administration, oversight, and implementation of CDBG-DR funded programs for the State per [IC 4-4-9.7-6](#).

OCRA will distribute funds for the HOPE Program on a competitive basis to eligible UGLGs located within HUD-identified MID areas that are applying for CDBG-DR funds (“Prospective Grantees”) based on the Program requirements and eligibility criteria established in the [2025 OCRA CDBG-DR Action Plan, Appendix A](#). Program applications will be assessed using specific scoring and eligibility threshold criteria in the order they are received during each funding round.

### **1.4. ELIGIBLE ACTIVITIES**

CDBG-DR funds may be used for eligible housing activities under [Section 105\(a\) of the Housing Community Development Act \(HCDA\)](#), as modified by waivers and alternative requirements identified in the [Universal Notice](#), as revised. The State will rely on the interpretation of eligibility under [24 CFR Part 570, Subpart C](#) to qualify additional housing activities.

The following list of housing activities may be considered under the Program:

- Rehabilitation of Single-Family Owner-Occupied Housing Units
- Reconstruction of Single-Family Owner-Occupied Housing Units
- Reconstruction with Elevation of Single-Family Owner-Occupied Housing Units
- Replacement of Owner-Occupied Mobile Home Units

The State reserves the right to make these housing activities eligible to Prospective Grantees.

## **1.5. NATIONAL OBJECTIVES**

Assistance provided under the Program will meet the national objective of Benefits Low- and Moderate-Income Households (LMH) per [24 CFR 570.483\(b\)\(3\)](#).

To ensure that at least 70% of the State’s allocation of CDBG-DR funds is expended on activities benefitting LMI persons, all UGLGs awarded CDBG-DR funding for the HOPE Program (“Grantees”) are required to verify the income of each household receiving owner-occupied home rehabilitation services (the “Beneficiary”).

## **2. PROGRAM ADMINISTRATION**

### **2.1. STATE STAFF**

The State recognizes that effective administration of the Program, in full compliance with CDBG-DR rules and regulations, requires the engagement of a comprehensive team of professionals throughout all phases.

As the State’s primary agency responsible for the administration, oversight, and implementation of CDBG-DR, OCRA will coordinate all program activities. This includes ensuring compliance with Federal requirements, developing and disseminating Program resources, and directly engaging with Prospective Grantees or existing Grantees, along with their designated representatives.

The Office of the Lieutenant Governor provides OCRA with centralized support through its integrated Central Business Office (LGCBO). Within LGCBO, the Grant Services Division (“Grant Services”) ensures compliance with all Federal and State requirements related to CDBG-DR. The Accounting Division manages fiscal administration of CDBG-DR funds, including processing draws and payouts.

The following staff members will participate in various capacities to support administration of the Program:

<b>Office of Community and Rural Affairs</b>	
Fred Glynn	Executive Director
Megan Zarazee	Chief Operating Officer
Steven St. John	CDBG Program Director
Tanaha Peton	CDBG Senior Program Manager
Quinn Kissane	CDBG Program and Policy Manager

<b>Lieutenant Governor’s Central Business Office</b>	
Adam Moschell	Director of Grant Services
Timothy Parthun	Policy Advisor
Alissa Ferguson	Grants Manager
Bryce Gorman	Grants Manager
Katherine Johantges	Grants Manager
Travis Lee	Grants Manager
Mitzi Moss	Controller

A description of the roles and responsibilities are included in the CDBG-DR Financial Management and Compliance Certification Requirements in [Section N: Capacity Assessment an Staffing Analysis](#) and [Attachment C: Organizational Chart](#).

## **2.2. AMENDMENTS AND CHANGES**

Grant agreements between the State and the Grantee (“Agreements”) are expected to be completed within the term and in the manner outlined in the Agreement. When unforeseen circumstances require a modification to the Agreement, the Grantee must submit a modification request, along with all required documentation, through the online Grant Management System, [eGMS](#). The request must include a full and complete explanation of the circumstances surrounding the request for modification as well as an explanation from the project architect or engineer identifying the changes needed and stating why the situation was unforeseen at project design.

Potential Reasons to request a modification to the Agreement may include, but are not limited to:

- The need to expand or reduce the scope of work.
- The need to revise the budget, including:
  - A change in the number of proposed accomplishments or beneficiaries.

