

NC DEPARTMENT
of COMMERCE
COMMUNITY REVITALIZATION



RenewNC
HOUSING

NORTH CAROLINA DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY REVITALIZATION
RENEW NC SMALL RENTAL REHABILITATION PROGRAM
POLICIES AND PROCEDURES

VERSION 1.0 – DECEMBER 15, 2025

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Version Policy

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

Policy Change Control

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

1.0 Introduction

This document serves as the Program policies and procedures for the State of North Carolina Department of Commerce (NCDOC), Division of Community Revitalization (DCR) Renew NC Small Rental Rehabilitation Program (Program). These policies and procedures were developed to serve as a basis for the State's disaster recovery housing program and to provide guidance on Program implementation that follows U.S. Department of Housing and Urban Development (HUD) standards and best practices. This document may also serve as a reference for rental property owners and other interested parties who want to understand how this Program operates. Note that these policies and procedures are only intended to address the Renew NC Small Rental Rehabilitation Program. Each of the other recovery Programs outlined in the State of North Carolina Action Plan for the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant – Disaster Recovery (CDBG-DR) Funding in Response to Hurricane Helene ("Action Plan") is governed by its own program policies and procedures document.

The Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158, Division B) ("the Appropriations Act"), approved on December 21, 2024, appropriated funds to assist in long-term recovery from disasters that occurred in 2023 and 2024.

HUD notified the public of allocations of funds appropriated by the Appropriations Act in a press release and in a Federal Register notice, *Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice (UN AAN)* which was published at 90 FR 4759 on January 16, 2025 (the "Allocation Announcement Notice"). The Allocation Announcement Notice subjects the allocations to requirements in a Federal Register notice, *Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice* published at 90 FR 1754 on January 8, 2025, as amended (the "Universal Notice").

On March 19, 2025, HUD published Memorandum 25-02 titled, "Revisions made to the Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice published in the Federal Register (90 FR 1754) and Clarifications to the Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice Published in the Federal Register (90 FR 4759)," which included revisions to the Universal Notice to align requirements with the President's executive orders.

On March 31, 2025, HUD published Memorandum 25-03 titled, "Revisions made to the Common Application, Waivers, Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice published in the Federal Register (90 FR 1754)," to revise two additional sections of the Universal Notice to align with 2 C.F.R. 200.340 and one additional executive order.

In 2025, the State of North Carolina was allocated a Community Development Block Grant – Disaster Recovery (CDBG-DR) grant through the US Department of Housing and Urban Development (HUD) to address remaining unmet disaster recovery needs in areas impacted by Hurricane Helene in 2024. Federal Register Vol. 90, No. 10 allocated a total of \$1,428,120,000 in disaster recovery funds to the State of North Carolina. The CDBG-DR funds allotted to North Carolina have been allocated to housing, economic revitalization, infrastructure, and mitigation Programs. These funds will be administered through the DCR. DCR is the agency responsible and accountable to HUD for the administration of CDBG-DR funding. DCR has allocated \$57,400,000 million of the CDBG-DR funding for the small rental rehabilitation program, which will serve unoccupied, small rental properties with one to four units.

The unmet needs assessment included in the Action Plan demonstrated significant unmet need related to single family home repair, reconstruction, or replacement, for both owner- and renter-occupied properties throughout the counties impacted by Hurricane Helene in 2024. Program budgets were determined based on information gathered during the unmet needs assessment, as outlined in the Action Plan.

2.0 Program Overview

2.1 Program Purpose and Objectives

The Renew NC Small Rental Rehabilitation Program is designed to assist eligible property owners¹ of small (1–4 unit) single-family rental properties to increase the number of available affordable rental units that were negatively impacted by Hurricane Helene. Assistance is not guaranteed; all applicants will be served based on available funding, qualification for benefits, and prioritization criteria. This document describes the policies, procedures, and eligibility requirements that govern the delivery of assistance². The Policies and Procedures were developed using data from the State’s unmet needs assessment and project descriptions outlined in the HUD-approved Action Plan.

DCR initially allocated \$57,400,000 in CDBG-DR funds specifically for small rental repair and reconstruction activities. The number of properties ultimately served will depend on market conditions and the volume of need. Assistance under the Program is targeted to support the provision of affordable rental housing and address persistent unmet recovery needs within the impacted communities.

Due to limited resources, DCR will prioritize assistance to those applicants with one or more of the following characteristics:

- Applicants who owned the property at the time of the event;
- Applicants with properties located within a HUD MID area;
- Applicants whose property sustained damage from the Hurricane Helene; and
- Applicant property located outside of the Special Flood Hazard Area (SFHA).

All work must comply with State of North Carolina building codes and resiliency standards to help safeguard human life and promote long-term housing stability.

The Program is centrally administered by DCR and is targeted to serve low- to moderate-income (LMI) households in twenty-eight (28) HUD- and State-designated Most Impacted and Distressed (MID) counties and one (1) zip code, which include the following areas:

Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Catawba, Clay, Cleveland, Gaston, Haywood, Henderson, Jackson, Lincoln, Macon, Madison, McDowell, Mecklenburg (zip code 28214 only), Mitchell, Polk, Rutherford, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey.

The program will manage and complete the construction process for the repair or reconstruction of rental properties on behalf of eligible rental property owners. With the assistance of staff and vendors, the state will work with a pool of qualified and procured contractors that will be assigned by the program to repair, reconstruct, or replace damaged properties. Rental property owners will not select their own contractors and will not contract directly with the construction contractor. No payments will be made to the rental property owner directly. All assistance will be provided as a grant with a ten (10) year affordability period.

The federal requirements for the delivery of construction assistance under the Program are complex and will require a multi-step process (see Figures 1 and 2 below) to ensure compliance with all regulations and requirements tied to the funding source.

¹ A property owner who holds legal title to a Hurricane Helene disaster-damaged residential rental property located within the program’s designated service area and who meets all program requirements and is deemed eligible by DCR to receive CDBG-DR funds under this Small Rental Housing program.

² Small Rental Housing Program policies and procedures have been published for and are available at www.RenewNC.org.

Rental property owners will complete applications and submit eligibility documentation that are required to advance to consideration for an award. Following successful eligibility and duplication of benefits (DOB) review, the result of the initial eligibility-documentation phase is the advancement to the assessment phase, where program staff will conduct a damage assessment, environmental review, and develop the scope of work (SOW) for repairs needed (or reconstruction or replacement). The SOW is then used to develop the Award Determination – e.g. the type of repair activity available to the rental property owner, which is then followed by the signing of a grant agreement.

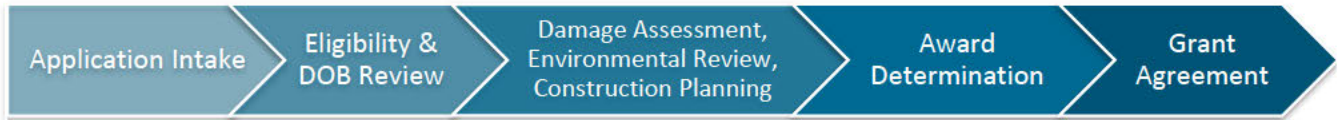


Figure 1: Initial Application and Documentation Steps

The construction and compliance phase, as seen in Figure 2, is where repair, replacement, or reconstruction assistance is provided to the rental property owner through direct construction activities performed by the program and the result is a market-ready affordable housing unit. During the affordability period, which is a minimum of ten years, the Program will conduct ongoing monitoring to ensure applicant compliance with affordability requirements, including tenant income eligibility, rent limits, and property use restrictions. Rental property owners will be required to submit annual tenant certifications, rent schedules, and other compliance documentation as requested by the Program.

After the verification of tenant income and the successful completion of the affordability period, the grant terms shall be deemed complete, assuming the rental property owner has remained in compliance throughout the affordability period.



Figure 2: Construction and Compliance

2.2 National Objective

The primary National Objective for the Renew NC Small Rental Housing Program is benefit to low- and moderate-income (LMI) households³. This Program meets the Low- and Moderate-Income Housing (LMH) National Objective, a housing-specific subset of the broader LMI objective defined at 24 C.F.R. 570.208(a)(3), by rehabilitating, reconstructing, or replacing rental housing units that will be occupied by LMI households at affordable rents. In accordance with the Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice (90 FR 1754, published January 8, 2025), and the Allocation Announcement Notice (90 FR 4759, published January 16, 2025), at least 70% of the total CDBG-DR allocation must benefit LMI persons, and at least 80% of all funds must be expended in HUD-designated Most Impacted and Distressed (MID) areas.

All assistance under this Program will be provided in the form of a grant provided to the applicant, with forgiveness occurring after an affordability period of ten (10) years. To meet the LMI National Objective, assisted units must be affordable to households earning 80% or less of Area Median Income (AMI), and rents must not exceed HUD-

³The Urgent Need National Objective is included in the approved Action Plan; however, assistance to LMI households is prioritized and funds will therefore only be available to non-LMI households after all unmet housing needs related to LMI households is met.

established High HOME Rent Limits. Property owners receiving assistance must agree to lease the rehabilitated or reconstructed units to eligible LMI tenants at restricted rents for the full affordability period.

2.3 HUD Income Limits

HUD publishes income limits annually, typically in April, based on Area Median Income (AMI) levels for each county and household size. The Renew NC Small Rental Housing Program will use the HUD income limits in effect at the time of income verification or income recertification. For 2025, HUD issued updated income limits on April 1, 2025. These limits will be used to determine household eligibility for occupancy of assisted units under the Program's Low-and-Moderate-Income Housing (LMH) National Objective until the next update is published by HUD.

Program staff will update the applicable income limit tables annually upon HUD's publication of new limits. All income reviews will apply the HUD income limits that are effective on the date the applicant's income is verified. The Program will not retroactively re-verify income for applicants whose income was determined based on HUD limits in effect at the time of the original review.

HUD income limits can be accessed at: <https://www.huduser.gov/portal/datasets/il.html>

While income eligibility is based on 80% of Area Median Income (AMI), the Program will use HUD's High HOME Rent Limits to establish maximum rents for assisted units, consistent with LMH National Objective compliance.

2.4 Eligible Activities

The eligible activity for the Program is Clearance, Rehabilitation, and Reconstruction of Buildings (including Housing), as described in Section 105(a)(4) of the Housing and Community Development Act of 1974 (HCDA). The State administers the Program in accordance with the waivers and alternative requirements described in 90 FR 1754 (January 8, 2025) and 90 FR 4759 (January 16, 2025), which govern the use of CDBG-DR funds awarded in response to Hurricane Helene.

Eligible activities under these Policies and Procedures include:

- Repair, reconstruction, or replacement of small rental housing units damaged by Hurricane Helene;
- Completion of work to eligible rental properties that were partially repaired following the disaster.

2.5 Ineligible Activities

Consistent with HUD's Universal Notice (90 FR 1754, Jan 8, 2025), the Allocation Announcement Notice (90 FR 4759, Jan 16, 2025), and the North Carolina Action Plan, the following activities remain explicitly ineligible for CDBG-DR funding:

- Forced mortgage payoff
- Construction or expansion of dams/levees beyond pre-disaster footprint
- Incentives to relocate into disaster-impacted floodplains
- Assistance to privately owned utilities
- Construction of buildings for general government operations (per 24 CFR 570.207)
- Ineligible rehabilitation activities as defined at 24 C.F.R. § 570.207(b)(3), including costs related to luxury or non-essential improvements
- Any activity reimbursable by FEMA or U.S. Army Corps of Engineers, unless specifically permitted by HUD

Additionally, any activity or cost not authorized under Title I of the HCDA (42 U.S.C. § 5301 et seq.) not covered by a HUD waiver or permitted by applicable HUD Federal Register Notices, or deemed unallowable under 24 C.F.R. § 570.207, 24 C.F.R. § 570.482(e), or 2 C.F.R. Part 200 (including §§ 200.403 and 200.420–475) is considered ineligible. All costs must also meet the allowability standards of 2 C.F.R. Part 200, Subpart E, including being necessary, reasonable, and allocable.

2.6 Type of Assistance Offered

Repair may be offered to eligible small rental property owners based on the extent of damage to the rental unit(s). Replacement of Mobile/Manufactured Units (MHUs) will be limited to situations where local zoning/building permits, or federal requirements, such as environmental regulations, will allow the replacement of the original, hurricane-damaged structure with a like structure. Triple-wide and larger MHUs will be replaced with double-wide structures. The double-wide MHU will be the largest MHU offered by the program.

This program does not pay for like-for-like replacement. The program will offer economy-grade or standard-grade materials to make a home decent, safe, and sanitary. All structures will be assessed for compliance with program standards.

Standard appliances that are not functioning at the time of inspection such as refrigerators, stoves, and/or ovens may be replaced. All replacement appliances will be EnergyStar® rated, if available, and must not be of luxury grade. Luxury items, including but not limited to, granite (or other high-end) countertops, high-end appliances, stone flooring, garage door openers, security systems, swimming pools, fences, and television satellite dishes are not eligible under the Program. Washing machines and dryers are not eligible for replacement.

Examples of allowable eligible repair expenses include, but are not limited to:

- Structure repairs (e.g., roof, foundation, electrical, plumbing, and windows).
- Limited debris removal necessary for access to the home or repair area.
- Mold remediation.
- Labor, material, and equipment rental to permanently or temporarily repair the damaged residence (e.g., carpeting, cabinetry, appliances, flooring, fixtures, doors, walls, and ceilings).
- Demolition costs.
- Installation of wells, septic tanks, electricity, HVAC, and plumbing.
- Grading or leveling of property.
- Rental of Disposal and Removal Equipment (e.g., backhoes and dumpsters).
- Other costs or expenses associated with repairing, stabilizing, or reconstructing the property.
- Tree/shrub removal if tree/shrub blocked access to the home or presented a safety hazard.
- The following more specific examples are allowable activities:
 - Tarps,
 - Building Supplies,
 - Siding,
 - Sewer/Septic,
 - Paint,
 - Weatherstripping,
 - Water heater.

Where replacement of a MHU or modular home is indicated, standard floor plan options will be offered. If a replacement home is provided, the original MHU or modular home must be demolished and removed from the site prior to the replacement of that structure. The size of the replacement unit will be determined by the Program using documentation of the damaged unit's square footage and layout. Additional improvement parameters include:

- Cost-effective energy measures and improvements that meet local zoning and code, Decent Safe and Sanitary (DSS), and Housing Quality Standards (HQS), especially those improvements which add enhanced resilience, such as elevation of major electrical components, roof strapping, and other items are eligible.

- Lead-based paint testing, mitigation, or stabilization, as needed. Any activities concerning lead-based paint must comply with the requirements of 24 C.F.R. part 35, subparts A, B, J, K, and R. If a home is going to be replaced or reconstructed, lead-based paint testing will not apply. The replacement/reconstruction of the property will automatically result in the removal of any potential previous hazard.
- Asbestos testing, mitigation, or encapsulation, as needed.
- Mold testing and remediation, as needed.
- Radon testing and required mitigation system installation, as needed.
- [Section 106 of the National Historic Preservation Act of 1966 \(Public Law 89-665\)](#), as amended in 2000, requires Architectural History compliance imposed by the Compliance and Review Section of the Bureau of Historic Preservation, as needed.
- Accessibility features for documented special needs. Section 504 of the Rehabilitation Act of 1973, as amended, provides for equal opportunity to enter facilities and participate in programs and activities. The Program activities must evaluate the current state of accessibility and activities to persons with disabilities.. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas may be installed, if appropriate. Hearing and sight-impaired adaptations should also be considered. All special needs requirements must be documented prior to approval.
 - Rental property owners committing to serving disabled tenant populations may qualify for the installation of accessibility features in their damaged rental properties.
 - Rental property owner's intent to rent to elderly or disabled individuals/households will be documented via the owner's signed intent to market to elderly and disabled tenants.
- EnergyStar® rated standard appliances limited to refrigerator, stove and/or oven if they are not in working order at the time of inspection. Though replacement appliances may be of standard, not luxury quality, they will be EnergyStar® rated, if available.
- Ventilation and energy efficiency items such as ceiling fans, window screens, and screen doors if missing or not functional at the time of inspection.
- The Program will follow HUD guidance to ensure all structures, as defined in 44 C.F.R. 59.1, designed principally for residential use, and located in the FFRMS floodplain, that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 C.F.R. 55.2(b) (12), will be elevated with the lowest floor, including the basement, at least two (2) feet above the Base Flood Elevation (BFE). If local elevation requirements exceed those required by HUD, the more stringent requirement shall apply. The Program will order elevation certificates for construction projects where necessary to comply with HUD's guidance. The Program will not engage in elevation activities as a standalone measure that is not connected to the repair damage caused by qualifying event(s).
- All electrical components must be inspected including service, meter, wiring, and fixtures even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.
- All homes must be equipped with smoke and carbon monoxide detectors installed in conformity with code requirements.
- Additional related costs such as green building and mitigation requirements, insurance, accessibility modifications, repair or replacement of water, sewer, and utility connection needs may be included.

2.7 Maximum Awards and Assistance Caps

The State of North Carolina has allocated a total of \$57,400,000 in CDBG-DR funding for the Renew NC Small Rental Housing Program. This allocation may be adjusted through an amendment to the HUD-approved Action Plan, subject to HUD review and approval, based on program demand and unmet need.

The minimum award caps per eligible property owner is \$250,000. The maximum award caps per eligible property owner are reflected in the table below. The caps include all eligible costs associated with the repair or reconstruction of small rental properties. This cap encompasses:

- Construction costs (hard and soft)
- Mitigation and resilience measures
- Elevation costs, if applicable
- Site improvements
- Required code compliance and permitting
- Costs associated with compliance with construction standards (e.g., temporary toilets, dumpsters)

Small Rental Rehabilitation Program Caps

Award Type	Unit Count per Structure	Program Cap
Reconstruction	1	\$450,000
Reconstruction	2	\$750,000
Reconstruction	3	\$1,200,000
Reconstruction	4	\$1,500,000

Exceptions to the cap may be considered on a case-by-case basis if warranted by program policy, scope of damage, or to meet minimum program requirements (e.g., accessibility, elevation, or historical preservation standards).

If a project is terminated before construction, for example, due to applicant withdrawal or ineligibility after environmental review, any associated costs already incurred (e.g., inspections, environmental or hazard testing, or other delivery activities) will be classified and retained as eligible project delivery costs.

2.8 Unit Caps per Applicant

To ensure fair distribution of Program resources and to support a diverse mix of small rental housing providers, the Program may impose limits on the number of units or properties assisted per applicant.

The following caps have been established and may be adjusted by DCR contingent on availability of grant funds:

- A maximum of 8 rental units with no more than 4 units per parcel.

One application per parcel will be considered for assistance. Pursuant to the Program's priorities, the Program may consider applications up to 4 units before considering an applicant's application(s) for additional units, up to eight. Only one application (up to 4 units) before considering second applications from the same applicant. Exceptions may be considered on a case-by-case basis to address urgent unmet needs, support deeply affordable housing, or ensure program expenditure deadlines are met.

2.9 General Program Requirements

All assistance provided through the Renew NC Small Rental Housing Program will be in the form of a grant with a ten (10) year affordability period. Grant completion will occur at the completion of a ten-year affordability period, provided the property remains in compliance with program requirements.

The Program will assist rental units located in HUD- and State-designated Most Impacted and Distressed (MID) areas, as identified in the State's HUD-approved Action Plan. Per the HUD approved Action Plan, the Program will prioritize those applications located within the HUD MID areas.

In order to be considered by the Program, all units within an application must be vacant at the time of application submission. **Applicants cannot evict tenants from their units in order to apply for program assistance.**

Through implementation of the affordability period, the Program will meet the HUD National Objective of benefiting low- and moderate-income (LMI) persons the Program will satisfy the Low- and Moderate-Income Housing (LMH) National Objective as defined at 24 C.F.R. § 570.208(a)(3). To satisfy this requirement:

- Initial income verification is required for all tenants occupying assisted units at the time of lease-up following project completion.
- Annual re-certification of household income must be conducted for each assisted unit throughout the required affordability period.
- Property owners must maintain documentation of tenant income and rent compliance, including executed leases, income source verification, and adherence to the High HOME Rent Limits or more restrictive program standards.

All records must be maintained in accordance with 2 C.F.R. § 200.334, and must be made available to the Program, HUD, and any authorized oversight agency upon request for monitoring, audit, or compliance review.

Rental property owners will be prioritized based on the program priorities outlined in the approved Action Plan and Section 8.7.

To qualify for assistance, the rental property owner must meet eligibility standards established by the Program. These standards are detailed in this document.

Each property must pass a federally required environmental review prior to construction. No physical work may begin until the environmental review process is complete. Properties may be deemed ineligible if the environmental conditions render the site infeasible for repair or reconstruction.

To receive Program assistance, the property must have unrepaired damage that can be clearly attributed to Hurricane Helene.

A comprehensive damage assessment of both the interior and exterior must be conducted to document storm-related damage and support development of the Damage Repair Valuation (DRV). Inspectors must have full access to the property to complete this assessment.

Project costs must be reasonable, consistent with current market conditions, and exclude any Duplication of Benefits (DOB), in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5155) and HUD guidance.

All projects must comply with applicable federal, state, and local laws and regulations, including but not limited to environmental, procurement, fair housing, labor standards, and financial management requirements.

2.10 Hurricane Helene Damage

The property must have been damaged by or have damage as a result of Hurricane Helene (DR-4827-NC) and must have unrepaired damage as of the date of application. Rental property owners are not required to have registered with FEMA for individual assistance in order to be eligible for the Renew NC Small Rental Housing Program.

If a rental property owner did not apply for FEMA assistance, the Program will verify damage by inspection using a standardized damage verification process. Damage not caused by Hurricane Helene may only be addressed as necessary to meet program construction standards.

Acceptable forms of proof of damage include:

1. FEMA, SBA, or insurance award letters that identify the damaged property and tie the damage to Hurricane Helene.

2. If these documents are not available, an inspection report—complete with photos and a written assessment—from the Program may be used to certify that the damage was storm-related.
3. If neither documentation nor inspection can definitively verify the cause of damage, alternative evidence (e.g., neighborhood-level media reports, inundation maps, or documentation from recognized disaster response or relief organizations) may be submitted and reviewed on a case-by-case basis.
4. If a rental property owner was denied FEMA assistance, assistance through the CDBG-DR program may still be available so long as the damage can be tied back to Hurricane Helene. FEMA denial shall not be used as the sole basis for denying CDBG-DR assistance.

2.11 HUD and State Designated MID Areas

According to the HUD-approved Action Plan for the Hurricane Helene (DR-4827-NC) CDBG-DR allocation, the damaged property must be located in one of the HUD- or State-designated Most Impacted and Distressed (MID) areas to be eligible for assistance under the Renew NC Small Rental Housing Program.

HUD and State Designated MID Areas include the following counties:

County	HUD or State MID
Alexander	State MID
Alleghany	State MID
Ashe	HUD MID
Avery	HUD MID
Buncombe	HUD MID
Burke	HUD MID
Caldwell	HUD MID
Catawba	State MID
Clay	State MID
Cleveland	HUD MID
Gaston	State MID
Haywood	HUD MID
Henderson	HUD MID
Jackson	State MID
Lincoln	State MID
Macon	State MID

County	HUD or State MID
Madison	HUD MID
McDowell	HUD MID
Mecklenburg (zip code 28214 only)	HUD MID
Mitchell	HUD MID
Polk	HUD MID
Rutherford	HUD MID
Surry	State MID
Swain	State MID
Transylvania	HUD MID
Watauga	HUD MID
Wilkes	State MID
Yadkin	State MID
Yancey	HUD MID

Table 1: HUD and State Designated Most Impacted and Distressed (MID) Counties

The Renew NC Small Rental Housing Program will ensure that at least 80% of total CDBG-DR funds are expended in HUD-designated MID areas, as required under federal regulations. The remaining funds may be used in State-designated MID areas.

For Manufactured Housing Units (MHUs), eligibility will be based on the unit's location at the time of the Hurricane Helene disaster event. MHUs must have been located in one of the MID areas at the time of the storm to be eligible for assistance.

3.0 Program Education

Program education will be provided to all applicants to ensure they understand the details of the Program, including the application process, eligibility and prioritization criteria, award terms, compliance obligations, and any long-term requirements associated with accepting CDBG-DR assistance. Education will be delivered through one-on-one interactions between applicants and Program staff, as well as through written materials, informational sessions, and other outreach methods as appropriate.

Program education will be made accessible to individuals with limited English proficiency and persons with disabilities, in accordance with HUD's fair housing and civil rights requirements. Program staff will document that applicants received and understood program information, especially in relation to affordability periods, recapture policies, and property use restrictions.

4.0 Eligible Applicants

4.1 Rental Property Owner Eligibility Requirements

The following are requirements that must be met for a rental property owner to be eligible for assistance under the Renew NC Small Rental Housing Program. Meeting these criteria does not guarantee assistance, as a prioritization strategy will be implemented consistent with program requirements. It is expected that the number of eligible applicants will exceed available funding.

The eligibility criteria for the Program are as follows:

1. Storm damage must be a result of Hurricane Helene (DR-4827-NC).
2. All units within an application must be vacant at the time of application submission. **Applicants cannot evict tenants from their units in order to apply for program assistance.**
3. The damaged property must be located within HUD- or State-designated Most Impacted and Distressed (MID) areas as identified in the Action Plan for DR-4827-NC.
4. Individual owners must be a citizen or qualified alien pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) (PRWORA). Owner entities must be registered with the North Carolina Secretary of State.
5. The rental property owner must provide proof of ownership. The program will prioritize those applications received from applicants who owned the structure at the time of Hurricane Helene.
6. The rental property owner must be current on all loan obligations related to the property.
7. The damaged structure must be used as a long-term rental property and not as a second home or seasonal rental.
8. The property must have unrepaired damage attributed to Hurricane Helene.
9. The location of the property must be environmentally feasible for rehabilitation, reconstruction, or replacement.
10. Property taxes must be current or on an approved payment plan.
11. During the affordability period, the income of future tenants must qualify as Low- to Moderate-Income (LMI) per HUD's income limits for the area.