- The transfer of excessive administrative funds to an approved project activity.
- The transfer of unobligated funds from a completed activity.
- The transfer of funds from one activity to another activity.
- A significant delay that will impacts the Grantee’s ability to complete the project during the Agreement.

Grant Services will evaluate the modification request according to the following criteria:

- Does the proposed modification present any deterrent to meeting Federal and State policies?
- Does the proposed modification affect the original scoring of the application, and if so, would the modified grant project still have been awarded funding?
- Does the grant for which the modification is requested have any monitoring findings or overdue reports?
- Has the grantee made every effort to proceed with the project promptly and responsibly?

Approval of modification requests is subject to the following:

- Availability of funds remaining in the approved budget.
- Review by environmental staff to determine whether the revised scope of work requires additional environmental review.
- Submission of a revised budget for any request that involves a modification to the grant budget.
- A public hearing, along with documentation of that hearing, for any request that involves modification to the project's scope exceeding 20%.
- Additional conditions as applicable.

Grant modification requests are classified as Category 1, Category 2, or Category 3 and require varying levels of documentation depending on the activity type and degree of change requested. Before submitting a modification request in [eGMS](#), the Grantee must determine which category best describes the requested modification and must meet the project and documentation requirements for that specific category of modification.

The criteria and types of modifications included in Category 1, Category 2, and Category 3, along with the documentation requirements for each category, are outlined in Sections 2.2.1., 2.2.2., and 2.2.3. below.

Templates, forms, and sample documentation for each modification category and type can be found on the CDBG Handbook, Forms, and Samples page of the OCRA website under the [Contract Development and Modification tab](#).

### **2.2.1. Category 1 Modification Requests**

Modifications Classified Under Category 1:

- Requests for extension of the project completion date
- Requests to revise the budget by moving project costs between line items
- Requests to modify the grant goals by less than 10%

Modification Requirements for Category 1:

- A written explanation from the chief elected official (CEO) and project engineer, as applicable
- If the request is a budgetary change, the written explanation must include a revised budget

### **2.2.2. Category 2 Modifications**

Modifications Classified Under Category 2:

- Requests to revise the budget by moving more than 10% of the project costs between line items
- Requests to modify the grant goals by more than 10%

Modification Requirements for Category 2:

- A written explanation from the CEO and project engineer, as applicable
- A public hearing must be held by the Grantee to inform the citizens of the proposed changes to the project
- Consideration of citizen comments for or against the changes
- Proof of publication of legal advertisement stating date, time, and place of public hearing, published at least 10 days in advance
- Minutes of public hearing signed by an officer of the Grantee or the grant administrator with written authorization from the CEO
- Sign-in sheet from the public hearing providing the names of all attendees
- A written statement by the governing board regarding the resolution of any citizen complaints received related to the proposed changes to the project
- If the request is a budgetary modification, a revised budget must be submitted

### **2.2.3. Category 3 Modifications**

Modifications Classified Under Category 3:

- Requests to change the project location or participants
- Requests for additional grant funding if the award was less than the maximum grant amount (request will be considered only after Grant Services determines that additional funds are available)

Modification Requirements for Category 3:

- A written explanation from the CEO and the project engineer, as applicable
- A revised budget submitted with the written explanation
- A public hearing must be held by the Grantee to inform the citizens of the proposed changes to the project
- Consideration of citizen comments for or against the changes
- Proof of publication of legal advertisement stating date, time, and place of public hearing, published at least 10 days in advance
- Minutes of the public hearing signed by an officer of the Grantee or the grant administrator with written authorization from the CEO
- Sign-in sheet from the public hearing providing the names of all attendees
- A written statement from the governing board regarding resolving any citizen complaints related to the proposed changes
- Adopted resolution of the governing board to submit the modification request for approval

### **2.3. TIMELY EXPENDITURE OF FUNDS**

Per the Agreement (as amended) between the State and Grantees, all CDBG-DR funds for the HOPE Program must be expended within eighteen (18) months from the date of execution of the original Agreement (“Effective Date”). The State will review in-house expenditures and Grantee expenditures to ensure funds are spent on eligible costs and in a timely manner. Project funds and schedules will be monitored by Grant Services.