5.0 Ineligible Applicants

The following owner/applicants are ineligible for assistance under this program:

1. Applicant is not the owner of the real property or is unable to establish ownership interest.
2. Foreign organization/entity or entity that cannot enter into a legally binding affordability agreement.
3. Individual owner(s) not eligible to benefit from the program pursuant to PRWORA or North Carolina law.
4. Nonprofit organizations or other entities not authorized to participate in HUD-funded programs.
5. Real property is owned by an organization/entity or individual prohibited from receiving federal funds under 2 C.F.R. Part 180 (debarment).
6. Applicants found in violation of the flood insurance requirements under the National Flood Insurance Reform Act (NFIRA) may be deemed ineligible. Noncompliance in this context means a property where the owner failed to obtain and maintain flood insurance after receiving federal funding for a previous disaster.
7. Once an applicant has executed a grant agreement(s) for the maximum number of units allowed, any additional application(s) submitted by the applicant shall be ineligible for an award, regardless of the order in which the applications were received. Exceptions may be considered on a case-by-case basis to address

urgent unmet needs, support deeply affordable housing, or ensure program expenditure deadlines are met.

8. Property owners who do not meet one or more eligibility criteria.

6.0 Structure Types

6.1 Eligible Structures:

The following structure types may be eligible for assistance under the Renew NC Small Rental Housing Program, subject to verification, permitting, and compliance with applicable local, state, and federal requirements:

1. Stick-built single-family homes, duplexes, triplexes, and quadruplexes used as long-term rental housing.
2. Modular homes that are permanently affixed to a foundation, classified as real property, and used as full-time, year-round rental housing.
3. Manufactured Housing Units (MHUs) used as full-time, year-round rental housing.
 1. Includes single-wide, double-wide, and triple-wide units.
 2. The applicant must own the land where the unit is located or have a long-term leasehold interest acceptable to the Program.
4. Condominiums, townhomes, and other structures with shared walls may be eligible on a case-by-case basis, provided:
 1. The unit is not owner-occupied;
 2. The total building includes four or fewer rental units;
 3. Common areas and HOA rules do not conflict with Program compliance;

A maximum of four (4) units on a singular parcel may be considered by the Program (attached or unattached). The Program must comply with local code and zoning requirements which may limit the number of attached or detached structures allowable on a parcel. Only those units that were constructed under a permit issued by the local code compliance authority will be considered for assistance. In addition, a survey of the property will be required, and the property may need to be subdivided. The cost of the survey and responsibility for subdivision of the property, if required, will be at the applicant's expense. Prior to replacing or repairing a structure, all code and property restrictions, if applicable, must be resolved.

Properties located in the FFRMS floodplain are eligible, provided they meet all HUD and FEMA requirements related to elevation, flood insurance, and environmental review. Prioritization will follow the schedule described in Section 8.7.

Mixed-income properties are eligible but only the rental units available to LMI renters are eligible for program assistance.

LMI units of mixed-use properties are eligible provided that >51% of the structure is residential and compliant with all code, zoning, and program requirements.

Alternative dwelling units (ADUs) are eligible for program assistance provided the units are legal units in the jurisdiction in which they are located, have been issued or can be issued a certificate of occupancy, and satisfy all code and program requirements.

6.1.1 Condominiums, Townhomes, and Other Structures with Shared Walls

Rental property owners of condominiums (condos), townhomes, or other residential structures with shared walls, structural components, or common areas may be eligible for assistance under the Renew NC Small Rental Housing

Program. However, these types of structures are subject to additional conditions due to shared ownership and maintenance responsibilities.

6.1.1.1 Applicant Eligibility

Only rental unit owners (landlords) may apply for assistance. Associations (e.g., condominium boards, cooperative boards, or homeowner associations) are not eligible applicants under this Program, even if governing documents assign certain repair responsibilities to the Association.

If repairs are needed to a shared structural component (e.g., a roof, exterior siding, or foundation) that affects more than one unit, each affected unit owner must submit an application. The Program may coordinate the delivery of assistance across multiple eligible applicants in such cases. However, no assistance will be provided unless each applicant is determined to be eligible and complies with all Program requirements.

6.1.1.2 Documentation Requirements

Applicants must submit relevant portions of the Association's governing documents (e.g., rules, guidelines, bylaws, maintenance responsibility matrix, insurance policies/claims by the association, etc. may be required) to establish:

- Whether the unit owner is legally responsible for the proposed repairs;
- Whether the work is allowed under the Association's rules;
- Whether shared elements will be affected, requiring written consent from the Association.

Association consent is required if the proposed work will impact shared structural components or common areas (e.g., roof, shared wall, parking slab).

6.1.1.3 Eligible Repairs

Approved repairs must directly benefit the applicant's individual rental unit. Incidental benefit to other units or common elements is permissible when unavoidable. For example:

- A roof patch over the applicant-owner's unit that also reduces water intrusion into adjacent units is eligible;
- A full roof replacement that benefits all units is not eligible unless all affected unit owners apply individually and are determined to be eligible.

Common areas used for meetings, recreation, administration, or other non-residential purposes (e.g., clubhouses, gyms, lobbies, pools) are not eligible for assistance, consistent with 24 C.F.R. § 570.207(b).

6.1.1.4 Compliance and Affordability

Each unit assisted under the Program must comply with all affordability and income requirements:

- The tenant household must have an income at or below 80% of Area Median Income (AMI) at initial occupancy;
- Rents must not exceed HUD's High HOME Rent Limits;
- Each assisted unit is subject to a ten-year affordability period, with compliance monitored annually.

The property owner must lease the unit to an eligible LMI household and comply with all income verification and rent restriction requirements.

6.1.1.5 Structures

Units within a condominium, townhome, or cooperative housing structure may be individually owned and either owner-occupied or used as rental property.

- If the unit is owner-occupied, it must be processed under the Renew NC Single-Family Housing Program Policies and Procedures.
- If the unit is used as rental property, it must be processed under the Renew NC Small Rental Housing Program Policies and Procedures.

The most notable distinction between these two program areas is the requirement for an affordability period. Owner-occupied units that receive assistance are not subject to a required affordability period, though they must remain the applicant's primary residence throughout construction and for a period of three (3) years following completion, as outlined in the Renew NC Single-Family Housing Program Policies and Procedures.

Rental units that receive assistance under the Small Rental Housing Program are subject to a ten-year affordability period, during which the unit must be rented to an income-eligible household at or below HUD's High HOME Rent Limits, in compliance with HUD's affordability requirements under the April 2025 Universal Notice.

6.1.1.6 Eligible Benefit

Assistance is available only to eligible rental property owners of units within condominiums, townhomes, or other shared-wall structures. Assistance is limited to repair (rehabilitation) of eligible damage and does not include reconstruction for shared-wall properties.

The Program will not provide assistance for repairs to shared common areas (e.g., lobbies, stairwells, hallways, recreational areas, elevators). However, certain shared systems that exclusively serve a specific unit as designated by the Association's governing documents may be eligible if:

- The component is not located inside the unit but is designated for its sole use (e.g., unit-specific HVAC units, hot water heaters, furnaces, or boilers);
- The applicant provides documentation verifying sole-unit designation under Association rules;
- The Program determines the repair to be necessary, reasonable, and compliant with applicable requirements.

These unit-specific repairs may be included in the applicant's award if they meet all Program and HUD eligibility standards.

The Program does not provide funding for:

- Reconstruction of units in shared-wall structures;
- Repairs to shared structural elements unless incidental to a unit-specific repair;
- Non-residential structures, landscaping, fencing, or bulkheads;
- Luxury-grade improvements, including but not limited to custom cabinetry, fireplaces, or decks that are not a primary means of access.

All work scopes will be based on the Program's damage assessment and must be aligned with HUD's standards of cost reasonableness, resilience, and decent, safe, and sanitary housing.

6.1.1.7 Registrant / Applicant

For units within condominiums, townhomes, or other shared-wall structures, only the rental property owner is eligible to register and apply for assistance under the Program. The Association may not apply on behalf of the unit owner and is not considered a co-applicant or beneficiary under the Program.

Program assistance is limited to:

- Repairs made within or for the exclusive benefit of the applicant's individual rental unit; and
- Repairs to shared systems or components only if designated for the sole use of the applicant's unit, in accordance with Association governing documents and as permitted by the Program.

Where applicable, the Association's written consent must be obtained for any work that affects shared walls, systems, or components.

Owner-applicants must complete the standard Small Rental Housing Program application, and follow all Program intake, eligibility, and documentation procedures. The application and review process for shared-wall rental units is consistent with the process used for other eligible small rental properties under this Program.

6.1.1.8 Participation

Participation in the Program is limited to rental unit owners. In cases where a unit is located in a condominium, townhome, or similar structure governed by an Association, the Association must provide written consent for the proposed scope of work if it involves shared elements or access to common areas.

If the Association declines or refuses to provide required documentation or access, and repairs cannot be completed without that consent, the affected unit will be deemed ineligible for Program assistance.

Each rental unit owner must:

- Apply individually to the Program;
- Provide all documentation required for eligibility determination, including ownership records, proof of storm-related damage, and tenant income documentation (if applicable);
- Comply with all affordability and income qualification requirements.

No assistance will be provided to entire buildings or structures as a group unless all individual owner-applicants meet the Program's eligibility and documentation requirements.

6.1.1.9 Low- to Moderate-Income (LMI) Requirements

Rental units assisted under the Program must be occupied by tenants whose household income is at or below 80% of Area Median Income (AMI), adjusted for household size, to meet the Low- and Moderate-Income (LMI) National Objective.

6.1.1.10 Verification of Benefits

Rental property owner applicants are required to disclose and document all benefits received or available to them related to the damage sustained by the property. This includes, but is not limited to:

- FEMA Individual Assistance;
- SBA Disaster Loans;
- Insurance proceeds;
- Any other federal, state, local, or charitable disaster-related assistance.

The Program will conduct a Duplication of Benefits (DOB) review consistent with HUD requirements and the April 2025 Universal Notice. Applicants must cooperate with the Program's efforts to verify this information and may be required to submit documentation or authorize third-party verification.

Eligibility for assistance is contingent upon compliance with DOB requirements. If prior benefits were received for the same purpose (e.g., repair of the same unit or item), the Program will reduce the award accordingly unless the applicant can demonstrate unmet need.

6.1.1.11 National Flood Insurance Program (NFIP) Requirements

Federal law (42 U.S.C. § 5154a) prohibits the Program from providing disaster recovery assistance for a property where the owner was required to obtain and maintain flood insurance as a condition of prior federal disaster assistance but failed to do so.

As part of the eligibility review, the Program will evaluate whether any prior assistance (such as FEMA, SBA, or CDBG-DR) triggered a flood insurance requirement. If the rental property is located in a Special Flood Hazard Area

(SFHA) and was subject to a prior flood insurance requirement, the owner must demonstrate current and continuous compliance with that requirement.

Failure to provide documentation of required NFIP coverage will result in the ineligibility of the affected rental unit for assistance under the Program.

6.1.1.12 Grant Award

Grant awards under the Program are calculated based on the estimated cost to repair, reconstruct, or replace eligible storm-related damage, minus any assistance received from other sources for the same purpose (a process known as a Duplication of Benefits (DOB) analysis). The resulting amount is considered the applicant's Unmet Need.

Awards are subject to Program caps established by the State of North Carolina and outlined in the most recent HUD-approved Action Plan for Hurricane Helene CDBG-DR funding. All assistance is provided in the form of a grant, subject to compliance with the Program's ten-year affordability period and other applicable requirements.

6.2 Ineligible Structures:

The following structure types and conditions are ineligible for assistance under the Renew NC Small Rental Housing Program.

1. Garages, sheds, and outbuildings are ineligible for repair. Demolition may be permitted only if the structure poses a safety hazard. Recreational vehicles (RVs), camper trailers, and similar non-permanent dwellings are ineligible for assistance.
2. Properties primarily used for commercial purposes are not eligible, unless the structure is primarily residential in use and meets all other program requirements.
3. Houseboats used as a residence are not eligible for the Program.
4. Properties intended to be used as seasonal, short-term, or vacation rental properties (including properties listed on platforms like Airbnb or VRBO) post construction completion are not eligible for assistance.
5. Housing units located where federal assistance is not permitted by federal regulation, including floodways, or within runway clear zones of either a civilian or military airport.
6. Properties with unresolved legal or financial issues, including:
 1. Delinquent mortgages or real property taxes unless the applicant provides documentation of a cured delinquency or an approved payment plan that brings the property into compliance prior to eligibility determination;
 2. Active foreclosure or bankruptcy proceedings; or
 3. Other financial issues that make it infeasible or imprudent, in DCR's sole discretion, to provide an award under the program.
7. Properties with a judgment lien, easement, or other encumbrance which make it infeasible or imprudent, in DCR's sole discretion, to provide an award under the program.
8. Properties located in areas with extraordinary environmental or site conditions deemed infeasible, in DCR's sole discretion, for safe or cost reasonable rehabilitation or reconstruction.
9. Parcel with five (5) units or more.

6.3 Use of Property

Applicant must prove that the property will be used for long-term rental, not vacation or seasonal rental purposes. Alternatively, the applicant must certify that the property will be used for long-term rental once it has been repaired, replaced, or reconstructed. A deed restriction, land use covenant, or similar legally binding instrument will be required and recorded on the property to ensure long-term compliance with program requirements, including rent and occupancy restrictions. The Renew NC Small Rental Housing Program will monitor the

marketing of the rental unit for compliance with applicable federal Fair Housing standards. Annual rent rolls and tenant income documentation will be required for the full affordability period to verify that the property has been rented to Low- to Moderate-Income (LMI) households and that rent rates remain in compliance with HUD requirements and Program policies and procedures.