OCRA staff members have experience monitoring the expenditure rate of the State’s annual CDBG allocation. The State will maximize its use of technology to support and augment any standard processes instituted to ensure timely expenditure of funds.

### **2.4. OUTREACH AND MARKETING**

Effective communication is paramount to the successful delivery of public programs. The State will utilize multiple platforms to ensure information regarding the Program is received throughout the service area. Program information will be marketed in the following ways:

- [OCRA's CDBG-DR Website](#)
- [OCRA Calendar](#)
- [OCRA's CDBG email distribution list](#)
- OCRA Social Media ([Facebook](#), [X](#), [Instagram](#), [LinkedIn](#))
- Local Newspaper: [Sullivan Times](#)
- Program materials distributed to Sullivan County and the City of Sullivan for distribution to local communities

## **2.5. REQUIREMENTS FOR APPLICATIONS AND PROJECTS**

### **2.5.1. General**

The Grantee will use the CDBG-DR funding to provide housing rehabilitation services to single-family properties that were damaged by 2023 severe weather and were unable to be rehabilitated using other funding sources. The maximum funding available for local units of government to create a local home repair program under the HOPE Program shall not exceed \$1,000,000. The activities supported by the Program are categorized as direct benefit activities.

OCRA will provide each household benefiting from the Program with the maximum award allowed based on a duplication of benefits determination. Waivers will be utilized on a very limited basis. The Program will comply with HUD's cost reasonableness requirements.

### **2.5.2. Program Eligibility**

#### **Eligibility Requirements for Grantees:**

- The Prospective Grantee must be a legally recognized non-entitlement local unit of government located within the HUD-identified MID areas of Sullivan County (ZIP code 47882).
- The Prospective Grantee must have the legal capacity to implement the proposed program.
- The Prospective Grantee must engage an OCRA Certified Grant Administrator to assist in developing the application and managing any CDBG-DR award.
- If the Prospective Grantee partners with a non-profit to conduct eligible project activities, that organization must be able to provide documentation of its non-profit status from the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.

- The proposed project must fulfill a national objective and qualify as an eligible activity under Section 105(a) of the Housing and Community Development Act of 1974.
- The proposed project must tie back to the qualifying disaster.
- The proposed project must include mitigation strategies and meet the performance metrics required by the program.
- The Prospective Grantee may submit multiple applications per program per round only for separate and distinct projects by the established deadline for all programs. However, at the time of application submission, a Prospective Grantee must not have more than three (3) open CDBG-DR grants or pending awards (for cities and incorporated towns) or four (4) open CDBG-DR grants or pending awards (for counties) from OCRA. Subrecipients may participate in applications, but no entity may be a designated subrecipient on more than one (1) application during the round.
- If a Prospective Grantee has previously received OCRA funding under the CDBG-DR program, they may reapply for additional CDBG-DR funds only if a “Notice of Release of Funds and Authorization to Incur Costs” has been issued for the construction activities under the HOPE Program before the application submission deadline established by OCRA.
- If a Prospective Grantee has previously received OCRA funding under the Mitigation and Resilience Planning Program, the Prospective Grantee must have final plan approved by OCRA prior to submission to the Disaster Recovery Infrastructure Program (DRIP) or the HOPE or Blight Elimination Program (BEP) Programs.
- If a Prospective Grantee has received OCRA funding through the Economic Revitalization Program (ERP), they may reapply for additional ERP funding only after all previously awarded ERP grants from OCRA have been successfully closed out.
- The Prospective Grantee must first encumber or expend all CDBG program income receipts before applying for additional grant funds from OCRA.
- At the time of application submission, a Prospective Grantee must not have any unresolved complaints against them filed with the Indiana Civil Rights Commission or any other relevant local human relations commission (collectively referred to as “Commissions”).
- At the time of application submission, the Prospective Grantee must not have any outstanding closeout reports, State Board of Accounts audit findings, or

unresolved monitoring issues from OCRA or the Indiana Housing and Community Development Authority that are the community's responsibility to address. The determination of what constitutes "overdue" is entirely at the discretion of OCRA.