6.3.1 Special Considerations regarding property uses:

Properties containing mixed-uses are eligible to apply. A mixed-use property contained both commercial/office uses (groceries, corner stores, etc.) and residential uses (primary residences, rental units, etc.) prior to the storms. These rental properties will receive an award only for each affordable rental unit.

Structures or spaces for commercial uses prior to the storms which will be converted to residential rental space may be eligible.

When determining the number of units in a small rental property, units identified for commercial use will not be considered in the one- to four-unit count, at the program's discretion. In reviewing these cases, the program will take all efforts to ensure the overall program objectives are met.

Single Room Occupancy (SRO) units are not eligible. SROs are residential buildings with multiple single-room units intended for individual occupancy and often lack private kitchen or bathroom facilities.

6.4 Vacancy Requirements

Rental property owners applying for assistance under the Renew NC Small Rental Housing Program may apply for program assistance for vacant units only. Units must remain vacant until completion of program provided construction activities. **Applicants may not and must not evict tenants for the purpose of applying for program assistance. Any property owner found to have improperly displaced a tenant including through eviction, intimidation, or coercion will be deemed ineligible for Program assistance. Such actions may also be subject to penalties under applicable federal regulations, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), the Fair Housing Act, and Section 104(d) of the Housing and Community Development Act of 1974.**

7.0 Property and Assistance Standards

7.1 Accessible and Deeply Affordable Unit Requirements

The Program requires that all projects comply with federal accessibility and affordability requirements, including:

- A minimum of 5% of units must be accessible to individuals with mobility impairments, and an additional 2% must be accessible to individuals with sensory impairments, in accordance with 24 CFR § 8.22 and § 8.26.

7.2 Accessibility Design Standards

All MHU replacement and stick built reconstruction rental units served by the Program will be accessible units. Accessibility features may include, but are not limited to:

- Roll-in showers
- Lowered countertops
- Pedestal sinks
- Grab bars in bathrooms
- Widened doorways

- Accessible toilets
- Ramps or zero-step entries
- Other features that accommodate mobility or sensory impairments

The Program will evaluate eligibility for accessibility features on a case-by-case basis, consistent with the requirements of:

- Section 504 of the Rehabilitation Act of 1973
- Title II of the Americans with Disabilities Act (ADA) (as applicable)
- Fair Housing Act accessibility guidelines, and
- 24 CFR Part 8 (Nondiscrimination Based on Handicap in Federally Assisted Programs)

During the intake process, rental property owners will be asked whether they will have accessibility needs. Case managers will document and validate these requests as part of the needs assessment. If eligible and feasible, accessibility improvements will be included in the Estimated Cost of Repair (ECR) and incorporated into the scope of work.

8.0 Application and Intake

8.1 Application Process

Only properties included in the submission of a complete Renew NC Small Rental Housing Program application, including all required supporting documentation, will be considered for Program benefits.

Individuals or property owners who have submitted applications for disaster assistance through other programs such as FEMA, non-profits, or other state/local agencies must still submit a separate application for the Renew NC Small Rental Housing Program for Hurricane Helene in order to be considered.

Submitting a public comment form or providing information at public meetings or hearings does not constitute an official Program application for the Renew NC Small Rental Housing Program for Hurricane Helene.

Applicant eligibility and qualification for Program benefits will be reviewed and certified by Program staff prior to the commitment of any funds.

Property owners are not guaranteed assistance. All applications will be evaluated based on availability of funds, prioritization criteria, and eligibility in accordance with Program policies and the State of North Carolina's HUD-approved Action Plan.

Applicants may receive assistance during the Intake Period to complete and submit an application. While an application deadline has not yet been announced, DCR reserves the right to establish a deadline in the future. Any such deadline will be posted on the official Program website (www.renewnc.org) and shared through direct communications with potential applicants.

8.2 Certification Requirements to Receive Assistance

All applicant(s) must agree to the following to receive assistance:

- Allow program inspectors to access the interior and exterior of the property to evaluate damage. Failure to allow access to any portion of the property may result in the ineligibility of the property.
- Sign a release so that information provided by the applicant(s) can be shared with state and federal agencies and certain third parties, including local agencies, in order to verify information given to the program or coordinate recovery services. The applicant and co-applicant are required to sign the release

(unless one of the eligible owners has provided Power of Attorney to the other to represent them, then the eligible owner does not need to sign the release).

- Agree to verification of their ownership status, the amount of disaster-related damage to the property, and types of assistance received as a result of Hurricane Helene.
- Agree to conduct tenant income reviews annually and at each change in tenant. Records shall be maintained by the applicant and provided to program staff upon request for review.
- Maintain flood insurance on the property in perpetuity if it is located in the 100-year floodplain.
- Swear to the accuracy and completeness of all information provided to the program under penalty of law.
- Agree to stop all on-going construction activities at the time of application.
- Acknowledge that any duplication of benefit will be subject to recapture.

The Program will require all applicants to enter into a written agreement, deed restriction, or covenant to enforce affordability and LMI occupancy requirements for the duration of the affordability period. These documents are fully explained in later sections and in the legal documents executed at closing. This includes revised documents necessary to acknowledge changes post-closing. Failure to comply with this requirement will result in disqualification from the program and closure of the applicant file. Should disqualification occur, and program funds already be invested into the applicant's property, the applicant will be responsible for the repayment of all program funds through a recapture process.

All Small Rental-assisted rental units must be restricted for Low- to Moderate-Income (LMI) persons during the affordability period. Rents must comply with High HOME Rent limits as published by HUD and may not exceed 30% of gross monthly income for households at or below 80% AMI.

8.3 Proof of U.S. Citizenship or Lawful Permanent Resident

The Program will comply with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) in determining eligibility for federally funded benefits. To be eligible for assistance, individual rental property owners must be a U.S. Citizen or a Qualified Alien/Lawful Permanent Resident, as defined by PRWORA. Rental properties owned by a company must be registered with the North Carolina Secretary of State.

Individual applicants must provide proof of legal status in the United States. Acceptable documentation may include, but is not limited to:

- A valid, state-issued REAL ID-compliant driver's license or identification card that confirms identity and legal status, if issued based on verified citizenship or legal residency;
- If neither a REAL ID nor federal assistance documentation is available, one of the following must be provided:
 - U.S. Birth Certificate (verified against government-issued photo ID);
 - U.S. Passport;
 - Certificate of Naturalization;
 - Permanent Resident Card (Green Card).

All documentation will be reviewed by the Program to verify that individuals with ownership interest in the property meets the citizenship or lawful permanent resident requirement. Applicants must comply with all documentation requirements before assistance can be awarded. Failure to provide required documentation may result in ineligibility for the Program.

8.4 Proof of Ownership

The applicant must demonstrate ownership of the damaged property. Applications received from owners of the property at the time of the storm, September 27, 2024, who still own the property, shall be prioritized.

Applicants in default or foreclosure on the rental property may not proceed unless such issues are resolved within a timeframe established by the Program.

Applicants with outstanding liens or judgments that impair clear title must clear such liens and judgments to proceed. The Program will allow up to six (6) months from the date of application or conditional award to resolve title impediments. Extensions may be granted on a case-by-case basis with documentation of active resolution efforts.

Ownership will be verified through:

- A recorded deed;
- Mortgage statement(s) dated at or before the time of the storm and current;
- A probated will;
- A court order or judgment granting ownership of the property;
- For MHUs: a certificate of title, bill of sale, registration, or tax records; and, if applicable, a land lease or lot rental agreement in place at the time of the disaster;
- Other documentation may be considered on a case-by-case basis.

8.5 Property Taxes

The property owner must be current on their property taxes, or current on an approved payment plan through the local taxing authority. The Program will review documentation from the local Tax Assessor's office or may obtain such information electronically from a local Tax Collector's office.

8.6 Voluntary Withdrawal

An applicant may request to voluntarily withdraw from the Program at any time. If an applicant chooses to withdraw after construction has begun, the applicant will be subject to repayment of Program funds expended. Applicants are to document withdrawal requests in writing; the Program will document these requests in the case file. However, if an applicant cannot or will not document his or her request to withdraw, a detailed case note may be used to support the applicant's withdrawal request. All applicants who choose to withdraw will be sent a Voluntary Withdrawal Notice. The Voluntary Withdrawal Notice informs the applicant that the Program has received his/her request to withdraw, and that the applicant has fourteen (14) days from the date of the letter to rescind the withdrawal request. If the applicant does not rescind the voluntary withdrawal request within the fourteen (14) day period, the applicant's case will be withdrawn. If an applicant voluntarily withdraws from the Program, they will not be eligible to reapply.

8.7 Priority Schedule

The Renew NC Small Rental Housing Program applicants will be prioritized based on the table below.

Phase	Priority	MID Status	Owned at time of storm (September 27, 2024)?	Outside of 100-year Floodplain?
Phase 1	1	HUD MID	Yes	Yes
	2	HUD MID	Yes	No
Phase 2	1	State MID	Yes	Yes

	2	State MID	Yes	No
Phase 3	1	HUD MID	No	Yes
	2	HUD MID	No	No
Phase 4	1	State MID	No	Yes
	2	State MID	No	No
Phase 5	Remaining applications that do not comply with priorities identified above			

In order to serve as many applicants as possible, the program intends to initially process an applicant's application(s) up to four units. If program constraints allow an applicant's application(s) for additional units, up to eight, may be considered.

As Program funds approach full obligation, DCR may evaluate the remaining applicant pool and, consistent with the HUD-approved Action Plan, reallocate funds between programs or place remaining applications on hold. DCR reserves the right to adjust the percentage of funding or reassign funds from underutilized programs to ensure that priority applicants receive assistance to the maximum extent feasible.

9.0 Duplication of Benefits

9.1 Duplication of Benefits

Eligible applicants may have previously received assistance from other sources for the repair of their hurricane damaged property. The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, 42 U.S.C. § 5121 et seq., prohibits any person, business concern, or other entity from receiving federal funds for any part of such loss as to which he/she has received financial assistance under any other program, from private insurance, charitable assistance, or any other source.

During the application process, the applicant must report all assistance received from other sources for the repair, replacement, or reconstruction of their hurricane damaged property. Previous funds received and reported by the applicant are verified by the Program during the duplication of benefits (DOB) review process. Not all previous assistance received constitutes a duplication of benefits.

To determine if a duplication of benefit exists, the Program first considers the "total assistance" available to each applicant. Total assistance includes all reasonably identifiable financial assistance available to the applicant. Total assistance does not include personal assets such as money in a savings account or credit cards. After total assistance has been determined, the Program subtracts non-duplicative assistance received. Non-duplicative assistance is: (i) assistance provided for a different purpose than Program funds; or (ii) assistance provided for the same purpose as Program funds that was expended for a different eligible use.

Duplication of benefits occurs when total assistance received by the applicant exceeds non-duplicative assistance received by the applicant. If a duplication of benefits occurs, the applicant's Program award must be reduced by the amount of the DOB.

Available assistance and non-duplicative assistance are described in greater detail below.

9.1.1 Common Available Assistance

The following are sources of funding that are commonly provided for structural damage and loss and are considered available assistance to the applicant, if the applicant received funding from any of these sources.

1. FEMA Individual Assistance for Structure (IA),
2. FEMA National Flood Insurance Program (NFIP),
3. Increased Cost of Compliance (ICC),
4. Private Insurance,
5. Small Business Administration (SBA)
6. Any other funding source available to the homeowner for the same purpose as a CDBG-DR grant that may duplicate assistance.

Funds received from any source including flood insurance, FEMA, and hazard insurance that were used to repair storm damage to the applicant's home prior to application to the Program may reduce the amount of available assistance considered.

Any additional funds paid to applicant awardees for the same purpose as the Program after the state has completed the repair, rehabilitation, replacement or reimbursement of the homeowner's housing units must be returned to DCR.

9.1.1.1 FEMA Individual Assistance (IA)

FEMA IA assistance may have been provided to applicants for home repairs. In cases where applicants have received assistance for home repairs on units included the application, such an amount will be considered duplicative by the Program. FEMA IA will be determined and verified by the Program through FEMA provided datasets or through applicant provided information originating at FEMA such as a FEMA Award letter. If evidence is provided that the FEMA IA award included assistance for items not related to structure repair, then the amounts not related to structural repair will not be counted as a DOB. If the Program is unable to verify the FEMA IA amount through the FEMA database, the Program will use the payment amount provided by the homeowner at the time of application.

If a homeowner provides documentation demonstrating that the FEMA IA amount provided by the FEMA database includes non-structural related amounts, the Program may use the documentation provided by the homeowner to adjust the FEMA IA payout amount.

9.1.1.2 FEMA National Flood Insurance Program (NFIP)

Any payments for loss to the dwelling due to the qualifying event under NFIP insurance policies may be considered available for assistance. Payments for contents or other expenses are not considered available assistance, as this is funding provided for a different purpose than funds provided by the Program. The Program will verify NFIP claim information using third party data provided by NFIP. If an applicant can provide documentation demonstrating that the insurance proceeds amount provided by the NFIP database includes items not related to the structural loss, the Program may consider the documentation provided by the homeowner to adjust the insurance payout within the DOB calculation. The documentation provided by the homeowner must come from the insurance company which issued the payments, and it will be included in the homeowner's file.

9.1.1.3 Increased Cost of Compliance (ICC)

Structures damaged by a flood may be required to meet certain building requirements to reduce the risk of future flood damage before the structure can be repaired or rebuilt. To help cover these costs, the NFIP includes Increased Cost of Compliance (ICC) coverage for all new and renewed Standard Flood Insurance Policies. ICC is considered available assistance if a property owner requests reimbursement or additional assistance for elevation, demolition, floodproofing, or relocation—one of the four options available under ICC—and has already received an ICC benefit under the NFIP. The program will determine DOB regarding ICC funds for elevation and/or demolition activities. If the Program is unable to determine the amount and/or purpose of the ICC proceeds using documentation provided by the homeowner, the Program will seek additional information from other reliable sources including other government programs, and direct information from NFIP.

9.1.1.4 Private Insurance

All property, flood, casualty, landlords, or other insurance settlement amounts for loss to dwellings are considered available assistance. Private insurance payments for contents or other expenses are not considered available assistance, as this is funding provided for a different purpose than funds provided by the Program. All private insurance settlement amounts for loss to dwellings are considered available assistance for purposes of calculating DOB.

Insurance proceeds are determined and verified by the Program by contacting the insurance company directly. If the Program is unable to verify the private insurance proceeds through the insurance company, the Program will use the claims payout amount provided by the homeowner.

As set forth in the Universal Notice, 90 FR 1754 (January 08, 2025), *“Applicants for CDBG–DR assistance are expected to seek insurance or other assistance to which they are legally entitled under existing policies and contracts”*. Therefore, applicants seeking funds under the Program were/are expected to file a claim with private insurance if the damaged property was insured at the time of the storm. As such, the DOB Analyst will reach out to the applicant to collect insurance claim information from the applicant if:

- The applicant reported having insurance, but reported that he/she did not file a claim for disaster recovery assistance; or
- The applicant reported having a mortgage on the property but reported he/she did not have insurance at the time of the storm.

If an owner-applicant who had insurance or a mortgage (which indicates the property is insured) did not file a claim for the qualifying event, the applicant will be required to file a claim and provide evidence of the insurance company’s response regarding the claim. If the insurer approves the claim, the amount of funding approved by the insurance company will be considered in accordance with section 6 of the Program Policies and Procedures. If the insurer indicates that the deadline to file a claim for the qualifying event(s) has passed or that the applicant’s claim is otherwise denied, the Program may serve the owner-applicant, as the funds are no longer available to the applicant.

9.1.1.5 Small Business Administration (SBA)

Federal regulations deem approved SBA loans for repair and reconstruction to be available assistance for federally funded repair programs. If an applicant has executed a loan with SBA to cover the cost of repairs or reconstruction, the total amount of the approved loan is considered available assistance unless the applicant has declined the loan or requested a reduction after SBA initial approval of the loan. As described in the Universal Notice, 90 FR 1754 amended(January 8, 2025), *“The amount of a subsidized loan that is declined or cancelled is not a DOB.”*

The Program will collect SBA information provided by the Applicant through the application process. In addition, the Program may obtain a data feed from SBA to verify all approved amounts for SBA loans. The Program will collect specific information from SBA that breaks out the approved SBA loan amounts into the different assistance categories (e.g., real property, personal property, vehicles, etc.).

9.1.1.6 Declined SBA Loans

Declined loans are loan amounts offered by a lender but turned down by the applicant, meaning the applicant never signed loan documents to receive loan disbursements. The Program will attempt to verify declined loan amounts using third-party data from SBA. Declined loans must be documented through the SBA data feed in conjunction with written communication from the lender (SBA), for declined loans to be considered funding not available to the applicant.

9.1.1.7 Accepted but Undisbursed SBA Loan Amounts

Cancelled loans occur when the applicant (borrower) has entered a loan agreement, but all or a portion of the loan amount was not disbursed and is no longer available to the applicant. The loan cancellation may be due to the default of the borrower, agreement by both parties to cancel the undisbursed portion of the loan, expiration of the term for which the loan was available for disbursement, or other reasons. The cancelled loan amount is the amount that is no longer available to the applicant.

If an applicant cancels all or a portion of an SBA loan related to the repair of the dwelling, only the accepted loan amount will be considered a DOB. Cancelled subsidized loan amounts are not considered funds available to the applicant but are subject to further requirements below. Applicants may not take action to reinstate the cancelled loan or draw any additional undisbursed loan amounts.

- Cancelled loans that were never drawn must be documented through the SBA data feed demonstrating the \$0 draw in conjunction with written communication from the lender (SBA).
- Cancelled loans that had a portion of the loan drawn, but the remainder cancelled, must be verified in the SBA data feed in conjunction with written communication from the lender (SBA). The accepted current loan amount will be considered a DOB.

9.1.1.8 Other Sources

Funding received for the same purpose of a Program award, such as funding provided by a non-profit entity or the US Army Corps of Engineers (USACE) to assist the applicant with rebuilding their home must be reported by the applicant through the application process and must be accounted for and verified by the Program. In addition, the support documentation related to other duplicative funding sources must be provided by the applicant, verified by the Program, and applied as a duplication of benefits by the Program.

9.1.2 Assistance Not Considered Duplicative

Not all assistance received by an applicant is considered duplicative of assistance provided under the Program for housing repair, replacement, or reconstruction. Previous assistance received that is considered non-duplicative will not be considered a duplication of benefit.

The Program will allow for reductions of duplication of benefit totals if the applicant can prove that the use or control of the funds meet certain criteria. In accordance with the Universal Notice, 90 FR 1754 (January 8, 2025) as amended, the Program may exclude for duplication of benefits purposes assistance that was: (1) provided for a different purpose; or (2) provided for the same purpose, but for a different, allowable use. Each of these categories is further described below.

9.1.3 Funds for a Different Purpose

Any assistance provided for a different purpose than the CDBG-DR eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”), and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB. The Universal Notice defines three (3) general categories for which homeowners generally receive assistance: (1) replacement housing; (2) repair assistance; or (3) interim (temporary housing). Of these three categories, the assistance provided by the Program is generally considered to be repair assistance. Funding received for purposes different from the purpose of assistance offered under the Program will be excluded for purposes of duplication of benefit determination⁴.

⁴ <https://www.hud.gov/sites/dfiles/CPD/documents/Revised-Duplication-of-Benefits-Policy-FAQ.pdf>

9.1.3.1 Funds Not Available to the Applicant

Funds that are not available to an applicant may also be excluded from the final award calculation. Funds are not available to the person or entity if the person does not have legal control of the funds when they are received and are used for a non-duplicative purpose.

For example, if a homeowner's mortgage requires any insurance proceeds to be applied to reduce the lien balance, then the bank/mortgage holder (not the homeowner) has legal control over those funds. Therefore, the homeowner is legally obligated to use insurance proceeds for that purpose and does not have a choice in using them for any other purpose, such as to rehabilitate the house. Under these circumstances, insurance proceeds do not reduce assistance eligibility. Alternatively, if a disaster-affected homeowner chooses to apply insurance proceeds to reduce an existing mortgage, or requests that the lender demand payment, insurance proceeds reduce the amount of disaster assistance eligibility. In addition, if a mortgage requires insurance proceeds to be used for repair of the property, those proceeds must be considered assistance for that purpose. A homeowner does not need to possess cash assistance to be considered being legal in control over receiving benefits for a particular purpose.

9.1.4 Funds for the Same Purpose, but Different Eligible Use

Funds received for the same purpose as funds provided under the Program, but that were used by the Applicant for a different allowable use may be excluded from the final award calculation. In some instances, funds provided for the same general purpose (e.g., rehabilitation of a home) as the CDBG-DR funds, may have been used by the applicant for a different allowable use. In these circumstances, if the Applicant can document that the funds received were used for a different, but eligible, use, then the funds are not duplicative. During the damage assessment, the program will conduct a Damage Repair Valuation (DRV), which quantifies a value assigned to repairs completed by the applicant prior to program application⁵. Eligible, verified repairs outlined in the DRV will be used to offset duplication of benefits as funds for the same general purpose (home repair), but different eligible use.

The Applicant may also provide documentation, such as receipts or paid invoices, demonstrating that funding was spent on a different eligible use. The Program will review documentation submitted on a case-by-case basis.

9.1.5 Calculation of Duplication of Benefits

The DOB Review is conducted in accordance with the Universal Notice and Appendix C of the Universal Notice⁶.

The basic framework for DOB review is as follows:

- Determine all previous assistance received.
- Subtract all non-duplicative assistance

If the result of this is a positive number, the applicant has a duplication of benefit gap. Duplication of benefit must be deducted from the maximum award an applicant is qualified to receive under the Program, in accordance with federal law. Because the Program grants awards to eligible applicants in the form of home repair, reconstruction, MHU replacement or reimbursement, , duplication of benefits must be resolved prior to award, either through a reduction in the amount of benefit the applicant will be provided by the Program, known as a scope reduction, or

⁵ The DRV is further described in the Damage Assessment section of this program guideline.

⁶ For full text of 90 FR 1754, please visit: <https://www.hud.gov/sites/default/files/CPD/documents/CDBG-DR/Updated-6489-N-01-CDBG-DR-UN-Compliance-with-Memo-25-02-English-PDF.pdf>. Appendix C: <https://www.federalregister.gov/documents/2025/01/08/2024-31621/common-application-waivers-and-alternative-requirements-for-community-development-block-grant#h-35>

by the applicant providing funds to the Program in the amount of the DOB gap. Scope reduction and applicant payment may be used in combination to reduce the DOB gap to \$0.

9.1.6 Duplication of Benefits Gap

A DOB gap is the total amount of excludable and non-excludable benefits received less the dollar amount of excluded benefits (excludable benefits). If the amount of previous assistance received, minus excludable benefits, is greater than \$0.00, that creates a DOB gap. If the DOB analysis reveals that a DOB gap exists, the DOB gap must be satisfied (reduced to zero) prior to the execution of a Homeowner Grant Agreement⁷.

The DOB gap may be satisfied by the applicant in one or a combination of the following ways:

- The DOB gap amount along with all future non-excludable benefits received by applicant(s) shall be provided to DCR and deposited in a DOB gap Funding Account prior to the execution of the Homeowner Grant Agreement.
- If the homeowner applicant qualifies for a reconstruction or replacement award, the DOB gap may be satisfied through a scope reduction which reduces the dollar value of the benefit provided to the applicant through the Program, as described in the sections below. Applicants who qualify for a repair award may not elect a scope reduction.

Applicants will be notified in writing if a DOB gap is discovered. Applicants will have **thirty (30) days** from the date the notification of the DOB gap was mailed to appeal the DOB gap determination, as set forth in Section 16 below, or satisfy the DOB gap by providing funds in the amount of the DOB gap, accepting a scope reduction as described below, or both. If an applicant fails to satisfy the DOB gap within the **thirty (30) day** timeframe allotted, the applicant's case will be closed⁸.

9.1.6.1 Scope Reduction for DOB Gap

If the applicant qualifies for a repair award, and the DOB gap is discovered, the applicant *must* provide funds in the amount of the DOB gap to be deposited into a DOB gap Funding Account prior to executing a program grant agreement. The program will not proceed with award or program-funded construction activities until the DOB gap is resolved. Given that rehabilitation will only bring the home back up to current code or program standards, the scope reduction option to cover DOB gaps cannot be offered on rehabilitation projects.

If the applicant qualifies for a replacement or reconstruction award, and a DOB gap is discovered, the applicant shall either (1) provide funds in the amount of the DOB gap to be deposited into a DOB gap Funding Account prior to award and commencement of program-sponsored construction and/or (2) opt for a scope reduction to select a lower-priced home than what the homeowner qualifies to receive from the program. The cost differential between the home for which an applicant qualifies and the lower priced home they select will be used to offset any DOB gap.

Owner-applicant-provided funds that are deposited into the DOB gap Funding Account will count toward the Program award caps. All DOB gap Funding will be drawn down first, prior to the use of program funds.

Only homeowner applicants eligible for reconstruction or replacement may elect to take a scope reduction and/or provide funding to close the DOB gap. If the homeowner elects to take a scope reduction, the Program will assist the applicant with choosing a smaller house plan.

⁷ Applicants who wish to contest a Program determination may request an initial appeal directly with the Program by submitting a written request in accordance to section 14 of this document

⁸ Exceptions may be made on a case-by-case basis, in accordance with Section 17 of this document, for applicants who are able to satisfy the DOB after the 30 day timeframe has elapsed.

9.1.6.2 DOB Gap Exceeds ECR

An applicant can meet the requirements for program eligibility but not qualify for an award. If the previous benefits received by the applicant are greater than the estimated cost to complete the repair, reconstruction, or replacement project, the applicant will be deemed not eligible for assistance.

9.1.7 Subrogation

Applicants must subrogate any additional funds received for the same purpose as funds provided by the Program back to the Program. CDBG-DR funding must be funding of last resort. If additional funds are paid to applicant awardees for repair, reconstruction, or replacement of the damaged structure after the Program has completed repair, reconstruction, or replacement of the damaged structure, those funds constitute a duplication of benefit and therefore must be returned to DCR. Applicant awardees will be required to sign a Subrogation Agreement as part of their grant agreement with the Program.