- The cost-to-beneficiary ratio for all CDBG-DR funds is waived for this program.
- Required leveraging based on the Program must be proposed, and OCRA will determine the suitability and eligibility of such leveraging.
- Prospective Grantees must certify that they have identified their housing and community development needs, including those of LMI people, and the activities to be undertaken to meet those needs.
- Prospective Grantees must ensure that grant management techniques and program requirements are followed throughout the implementation of a CDBG-DR award. CDBG-DR policies will be made available on OCRA's website.
- CDBG-DR funding is exempt from OCRA's point reduction policy and will not be factored into evaluations for other CDBG programs.

**Eligibility Requirements for Beneficiary Households:**

- The property must be located within the HUD-identified MID area of Sullivan County (ZIP code 47882).
- The property must be a single-unit family residence, detached.
- The property must have sustained damages from the 2023 severe weather and must currently have 2023 severe weather-related damages (tie-back). \*
- The property must have been the Prospective Beneficiary's primary residence at the time of the 2023 severe weather and must be the Prospective Beneficiary's current primary residence, unless the Prospective Beneficiary was displaced due to 2023 severe weather-related damage (secondary homes are not eligible for assistance).
- The Prospective Beneficiary must be the current legal owner of the property, and the Prospective Beneficiary or a close relative who is deceased must have been the legal owner at the time of the 2023 severe weather.
- The Prospective Beneficiary must be current on property taxes.
- The Prospective Beneficiary must be current on the property's mortgage (if applicable), and the property must have no reverse mortgages.
- The Prospective Beneficiary must have no pending bankruptcy or foreclosure.

- The Prospective Beneficiary must have proof of Flood Insurance on the property (if applicable).
- The Prospective Beneficiary's annual household income must be at or below 80% AMI. \*\*

**\*Acceptable forms of tie-back include, but are not limited to, the following:**

- FEMA letter for 2023 severe weather (regardless of denial)
- Other documentation of Federal, State, or Local government funding
- Application for SBA for 2023 severe weather
- Proof of insurance claim filed for 2023 severe weather
- Other documentation of nonprofit, private sector, or charitable funding
- Estimate for repairs
- Photographs of damages
- Documented damage to neighbors' house(s)
- Heat map

**\*\* In limited cases, for displacement, urgent need, or other special circumstances, household income of up to 120% AMI may be eligible only with prior approval by OCRA.**

Prospective Beneficiary household members must submit documentation to prove their identity. This documentation may include, but is not limited to, the following:

- Government Issued Photo Identification (Federal and/or State-Issued)
- Driver's License
- Passport
- Military ID Card
- Certificate of Naturalization or Permanent Resident Card
- Birth Certificate

If there are additional individuals listed on the deed or if the Grantee suspects additional individuals are residing in the home, all additional individuals will be required to submit a Non-Resident Affidavit, accompanied by some other proof (i.e. a current ID or Driver's License showing a different address, copy of a current lease, etc.) that they do not reside at the subject property.

### 2.5.3. Eligible Project Activities

Eligible project activities will vary from unit to unit and may include, but are not limited to the following:

- Structural envelope repairs (i.e. roof, foundation, and windows)
- Mold, lead, and asbestos remediation and/or abatement
- Labor, material, and equipment rental to permanently or temporarily repair the damaged residence (includes carpeting, cabinetry, appliances, flooring, fixtures, doors, walls, ceilings, etc.)
- Electricity, HVAC, and plumbing

Properties will also be evaluated on a case-by-case basis for secondary repairs including, but not limited to, fence repair/removal/replacement and damages to secondary structures, landscaping, sidewalks, etc.

Any required permits will be obtained by the construction contractor at their expense and will be included as part of the bid costs. Each property included in the Program will be reviewed for potential resiliency improvements to mitigate damages from future storms. All potential properties to be repaired will go through the proper environmental review process.

The properties included in this Program may need additional repairs to comply with HUD's "decent, safe, sanitary and in good repair" requirement.

**Ineligible Rehabilitation Activities:** Non-essential repairs and improvements are not eligible for this Program. Ineligible activities/services include, but are not limited to, the following:

- Luxury items (i.e. granite countertops and other high-end items)
- Water purification systems
- Solar heating systems
- Central vacuum systems
- Timing systems
- Spas or swimming pools
- Recreational equipment

Activities for which there are funds available through FEMA or the U.S. Army Corps of Engineers (USACE) are not eligible for CDBG-DR funding. Additionally, CDBG-DR activities are not reimbursable by FEMA or USACE. Please see the Duplication of Benefits Section for additional information.