9.1.8 DOB with Multiple Consecutive Disasters

When multiple disasters strike the same area before an applicant has recovered from the first, there's a potential for duplicate assistance. HUD acknowledges that Duplication of Benefits (DOB) reviews in these cases are complex—especially when the second disaster damages previously repaired property or destroys records showing how earlier aid was used.

In accordance with HUD's Universal Notice (90 FR 1754), HUD and DCR has adopted the following policy:

- Applicants do not have to maintain documentation of how they used public disaster funds (from federal, state, or local agencies) beyond the time period required by the agency that provided the funds.
- If documentation is unavailable, DCR may accept a self-certification stating how the funds were used.

Self-certification is acceptable only if:

- The applicant is informed of legal consequences for false claims or fraud.
- DCR verifies that the applicant's claimed needs align with documented disaster impacts (e.g., burn severity maps or damage assessments).

Example: If a second disaster occurs three years after the first and the initial funding agency only required records to be kept for two years, DCR may accept self-certification. The same applies if records were lost due to the later disaster.

10.0 Property Review and Feasibility

10.1 Feasibility of Repair Analysis

As a recipient of federal funds, the DCR is responsible for ensuring that all activities funded through the Renew NC Small Rental Housing Program are reasonable, necessary, and cost-effective in accordance with 2 CFR § 200.403 and HUD CDBG-DR requirements.

To support this responsibility, each property will undergo a Feasibility of Repair Analysis to determine whether the proposed repairs represent a prudent use of federal funds and align with program goals to restore safe, decent, and sanitary affordable rental housing.

Following applicant eligibility screening, the Program will conduct a property site visit to:

1. Confirm the presence of remaining, unrepaired storm damage resulting from Hurricane Helene;

2. Complete the Tier II Environmental Review checklist in compliance with 24 CFR Part 58; and
3. Prepare a preliminary Estimated Cost of Repair (ECR).

If it is determined during the site visit that the property has no eligible, unrepaired storm damage, the application will be deemed ineligible for assistance under the Program.

Environmental mitigation requirements such as lead-based paint (LBP) stabilization or abatement, asbestos testing, radon testing, or elevation requirements will be incorporated into the final ECR and included in the Feasibility of Repair determination. The ECR will serve as the basis for assessing whether the project is viable within program funding limits and construction standards.

10.1.1 Stick Built, On-Site Built Homes

For stick-built or on-site built rental units, properties with repair and/or elevation cost estimates that equal or exceed the lesser of 50 percent (50%) of the pre-storm structure value or \$50,000, will be considered for reconstruction. Additionally, reconstruction will be required in the following circumstances:

- The home has already been demolished;
- The home has been condemned (red-tagged) by the local jurisdiction;
- The structure is unsafe or inaccessible for inspection due to health or structural hazards;
- Properties requiring elevation of an existing structure above base flood elevation (BFE); or
- If a manufactured housing unit (MHU) is located in a floodplain and qualifies for replacement and the applicant owns the land, the MHU may be replaced with a stick-built home, subject to local zoning approval.

All elevations must comply with the more stringent of the HUD requirement to elevate the bottom of the first finished floor to at least two feet above Base Flood Elevation (BFE) as outlined in the Universal Notice or state/local code and zoning requirements.

10.1.2 Manufactured Housing Units (MHUs)

The feasibility of repairing a Manufactured Housing Unit (MHU) is determined based on the extent of storm-related damage, the age of the unit, and whether repairs are cost reasonable relative to replacement. Due to the diminished structural integrity and high cost of replacement parts for older MHUs, the Program applies the following standards:

- MHUs older than 5 years from the date of manufacture (based on the model year of the unit inspected) with any verified storm-related damage will be replaced, regardless of the estimated cost of repair. This policy reflects that repairs to older MHUs are generally not cost reasonable or durable due to building material deterioration and limited part availability. MHUs 5 years old or newer will be evaluated using the Estimated Cost of Repair (ECR):
 - If the ECR is less than \$15,000, the unit may be rehabilitated, provided the repairs bring the structure into compliance with Program standards and all applicable codes.
 - If the ECR is \$15,000 or greater, the unit will be replaced, as the repair cost is considered unreasonable relative to replacement.

All replacement MHUs will comply with the HUD Manufactured Home Construction and Safety Standards (HUD Code) and applicable state and local siting, installation, and elevation requirements.

10.2 Inspections and Environmental Reviews

All federal regulations regarding procurement and environmental reviews including lead paint requirements apply to this program. Application may require additional review as issues are resolved which may extend the review process timeframe.

The Program conducts an on-site Damage Repair Valuation (DRV) and an Environmental Review after completion of all third-party verifications. A site-specific Environmental Review must be completed for each assisted property in accordance with 24 CFR Part 58 and the Universal Notice before any repair, reconstruction, or replacement activities may begin. Rental property owners are notified in writing at the application submission stage to cease any non-emergency repair work in progress on a damaged residence until the environmental review is complete. This notice is provided in the acknowledgment section of the online application. Rental property owners who do not cease non-emergency repair work may not be eligible for the program. The program inspector must have full access to the property to note any work that has been started and/or completed.

10.2.1 Initial Inspection and Damage Verification

As required by the Universal Notice, 90 FR 1754 (January 8, 2025), as amended, all CDBG-DR funded property improvements must address unmet housing needs resulting from Hurricane Helene, the qualifying disaster for DR-4827-NC. Damage not caused by Hurricane Helene may only be addressed in structures that also have storm-related damage. In accordance with 24 CFR Part 35, structures built before 1978 must be inspected for lead-based paint (LBP) hazards. If such hazards are identified, the applicant will be notified, and the program will take appropriate steps to mitigate the lead-based paint risks in compliance with federal requirements.

Program staff will conduct site visits to observe and record the presence of unrepaired storm damage resulting from Hurricane Helene, determine the extent of the damage, and determine the estimated cost of rehabilitation. The applicant will need to be present for these site visits. The inspector will be required to inspect the interior of the property to observe and record damage. The inspector will note any environmental concerns on the site or nearby that could affect the evaluation.

ECR provides a documented line item by line-item estimate of the damage observed during an onsite visit to a applicant's property that quantifies the materials and labor necessary to repair observed damage. The ECR is calculated using the classifications defined in the 2018 National Reconstruction Cost Book and incorporates costs necessary to ensure that the property meets the Construction Code, the International Residential Building Code (IRC), as well as meeting HUD HQS. The ECR does not provide an evaluation that takes into account an exact replacement of the homeowner's original home. In contrast to insurance estimates that may be based on replacement costs, the ECR evaluation is based on standards for basic livability developed for the program and on costs developed by the construction industry for those items. The methodology used to prepare the ECR is to account for those scope items that can be counted, measured, or observed. No destructive testing is performed during the estimation process. This means that hidden damage is not accounted for during this process. For example, termite damage behind a wall would not be discoverable during the estimation process if the wall covering is intact.

10.2.2 Eligible and Ineligible Items

Items damaged by Hurricane Helene, such as air conditioners, heating systems, and water heaters are eligible to be replaced under the Program. Appliances and housing components that are not integral to the structure of the property and are not essential to basic health and safety, such as washers and dryers, are not eligible. Reconstructed homes do not include reconstruction of garages (attached or detached), sheds, pool houses, or other outbuildings. Such outbuildings may be demolished during reconstruction to allow enough space for the new home to be built or if such structures pose a health or safety concern. Attached garages are allowable when required by code or HOA requirements. Luxury items and items with a quality grade above basic standards, such

as granite countertops, are not eligible to be replaced in a like-for-like manner. Eligibility determinations are based on the HUD definition of unmet needs and items must be necessary for basic health, safety, or habitability.

10.2.3 Environmental Review

Environmental review is the process of reviewing a project to determine its potential to impact the environment in accordance with federal, state, and local requirements. Every project undertaken with Federal funds, and all activities associated with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4231 et seq., as well as to the HUD environmental review regulations at 24 C.F.R. 58 on Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.

The Program conducts an environmental review on every project, prior to issuing a Program award to ensure that the proposed activities do not negatively impact the surrounding environment and that the property itself will not have an adverse environmental or health effect on end users. Specifically, 24 C.F.R. 58.22 limitations on activities pending clearance prohibit the commitment or expenditure of federal or non-federal funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environmental review. Environmental clearance must be obtained for each project prior to the commitment of federal or non-federal funds. A violation of this requirement may jeopardize Federal funding for the Program and disallow all costs that were incurred before completion of the environmental review.

Issues identified during the environmental review may be mitigated before or after the construction process, if feasible. Eligible environmental mitigation measures, such as lead based paint or asbestos abatement may be paid for through the Program. If a condition discovered during the environmental review cannot be addressed within Program award caps or schedule constraints, the property may be ineligible for assistance.

During the environmental review, the Program may in its sole discretion determine that, due to extraordinary environmental conditions, the site is not feasible for rehabilitation, demolition, or reconstruction. In these cases, the property may be determined to be ineligible for assistance.

10.2.4 Elevation Requirements

The Program will follow HUD guidance to ensure all structures, as defined in 44 C.F.R. 59.1, designed principally for residential use, and located in the FFRMS floodplain, that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 C.F.R. 55.2(b) (12), will be elevated with the lowest floor, including the basement, at least two (2) feet above the Base Flood Elevation (BFE). If local elevation requirements exceed those required by HUD, the more stringent requirement shall apply. The Program will order elevation certificates for construction projects where necessary to comply with HUD's guidance. The Program will not engage in elevation activities as a standalone measure that is not connected to the repair damage caused by qualifying event(s).

10.3 Uniform Relocation Act (URA)

Rental property owners applying for assistance under the Renew NC Small Rental Housing Program may apply for program assistance for vacant units only. Units must remain vacant until completion of program provided construction activities.

Applicants may not and must not evict tenants for the purpose of applying for program assistance. Any property owner found to have improperly displaced a tenant including through eviction, intimidation, or coercion will be deemed ineligible for Program assistance. Such actions may also be subject to penalties under applicable federal regulations, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), the Fair Housing Act, and Section 104(d) of the Housing and Community Development Act of 1974.

Due to the vacancy requirements of the Program, the Program does not anticipate URA being applicable but will comply with URA when circumstances require.

11.0 Award and Construction

11.1 Award Determination

In addition to costs associated with the repair of the structure, awards may include expenses for additional related costs such as mitigation requirements, elevation, insurance, accessibility modifications for the disabled, repair or replacement of water, sewer, and utility connection needs. Cost effective energy measures and improvements that meet local zoning and code, required Housing Quality Standards (HQS), especially those improvements which add enhanced resilience, such as elevation of major electrical components, roof strapping, and other items, are also eligible. Environmental review and determined required remediation for items such as lead-based paint abatement, asbestos abatement or other remediation components will also be eligible.

The program will follow HUD guidance to ensure all structures located within an FFRMS are elevated in accordance with applicable flood mitigation requirements.

The formula below is how the program will calculate a rental property owner's award:

1. Identify Estimated Cost of Repair (ECR).
2. Identify all Potentially Duplicative Assistance (DOB).
3. Deduct Assistance Determined to be Duplicative (DOB).
4. Apply applicable Award Cap based on number of units being served in application.
5. Identify pre-storm market value from the applicant's County records or other applicable source.
6. Compare Determined Award Value to pre-storm market value to determine if the benefit will be reconstruction, replacement, or rehabilitation.

11.1.1 Eligible Repair Costs/Need

The program will determine an eligible repair estimate using information from the inspection. The repair estimate will be valued based on economy/standard grade materials and industry-standard labor costs.

11.1.2 Calculating Potential Duplication of Benefits

The full DOB will be accounted for at the time of the repair award calculation. The DOB analysis will be completed during the eligibility review of a rental property owner's file, prior to the execution of a Grant Agreement and again prior to the processing of the final draw of funds.

All DOB funding must be accounted for prior to the rental property owner receiving an award. Rental property owners with a duplication must place all DOB funding in the program's DOB Gap Funding Account, an account controlled by DCR. Further guidance on DOB Gap Funding Accounts will be provided by the program.

Calculate the eligible award by subtracting duplication of benefits from the repair cost.

SAMPLE AWARD TABLE

Program Information	
Damaged Structure Type	
% Damage	
Benefit	
Other Assistance Received	
FEMA IA	

SBA	
Homeowners Insurance	
Flood Insurance	
ICC	
Non-profit/Other	
Total Disaster Assistance	
Allowable Eligible Activities	
DOB Gap Funding Required at Closing	

11.1.3 Award Notification and Agreement Execution

Upon award calculation and verification, the Program will issue a formal Award Notification to the property owner outlining the approved scope of work, award amount, applicable affordability period, and any conditions for funding. The Program will then schedule an Agreement Execution Meeting to review and execute the CDBG-DR Funding Agreement.

Property owners must respond to the notification and execute the agreement within thirty (30) calendar days of receipt. Failure to do so may result in withdrawal of the application, forfeiture of the award, or reallocation of funds. The Program may grant an extension upon written request and submission of documentation demonstrating a good-cause hardship.

The Funding Agreement will include, but is not limited to:

- The property address and unit configuration;
- The final approved award amount;
- The affordability period and related rent and occupancy requirements;
- Program-required policies including subrogation, compliance, and reporting;
- Responsibilities of the owner and the Program related to construction and monitoring;
- Conditions under which repayment may be triggered.