## **Floodplain Management and Elevation Standards**

The Federal Floodplain Management Risk Standards (FFRMS) apply to proposed projects funded with CDBG-DR funding as outlined in [24 CFR 55 – Floodplain Management and Protection of Wetlands](#). OCRA is unable to approve HUD grant financial assistance, including CDBG and Recovery Housing funding, for critical or non-critical actions located in a floodway, unless an exemption applies or specific conditions are met under [24 CFR 55.8](#) or [24 CFR.12](#). It is the responsibility of the eligible local government to determine if the proposed project qualifies for an exemption under 24 CFR 55.8 or 24 CFR 55.12. All determinations will be based on available floodplain information using the most recent flood hazard data.

The elevation requirements depend on whether a proposed project is a critical action, three (3) feet above the based flood elevation, or a non-critical action, two (2) feet above based flood elevation. Local governments must provide the required information to consider the totality of the previous steps and the project composition for the Office of Community and Rural Affairs to approve of a project, with modification, or canceling a project as outlined in [24 CFR 55.20\(f\)](#).

Proposed action within floodways and/or floodplains can only be approved if the community is actively participating in the FEMA Regular Program of the National Flood Insurance Program (NFIP) and has not been suspended from program eligibility or placed on probation. The community must be in good standing with the NFIP program to be eligible for OCRA's funding in accordance with [24 CFR 55.5](#). OCRA is unable to provide funding for existing structures without verification of good standing with the NFIP program. Proof of insurance must be provided as part of the documentation for the Environmental Review Record. OCRA may approve funding for new structures within the floodways and/or floodplains, if the structure is insured with the maximum limit of coverage available under the NFIP. Proof of insurance must be submitted as part of the project documentation closeout process.

### **2.5.4. Insurance**

#### **Properties Located in the Floodplain**

If the property is located within a FEMA designated Special Flood Hazard Area (SFHA), the Household must obtain and maintain flood insurance in accordance with the Flood Disaster Protection Act of 1973, as amended, and the National Flood Insurance Reform Act of 1994. Sec. 582. Prohibited Flood Disaster Assistance, (a) General Prohibition states:

Notwithstanding any other provision of law, no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any

personal, residential, or commercial property if that person at any time has received flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable Federal law and subsequently having failed to obtain and maintain flood insurance as required under applicable Federal law on such property.

Sec. 582(b) Transfer of Property, (1) Duty to Notify, further provides that the recipient of the award will be required to notify future transferees, if the property is transferred, of the receipt of the flood disaster assistance on the property and the requirement to maintain flood insurance on the property. If the recipient fails to do so and the property is later damaged by a flood disaster and Federal disaster relief assistance is provided, the recipient shall be required to reimburse the Federal Government for the assistance provided.

The Grantee will file a Deed Restriction (for properties located within a SFHA) executed by the Homeowners, advising that the Property has received HUD CDBG-DR assistance and that failure to maintain Flood Insurance will result in the prohibition of future Federal disaster assistance in the event of a flood disaster.

### **Reconstruction Projects**

Reconstruction projects that result in a complete rebuild will require homeowners' insurance for the duration of the affordability period (5 years). Homeowners will be required to name the Grantee as an Additional Insured and will be required to submit a declarations page each year during the affordability period. This requirement will be incorporated into the Mortgage Lien. The Homeowner's failure to maintain insurance as required will be considered a default and may result in force-placed insurance being obtained by the Grantee at the Homeowner's expense and/or the remaining amount of the Loan may become due and payable to the Grantee.

### **2.5.5. Income**

HUD income limits are important in assessing and identifying the unmet needs for Low-and Moderate-Income (LMI) households impacted by a disaster. Proposed CDBG-DR programs and projects must prioritize the protection of LMI persons and meet HUD's overall LMI benefit requirement. This requirement states that at least 70% of CDBG-DR funds must be expended for activities that benefit LMI persons. As defined by HUD, LMI includes households with income under 80% of the Area Median Income (AMI), adjusted for household size.

Prospective Beneficiary households will need to submit documentation for verification of income with their OCRA [OOR Homeowner Application Packet](#) along with the [HUD Optional Duplication of Benefit Analysis Worksheet](#). Household members must submit their most

recent tax returns or their social security statement if they are not required to file taxes. If an Prospective Beneficiary is unable to provide taxes, the Prospective Beneficiary may submit their W-2(s). Income eligibility is determined based on the total of all income for all household members.

Awardees will utilize the CPD Calculator on the HUD Exchange website to verify the household income. Once all the information is entered into the CPD Calculator, the Income Certification must be printed and signed by Grantee staff (as Preparer) and by the Prospective Beneficiary, including all household members over 18.

Prospective Beneficiaries whose gross household income exceeds 80% AMI will not be eligible (except in the instance of displacement/urgent need, in which case, the absolute maximum would be 120% AMI – subject to the 70% LMI requirement to meet the National Objective). The OCRA CDBG team is required to sign off on the income certification and provide a brief explanation as to why the Prospective Beneficiary received the exception.

#### **2.5.6. Compliance with National Objectives**

Under CDBG regulations, a project is not considered to have met a national objective until complete documentation has been provided that verifies that the national objective has been met. The Grantee will document compliance throughout the Program.

For purposes of demonstrating that a national objective is being met, income verification documentation is required to be maintained for each Beneficiary Household.

The Program will meet the first national objective, primarily benefiting LMI persons. All households to be served must be at or below 80% AMI (with exception for displacement/urgent need, in which case, 120% AMI would be the maximum). To meet this national objective, 70% of funds must be used to benefit LMI persons, which will be accomplished through income verification of individual households. The Adjusted Gross Income Method (see *Income* section above) will be utilized to determine the annual gross income.

#### **2.5.7. Deadlines**

The Program will provide funding on a first-come, first-qualified, first-served basis as outlined in the [2025 CDBG-DR Action Plan, Appendix A: Eligibility Requirements, Program Funding Rounds, and General Evaluation Criteria](#).

### **2.6. DIRECT BENEFIT REPORTING**

The Grantee shall maintain accurate files and records on each Beneficiary or Prospective Beneficiary and shall retain all pertinent documentation for the grant between OCRA and the

Grantee. Compliance will be maintained in accordance with the reporting requirements under the CDBG-DR regulations. This includes all information and reports as required under the Grantee’s Grant Agreement with OCRA and demographic data and other information on Prospective Beneficiaries and Grantees.

The Grantee will collect and report data relevant to Affirmatively Furthering Fair Housing and Civil Rights compliance. The reporting requirements will include, but are not limited to, the following:

- Beneficiary’s household’s income;
- Household’s income as a percentage of AMI as defined by HUD;
- The race and ethnicity of the head of household;
- The household’s familial status; and
- The presence or non-presence of a household member with a disability.

### **3. FINANCIAL MANAGEMENT AND PROGRAM INCOME**

Policies and procedures for financial management can be found in the CDBG-DR Financial Management and Grant Compliance Certification Requirements, Section L, [Timely Expenditure Procedures Integrated into Financial Management and Reporting](#).

Policies and procedures for program income can be found in [CDBG Policy Notice 2024-004: Program Income](#).

### **4. DUPLICATION OF BENEFITS**

Policies and procedures for Duplication of Benefits (DOB) can be found in [CDBG-DR Policy Notice 2025-004: Duplication of Benefits \(DOB\) Policy and Procedure for Community Development Block Grant – Disaster Recovery \(CDBG-DR\) Programs](#).

### **5. ENVIRONMENTAL REVIEW**

The Grantee will conduct all environmental reviews (“ER”) for the Program. All ERs will be carried out and documented in full compliance with [24 CFR Part 58](#).

#### **5.1. HUD ENVIRONMENTAL REVIEW BACKGROUND**

The purpose of the Environmental Review is to analyze the effect the proposed project will have on the people and the natural environment within the project area. This process examines a project relative to the National Environmental Policy Act of 1969 (NEPA). NEPA

was established to ensure environmental protection for federally funded projects. All Community Development Block Grant Disaster Recovery (CDBG-DR) funds are also subject to the provisions of the Housing and Urban Development (HUD) regulations implementing NEPA.

The policies and procedures for Environmental Reviews can be found in the [OCRA CDBG Handbook](#).