11.1.4 Zero Award

An applicant can meet the requirements for program eligibility but not qualify for an award. This is known as a zero award. A zero-award file is identified as a file where an applicant's total Duplication of Benefits (DOB) exceed the total eligible award amount (remaining Hurricane Helene damage) for a repair, reconstruction, or replacement benefit.

11.2 Applicant Communication

Throughout the life of an applicant's participation in the Program – from submission through closeout of the application – the applicant must participate and respond to requests from the Program in a timely manner. At no point should a request from the Program go unanswered for more than thirty (30) days.

The Program will send applicants with outstanding requests from the Program a Pending Action Notice to inform the applicant of the outstanding request(s). The Pending Action Notice informs the applicant that the Program

requires action from the applicant to proceed and that if the applicant does not complete the required action within thirty (30) days from the time the Pending Action Notice is mailed, the applicant's case will be closed.

The Program will issue standardized written notifications to applicants at all major decision points throughout the application process. These include, but are not limited to:

- Confirmation of application receipt;
- Eligibility determination, including both approval and denial;
- Deferral or hold notices, such as for pending documentation or limited program funding;
- Waitlist placement, if applicable;
- Award Notification and Agreement execution scheduling;
- Withdrawal confirmation, if an applicant withdraws voluntarily or due to inaction.
- Appeals and complaint outcomes, including final written determinations.

Applicants who are determined ineligible or receive a zero award will receive a written notification that explains the reason for the determination and informs them of their right to appeal. Withdrawal confirmations will provide the applicant fourteen (14) calendar days to rescind the request before the application is permanently closed and no longer eligible for appeal.

All communications will be issued in writing via mail and/or email, and documentation of each notification will be retained in the applicant's case file in accordance with 2 CFR § 200.334.

11.3 Property Owner Communication Standards

The program will make reasonable attempts to contact applicants to schedule meetings, collect documentation, or obtain other necessary information. If the program has made six (6) consecutive unsuccessful attempts to contact an applicant with no follow up contact from the applicant, the applicant will be sent a Non-Responsive Notice. Non-Responsive Notice provides contact information for the Program, advises the applicant of the next steps in the application process, and notifies the applicant that he/she must contact the Program or complete an action within fourteen (14) days of the date of the letter. If the applicant fails to contact the program or complete the action within the fourteen (14) days allowed, the application will be closed. Applicants who become non-responsive after construction activities have commenced may be subject to repay program funds expended on construction activities prior to the application being closed⁹.

If a rental property owner becomes unresponsive, the application will be closed. "Unresponsive" is defined as the failure to return three consecutive phone calls and the failure to respond to written requests within Program timeframes. Closure of an application for unresponsiveness may be appealed once. If an appeal results in reactivation, any subsequent closure due to unresponsiveness is not appealable.

An exception to the above may be granted in cases involving title defects, or due to the death or illness of the rental property owner, as determined by the Program on a case-by-case basis. Rental property owners with title defects are provided up to one year to cure the defect. Monthly progress updates may be requested by the Program during this period.

• ⁹ Exceptions may be made on a case-by-case basis, for applicants who are able to satisfy the Pending Action Notice after the 30-day timeframe has elapsed.

11.4 Property Owner Obligations

Rental property owners who receive assistance from the Renew NC Small Rental Housing Program have the following responsibilities:

1. The program will not be responsible for lost or damaged belongings. The rental property owner must secure or relocate all personal property until construction is complete. The rental property owner is responsible for the movement, storage, and security of all property and personal belongings.
2. Upon the execution of the Rental Grant Agreement, the property owner will have 30 calendar days to remove any personal property out of the damaged property.
3. The rental property owner must arrange access to the property for contractors providing construction services. If reasonable and timely access is denied to a contractor who is making a good faith effort to perform required repairs, the award may be terminated. The rental property owner must allow for a code inspection requested by the program or contractor. Failure to allow for a code inspection may result in termination of the award.
4. During construction, the rental property owner must not interfere in repair areas and must make a reasonable effort to stay away from the construction zone.
5. The rent for the unit occupied by the LMI household must be at an affordable rate. The units occupied by LMI households must comply, at a minimum, with the High HOME rent limits published by HUD under the HOME Investment Partnerships program through the affordability period. Compliance with rent limits is calculated in the same manner as HUD programs. Property must be used for year-long rental housing and may not be used as a second home or for seasonal rental housing.
6. Rental properties must be vacant at the time of application and must be leased to LMI households within 60 days of project completion. Failure to do so may result in recapture of assistance or enforcement action under the loan agreement.
7. **Rental property owners cannot and must not evict tenants of occupied units for the purpose of applying for program assistance.**
8. The rental property owner must certify tenant income prior to executing the lease and/or move-in date. Landlords will solicit and approve their own tenant base and the program will not make any judgment on the suitability of tenants other than verifying that their income meets program requirements during regular monitoring activities.
9. The property must be retained as an LMI rental property after project completion for rehabilitated or reconstructed single family rental units and multifamily rental units for a minimum period of 5 years, unless otherwise specified in the grant agreement or approved by the program.
10. The rental property owner must maintain flood insurance (if applicable). The Flood Disaster Protection Act of 1973 requires people who live in a floodplain to carry flood insurance in perpetuity on that property. A grant agreement, deed restriction, covenant, or similar enforcement vehicle will be required to be placed on the property requiring that flood insurance be maintained on that property as long as the property exists in the designated floodplain.
 - a. Failure to maintain flood insurance, when required, will result in the rental property owner and the property being ineligible for future federal disaster relief.
 - b. The Program may pay for one year of flood insurance, if applicable, if the rental property owner currently does not have flood insurance and did not receive prior federal assistance. The rental property owner is responsible for obtaining, paying, and maintaining all flood insurance premiums after the first year.
 - c. If located in a 100-year floodplain, the rental property owner will be required to maintain flood insurance in perpetuity and notify future owners of flood insurance requirements.
11. Rental property owners must remain current on all property taxes.

12. Rental property owners must meet all requirements agreed upon in the executed legal documents required by the program.
13. All owners should be listed on the program application. Rehabilitation, reconstruction and replacement files will require one owner to sign program forms and the Rental Grant Agreement; however, any non-applicant with an ownership interest in the damaged property will be required to provide consent to program construction activities for the damaged structure prior to the execution of the Rental Grant Agreement and commencement of construction. The Renew NC Small Rental Housing Program is not liable for any dispute arising between property owners.

All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the rental property prior to the start of construction.

The rental property owner has 30 days from the date of Rental Grant Agreement execution to remove all such debris and derelict property from the construction site. Failure to remove such property may result in a reduction in the total benefit amount to account for program removal and if such a reduction results in a new feasibility determination that the project is no longer feasible, the applicant will be determined ineligible and the application will be closed.

The rental property owner will be responsible for the removal of all derelict personal property prior to construction.

12.0 Pre-Construction

After the Grant Agreement is executed, the case enters the “pre-construction” phase. During the pre-construction phase of the Program, several key activities take place which prepare the project for the start of physical construction. Key activities which take place during the pre-construction phase of the Program include, but are not limited to:

- **General Contractor Assignment:** The Program assigns a Program-qualified General Contractor (GC) to complete the construction project.
- **Survey and Design:** The assigned General Contractor will arrange for a property survey and engineering design for the project, as applicable.
- **Cost Estimate:** The assigned General Contractor will visit the project site to finalize a cost estimate.
- **Pre-Construction Meeting:** The Program will host a meeting with the applicant to review key items as related to construction.
- **Permitting:** The assigned General Contractor will obtain all permits required to complete the assigned construction scope of work; and
- **Moveout and Utility Disconnection:** Applicants will be required to remove all personal property. If applicable, homeowners must also arrange for utilities at the property to be disconnected.

12.1 Contractor Selection and Assignment

The Program relies on a pool of qualified general contractors (GCs) to perform repair, reconstruction, and MHU replacement work. General contractors will be assigned to complete construction work for eligible and awarded applicants. General contractors will be assigned by the Program to each project after the Grant Agreement has been executed. Applicants are not permitted to select or manage their own general contractor.

The Program will assign projects to general contractors based on the general contractor’s performance history on Program construction projects and the general contractor’s capacity to take on additional jobs at the time the project is ready for assignment.

Performance metrics will be tracked on each property assigned to and completed by a GC. General Contractor performance metrics for speed of preconstruction and construction activities, quality of construction, customer service, and GC capacity for additional work will be maintained. The GCs will be compared against other Program assigned GCs and Program performance standards. To expedite recovery, higher performing GCs will receive more Program assignments than lower performers.

12.2 Survey and Design

Assigned general contractors are responsible for completing property surveys, obtaining elevation certificates (if necessary), and any additional inputs required for site-specific engineering and design activities including, but not limited to, geotechnical analyses, septic system evaluations, water well evaluations, drainage analyses, radon testing, and ACM surveys. Most reconstruction project types will require property boundary surveys to determine placement of the new property on the site within municipal set back boundaries. Repair and replacement projects may require survey and engineering documents depending on the local jurisdiction requirements and the Program scope of work assigned. The GCs will be responsible for ensuring all local requirements are satisfied during their permitting and construction activities.

12.3 Cost Estimate

The Program developed construction standards are incorporated into the pricing for each of the three (3) award types offered. All costs incurred by the Program must follow the Cost Principles outlined at 2 C.F.R. Part 200, Subpart E. When a contractor is selected, the Program provides the contractor with a preliminary scope of work.

For MHU replacements, the Program's preliminary scope of work includes the number of bedrooms and bathrooms which must be included in the replacement MHU, any reasonable accessibility modifications to be included, and the width of the unit (singlewide or doublewide).

For reconstruction award types, the Program's preliminary scope of work includes the number of bedrooms and bathrooms which must be included in the reconstructed home, and any reasonable accessibility modifications to be included.

For repair award types, the Program's preliminary scope of work is the Estimated Cost to Repair document, which relies on Xactimate pricing and is prepared during the damage assessment phase.

General contractors will visit each subject property to evaluate site-specific conditions that must be factored into the Program cost estimate and to finalize the Program-provided scope of work. The applicant or their designee is required to attend the site visit conducted by the General Contractor. Upon completion of the site visit and incorporation of any site-specific line items to the scope of work, the General Contractor must submit the scope of work to the Program for review and approval. The Program must approve each scope of work before the General Contractor may begin construction activities. Once approved, the Program scope of work may only be modified via a fully executed, written change order.

12.4 Pre-Construction Meeting

After the scope of work has been approved by the Program, the General Contractor and Case Manager will host a "pre-construction" meeting with each applicant. The purpose of the pre-construction meeting is to inform the applicant of next steps, provide the applicant with the floorplan or scope of work that will be performed by the Program, and to answer any construction-related questions the applicant may have. Key topics covered during the pre-construction meeting include, but are not limited to:

- **Applicant Responsibilities during Preconstruction and Construction:** Applicants and General Contractors will be provided with a written document outlining applicant responsibilities during both preconstruction and construction.
- **Moveout and Utility Disconnection:** If required, the General Contractor and applicant will agree upon a date by which the applicant must have personal property removed from the hurricane-damaged property and have all utilities disconnected.
- **Site Conditions:** Project sites must be cleared of excessive debris and personal property. During the pre-construction meeting, the applicant will be informed of the actions they must take to prepare the site for construction. **If the site includes excessive debris or personal property, the applicant must clear the site within thirty (30) days of the pre-construction meeting.** The applicant will also be informed which, if any, outbuildings, landscaping, ancillary structures must be removed. Similarly, if the applicant wishes to preserve any of the items slated for removal/demolition, the applicant must remove the items from the property within **thirty (30) days** of the pre-construction meeting. **Outbuildings, landscaping, and structures other than the hurricane-damaged property which remain on the site thirty (30) days after pre-construction meeting may be demolished and the Program will not replace them.**
- **Scope of Work:** The General Contractor will present the applicant with a copy of the Program- approved scope of work. If the project is a MHU replacement or reconstruction, the scope of work shall include a copy of the floorplan being offered.
- **Reasonable Accommodations:** The General Contractor will confirm any reasonable accommodations included in the approved scope of work with the applicant.

12.5 Permitting and Code Compliance

General contractors are required to complete all Program-sponsored construction activities in accordance with all federal, state and local building codes and requirements. General contractors are responsible for determining which permits are required and for acquiring all permits required to complete the Program-approved scope of work from the authority having jurisdiction for code compliance in the location where the construction project is located. Permits required for each project vary by location and scope of work, but may include permits for items such as but not limited to:

- Demolition
- Septic
- MHU Installation
- Mechanical, electrical, or plumbing
- Building
- Roofing
- Asbestos or Lead Based Paint Abatement

Applicants may be required to sign documents which authorize the General Contractor to obtain permits from the authority having jurisdiction. Because requirements vary by jurisdiction, documents which require the applicant's signature may also vary. If required to sign or complete documents in support of permitting, the applicant must do so within thirty (30) days of being presented with such documents.

General Contractors must demonstrate code compliance to pass a final Program inspection. For new construction, reconstruction, or MHU replacement projects, code compliance will be confirmed via a Certificate of Occupancy (or equivalent), issued by the authority having jurisdiction. For repair projects, code compliance will be confirmed via Certificate(s) of Completion (or equivalent), as applicable, issued by the authority having jurisdiction. Certificate(s) of Completion issued for repair projects may vary, depending on the scope of work completed by the Program.