## **5.2. LEAD SAFE HOUSING AND TOXIC SUBSTANCE CONTROL**

Policies and procedures on Environmental Review Process addressing requirements from the Toxic Substance Control Act and the Lead Safe Housing Rule can be found at [CDBG Policy Notice 2024-003: Environmental Review Process Addressing Requirements from the Toxic Substance Control Act and the Lead Safe Housing Rule](#).

## **6. PROCUREMENT**

Policies and procedures for procurement can be found at [CDBG-DR Policy Notice 2025-001: Procurement Policy for Community Development Block Grant Disaster Recovery \(CDBG-DR\) Grants](#).

## **7. UNIFORM RELOCATION ACT**

### **7.1. OVERVIEW**

The Uniform Relocation Assistance and Real Property Acquisition Policies for Federal and Federally Assisted Programs Act, or Uniform Relocation Act (URA), 42 U.S.C. 4601 et seq., provides important protections and assistance for people affected by the acquisition, rehabilitation, or demolition of real property for federally funded projects. This form of assistance for tenants is expected to be rare, but when required, it will be provided consistent with OCRA's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) in accordance with the URA, the regulations at 49 CFR 24, 70 FR 589, HUD guidance, and associated waivers in the applicable Federal Register Notices for Hurricane Matthew.

The URA would only apply in this Program if the Beneficiary has a tenant residing at the property to be rehabilitated or reconstructed. The tenant would be entitled to temporary relocation assistance if the rehabilitation or reconstruction requires that the tenant vacate the property.

## **7.2. TEMPORARY RELOCATION**

The following policies cover residential tenants who will not be required to move permanently, but who must relocate temporarily to permit rehabilitation or other work for the assisted project. Such tenants must be provided:

- Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing, any increase in monthly rent/utility costs, and any incidental expenses.
- Appropriate advisory services, including reasonable advance written notice of:
  - The date and approximate duration of the temporary relocation;
  - The location of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period;
  - The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling in the building/complex following completion of the repairs; and
  - The requirement discussed in paragraph one of this section.

OCRA or Grantee staff shall identify if there is a tenant residing at the property during the initial prescreening process and during the review of the application. Whether the tenant will need to temporarily relocate will not be determined until the extent of the rehabilitation or reconstruction is determined.

If the rehabilitation or reconstruction will result in a tenant needing to temporarily locate, Grantee staff will provide reimbursement for all reasonable out-of-pocket expenses and advisory service as referenced above.

The State will make all reasonable efforts to minimize the displacement of persons or entities in the implementation of its projects. In the event that displacement is unavoidable, the State will comply with all applicable laws and guidelines, including the URA and its RARAP to support any impacted individuals, including ensuring that the needs of persons with disabilities are adequately addressed, consistent with the requirements of section III.B.15.a. of the Universal Notice, Section 104(d) of the HCDA (42 U.S.C. 5304(d)) and implementing regulations at 24 CFR part 42, and 24 CFR 570.488 or 24 CFR 570.606, as applicable.

All Grantees receiving CDBG-DR funds will be required to adopt a RARAP, and to determine appropriate actions and budget for any relocation activities that may be required. For information on how to determine if displacement will occur, and the required relocation

assistance activities for a specific project, please refer to the [HUD Tenant Assistance, Relocation and Real Property Acquisition Handbook](#), or contact OCRA.

## 8. COMPLAINT PROCESS

Occasionally, Grantees may receive complaints regarding their projects and activities. Therefore, it is a requirement that Grantees develop a procedure for responding to complaints and grievances. Grantees must provide citizens with the name, address, and phone number of a contact person who can receive and respond to complaints. Complaints related to the scope and work of the project should be addressed by the Grantees.

Where practical, Grantees should respond to any complaints within 15 working days of their receipt. Each complaint and the resolution of the complaint should be well documented in the Grantee's files. Because complaints and grievances are best handled at the local level, OCRA will forward any complaints it receives about a project to the Grantee. OCRA will notify the person filing the complaint that it has been forwarded to the Grantee and will direct the complainant to follow up directly with the Grantee.

## 9. MONITORING

Policies and procedures for monitoring can be found in the CDBG-DR Financial Management and Grant Compliance Certification Requirements, Section G, [Procedures on Information Verification, Monitoring, and Reporting Requirements and Conflict of Interest Policy for CDBG-DR Grantees](#).

## 10. CONFLICT OF INTEREST

Policies and procedures for Conflict of Interest can be found in the CDBG-DR Financial Management and Grant Compliance Certification Requirements, Section G, [Procedures on Information Verification, Monitoring, and Reporting Requirements and Conflict of Interest Policy for CDBG-DR Grantees](#).

## 11. LABOR STANDARDS

Policies on Labor Standards can be found in the CDBG-DR Financial Management and Grant Compliance Certification Requirements, Section L, [Timely Expenditure Procedures Integrated into Financial Management and Reporting](#).

## **12. MISCELLANEOUS**

### **12.1. NON-DISCRIMINATION**

Please see the [CDBG Handbook](#) for information on non-discrimination and Fair Housing.

### **12.2. CITIZEN PARTICIPATION**

Effective communication is paramount to the successful delivery of public programs. The State will utilize multiple platforms to ensure information regarding the Program is received throughout the service area. The State's [Citizen Participation Plan](#) is available on the OCRA Website.

### **12.3. DEBARMENT**

Policies on debarment can be found in [CDBG-DR 2025-003 Policy Notice: Procedures to Detect Fraud, Waste, and Abuse of Funds](#).

### **12.4. ANTI-LOBBYING**

[Byrd Anti-Lobbying Amendment \(31 U.S.C. 1352\)](#): Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal awards.

### **12.5. MITIGATION**

All projects involving construction, reconstruction, and/or rehabilitation of housing that receive CDBG-DR funds will be required to integrate mitigation measures and strategies to reduce natural hazard risks into the construction activities.

All projects involving construction, reconstruction, and rehabilitation of residential (or non-residential) buildings, and infrastructure serving residential buildings, that are receiving CDBG-DR funds will be required to report on at the time of submission of requisitions, progress reports, and/or monitoring the resilience measures incorporated as a mitigation action into the CDBG-DR funded activities (such as elevation of structures, or relocation of mechanical systems). The designs will need to show how the mitigation measures withstand chronic stress and extreme weather events with resilience performance measures in DRGR.

These resilience measures will need to demonstrate the expected benefits of the mitigation measures through quantifiable and measurable data.

## **12.6. MECHANISMS FOR ASSISTING BENEFICIARIES WITH RESPONDING TO CONTRACTOR FRAUD, POOR QUALITY WORK, AND RELATED ISSUES**

In order to 1) provide Beneficiaries with information that raises awareness of possible fraudulent activity, how fraud can be avoided, and what local or state agencies to contact to take action and protect the Grantee and beneficiary investment, and 2) make Beneficiaries aware of the risks of contractor fraud and other potentially fraudulent activity that can occur in communities recovering from a disaster; and 3) make Beneficiaries aware of the steps that the State will take to assist a Beneficiary if the beneficiary experiences contractor or other fraud; all Grantees receiving CDBG-DR funds for the first time will be required to attend fraud-related training provided by HUD Office of Inspector General (OIG), when offered, to assist in the proper management of CDBG-DR grant funds.

Please Note: if a Beneficiary experiences contractor fraud, or other forms of fraud, and is eligible for additional CDBG-DR assistance because the fraudulent activity results in the creation of additional unmet need, Grantees should be contacted immediately and these cases will be dealt with promptly and on a case-by-case basis in consultation with the Grantee, OCRA, and the State of Indiana General Counsel.

In accordance with 2 CFR 200.113, grantees of CDBG-DR must promptly inform, in writing, OIG and HUD when it has credible evidence of violations of federal criminal law involving fraud, bribery, or gratuities or a violation of the civil False Claims Act that could potentially affect the federal award at <https://www.hudoig.gov/hotline/report-fraud> (a grantee of CDBG-DR must also inform the OCRA CDBG-DR Staff at [CDBG@ocra.in.gov](mailto:CDBG@ocra.in.gov)). All other instances of fraud, waste, and abuse should be referred to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)).

For more information, refer to [CDBG-DR Policy Notice 2025-003 Procedures to Detect Fraud, Waste, and Abuse of Funds](#).

All Housing projects receiving CDBG-DR funding will require a warranty period post-construction of at least 5 years. It is also a requirement that a formal written notification will be provided to the beneficiaries and/or building owners and operators, by the developer/constructor, of the warranty's expiration date at both 1) one year before expiration of the post-construction warranty, and 2) one month before expiration of the post-construction warranty.