12.6 Performance and Payment Bonds

General Contractors are responsible for providing the program with performance and payment bonds equal to 100% of the approved work order value for all projects prior to requesting a Notice to Proceed (NTP). Program staff shall review provided performance and payment bonds prior to NTP issuance.

13.0 Construction

13.1 Elevation Standards

The Program will follow HUD guidance to ensure all structures, as defined in 44 C.F.R. 59.1, designed principally for residential use, and located in the FFRMS floodplain, that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 C.F.R. 55.2(b) (12), will be elevated with the lowest floor, including the basement, at least two (2) feet above the Base Flood Elevation (BFE). If local elevation requirements exceed those required by HUD, the more stringent requirement shall apply. The Program will order elevation certificates for construction projects where necessary to comply with HUD's guidance. The Program will not engage in elevation activities as a standalone measure that is not connected to the repair damage caused by qualifying event(s).

13.2 Eligible Construction Activities

General Contractors are only authorized to perform construction activities that are duly authorized by Program-approved scope of work or via an approved change order. Applicant requests for upgrades, modifications, and/or additional work shall not be considered. Program scopes of work, including all items outlined below are subject to the award cap.

Program scopes of work may include:

- **Repair/Rehabilitation work:** Repair/rehabilitation work includes items required to complete repair or rehabilitation of a portion of a property. Repair/rehabilitation work is intended to repair storm damage and bring the damaged structure into compliance with Program construction standards.
- **Reconstruction:** Reconstruction consists of the demolition, removal, and disposal of the hurricane-damaged structure, followed by construction of a new property in substantially the same footprint as the hurricane-damaged structure. Reconstruction work will be conducted in accordance with federal, state and local building codes and requirements. No custom designed homes are authorized unless to specifically address constrained lot conditions.
- **Manufactured Housing Unit (MHU) Replacement:** MHU replacement consists of the demolition, removal, and disposal of the hurricane-damaged MHU, followed by installation of a new MHU in substantially the same footprint as the hurricane-damaged MHU. MHUs provided by the Program must be HUD certified and will be purchased and installed in accordance with state and local building and zoning regulations.

MHUs are offered in 2, 3, and 4-bedroom configurations, all with 2 bathrooms. Singlewide and doublewide MHUs are offered. MHUs will be sourced and offered by the General Contractor, in accordance with Program size and configuration guidance. Applicants are not permitted to select the MHU.

- **Site work:** Site work includes site-specific construction activities necessary to complete the project that are not related to the structure itself. Site work includes, but is not limited to activities such as flatwork, grading, septic tank repair/replacement, well repair/replacement, installation of sod, tree trimming or tree removal, private road and bridge repairs, land stabilization, etc.
- **Environmental Mitigation:** Environmental mitigation activities are those environmental activities identified by the Program or the General Contractor that must be addressed in order to deliver a decent, safe, and sanitary property. Environmental mitigation activities may include, but are not limited to, lead based paint removal or mitigation or asbestos abatement. Costs of environmental clearance inspections are also allowable.
- **Historic Preservation:** Section 106 of the National Historic Preservation Act of 1966 (Public Law 89-665), as amended in 2000, requires Architectural History compliance imposed by the Compliance and Review Section of the Bureau of Historic Preservation, as needed. If the State Historic Preservation Office (SHPO) or other authority having jurisdiction require specific construction or design measures to prevent an adverse effect on a historic or cultural resource, such activities may be included in the Program scope of work.
- **Reasonable Accommodations:** Scopes of work for applicants with duly approved reasonable accommodation requests will include items associated with the approved reasonable accommodation(s). Reasonable accommodations may include items such as widened doorways, ramps, grab bars, etc. To be included in a Program scope of work, the applicant must have presented adequate documentation of a disability for him/herself or a household member, and the reasonable accommodations request form must be approved prior to construction start.
- **Essential Appliances:** Essential appliances, which include stove/range, oven, water heater, dishwasher, and refrigerator are included in Program scope of work for all reconstruction and replacement award types. Scopes of work for repair award types will include replacement of essential appliances, only if the essential appliances are damaged, in non-working order, or non-existent at the time of damage assessment²¹. Appliances provided will be of standard, economy grade and energy efficient. Luxury appliances will not be provided.
- **Smoke and Carbon Monoxide Detectors:** All assisted homes will be equipped with smoke and carbon monoxide detectors, in accordance with local code requirements.
- **Mitigation Measures:** Measures to make homes more resilient in the face of future disasters, such as, but not limited to, roof strapping or elevation, may be included in Program scopes of work.

The above bulleted list is not intended to be an exhaustive or all-encompassing list. All construction work undertaken by General Contractors must be approved via an approved cost estimate or duly authorized change order. Any work completed by general contractors prior to Program authorization is completed at the general contractor's own risk.

The Program does not offer like-for-like replacement of preexisting conditions or materials. All construction work completed by the Program will be completed using standard, builder-grade materials, regardless of pre-existing materials. Applicant-requested upgrades, additions, or modifications to construction scopes of work will not be

considered. Applicants may not pay out of pocket for upgrades, additions, or modifications concurrent with Program sponsored construction.

13.2.1 Exacerbated Damages

To the extent that damages resulting from Hurricane Helene are exacerbated by circumstances beyond the applicant's control before the repair/rehabilitation or reconstruction of the hurricane-damaged structure is completed, the Program may fund the repair, rehabilitation, reconstruction, or replacement of the damaged property.

As recovery from disasters is a long-term process and applicant damages are calculated at a point in time, a subsequent change in an applicant's circumstances can affect the value of unmet needs to an applicant's property. Examples of circumstances beyond the applicant's control include, but are not limited to subsequent disaster, vandalism, or fire.

For example, if an applicant's home was damaged by Hurricane Helene and a subsequent flood or other unforeseen event exacerbates the original Hurricane Helene damage before repairs to damage caused by the hurricane could be completed, the Program may complete the rehabilitation, replacement, or reconstruction and address the unmet repair need as it currently exists.

However, the Program may not provide assistance for activities that: (1) address a need arising solely from an event other than Hurricane Helene; or (2) address a need that has been met in full. For example, if a home did not suffer damage from Hurricane Helene, but later suffered damages from a subsequent event, the Program cannot provide assistance to rehabilitate, replace, or reconstruct the home.

As stated in Program eligibility criteria, all applicants must have sustained damage from Hurricane Helene to receive assistance. If exacerbated damages make it impossible to determine damages from Hurricane Helene through a damage inspection, the Program may use third-party documentation or datasets, such as FEMA award letter, to document storm damages.

13.3 Program Construction Inspections

All Program construction projects must pass a 50% inspection and a final construction inspection. The goal of Program inspections is to confirm that construction work is being completed in accordance with the Program-approved scope of work and that work is of sufficient quality. Program inspectors are not municipal code inspectors and Program inspections do not supersede required municipal code inspections. General contractors are responsible for coordinating municipal code inspections, as required by the authority having jurisdiction to close permits and/or obtain a certificate of occupancy or certificate(s) of completion (or equivalent).

General Contractors must pass a 50% inspection before requesting a final inspection. The General Contractor or General Contractor's representative must be present at each inspection. Failed 50% or failed final construction inspections are considered when evaluating General Contractor performance for purposes of General Contractor assignments.

Items required to pass a 50% inspection and final inspection vary by award type and are outlined below. Inspections may fail an inspection because required work is not complete, because a general contractor or general contractor's representative failed to attend, or because complete work is not of acceptable quality.

The Program will not offer punch list inspections as all work is required to be complete on the project to pass a final inspection.

13.3.1 Repair/Rehabilitation Award Type Inspections

For a repair project to pass a 50% construction inspection, items totaling 50% or more of the dollar value of the scope of work must be completed. General Contractors may request a 50% inspection for a repair project when the General Contractor believes the 50% threshold has been met or exceeded. General Contractors are required to provide photo documentation of work completed and enclosed, when applicable, for the item to pass inspection. Examples of work that may be completed and enclosed at the time of a 50% inspection include, but are not limited to:

- Use of green rock in wet areas that have been painted over,
- Installation of insulation in exterior walls that have sheet rock installed,
- Installation of new subfloor,
- Installation of new radiant barrier sheathing if conducting roof replacement,
- Completion of anti-microbial spray, or
- Installation of replaced plumbing supply/waste lines or valves located within walls.

To pass a final inspection, repair project types must be complete, with municipal approval achieved, as evidenced by Certificate(s) of Completion (or equivalent), and as applicable, issued by the authority having jurisdiction. To pass a final inspection, the following must be complete and onsite at the time of Program inspection:

- Certificate(s) of Completion (or equivalent), issued by an authority having jurisdiction on site for all permits issued for the project;
- All site work is completed;
- Photos of any work complete and enclosed at the time of final inspection. Work complete and enclosed at final inspection may include, but is not limited to:
- Use of green rock in wet areas that have been painted over;
- Installation of insulation in exterior walls that have sheet rock installed;
- Installation of new subfloor;
- Installation of new radiant barrier sheathing if conducting roof replacement;
- Completion of anti-microbial spray, or
- Installation of replaced plumbing supply/waste lines or valves located within walls;
- All construction work included in the Program-approved cost estimate and any duly authorized change orders is complete and of sufficient quality;
- All utilities are reconnected and functional;
- All essential appliances are properly installed and function as intended;
- If the Program-assisted structure is in the FFRMS floodplain according to the effective Flood Insurance Rate Map (FIRM), a final elevation certificate showing the lowest finished floor is constructed at or above the more stringent of HUD, FEMA, or local code requirements;

- Warranty issued for two (2) years and warranty booklet present in the home.
- If the home was built prior to 1978, a post-construction, passed lead-based paint clearance report;
- If ACM abatement was required, clearance certification of proper removal and disposal will be required; and
- If required, radon test results demonstration the radon concentrations within the home are below action levels will be required.

13.3.2 Reconstruction Award Type Inspections

For a reconstruction project to pass a 50% inspection, all the following items must be complete and onsite at the time of inspection.

- Walls are not to be enclosed at the time of the 50% inspection. The inspector must be able to view and inspect the interior of all walls.
- Damaged property has been demolished and debris from the damaged property has been removed from the site and disposed of at an accredited facility to accept such waste;
- Foundation is complete;
- Framing is complete and evidence of a passing municipal framing inspection is on site;
- Roof complete;
- Exterior siding complete;
- Windows installed; and
- Mechanical, electrical, and plumbing rough-ins complete, with evidence of a passing municipal inspection on site.

To pass a final inspection, reconstruction project types must be complete, with municipal approval achieved, as evidenced by a Certificate of Occupancy (or equivalent) issued by the authority having jurisdiction. To pass a final inspection, the following must be complete and onsite at the time of Program inspection:

- Certificate of Occupancy on site;
- All site work completed, including final grading, flatwork, and sod installation;
- All construction complete and of good quality in accordance with Program-approved floor plan, scope of work, and any duly authorized change orders;
- Address numbers are installed on the front of the property;
- All utilities reconnected and functioning;
- All appliances are properly installed and functioning as intended;.
- If the Program-assisted structure is in the FFRMS floodplain according to the effective Flood Insurance Rate Map (FIRM), a final elevation certificate showing the lowest finished floor is constructed at or above the more stringent of HUD, FEMA, or local code requirements;
- If ACM abatement was required, clearance certification of proper removal and disposal will be required;
- If required, radon test results demonstration the radon concentrations within the home are below action levels will be required; and
- Warranty is issued for two (2) years and warranty booklet present in the home.

13.3.3 MHU Replacement Award Type Inspections

For an MHU replacement project to pass a 50% inspection, all the following items must be complete and onsite at the time of inspection.

- Hurricane-damaged MHU has been demolished and removed from the property and disposed of at an approved facility; and
- Replacement MHU has been delivered to the site.

To pass a final inspection, MHU replacement project types must be complete, with municipal approval achieved, as evidenced by a Certificate of Occupancy (or equivalent) issued by the authority having jurisdiction. To pass a final inspection, the following must be complete and onsite at the time of Program inspection:

- Certificate of Occupancy on site;
- All site work completed, including final grading, flatwork, and sod installation;
- All construction is complete and of good quality in accordance with the Program-approved floor plan, scope of work, and any duly authorized change orders;
- Address numbers are set on the front of the home;
- All utilities reconnected and functioning;
- All essential appliances are properly installed and function as intended;
- If ACM abatement was required, clearance certification of proper removal and disposal will be required;
- If required, radon test results demonstration the radon concentrations within the home are below action levels will be required;
- If the Program-assisted structure is in the FFRMS floodplain according to the effective Flood Insurance Rate Map (FIRM), a final elevation certificate showing the lowest finished floor is constructed at or above the more stringent of HUD, FEMA, or local code requirements;
- Warranty issued for two (2) years and warranty booklet present in the home; and
- Title for the new MHU is issued in the applicant's name and evidence of title retirement of damaged/removed MHU.

13.4 Change Orders

From time to time, it may be discovered that the construction scope of work originally approved by the Program must be altered to deliver a decent, safe, and sanitary property within acceptable timeframes. The Program allows for the use of change orders to modify the Program-approved scope of work. Change orders will typically be initiated by the General Contractor. Change order submissions must substantiate the need for the change order and demonstrate that costs associated with the change order are reasonable. Change orders initiated by the applicant will not be considered under any circumstance.

Except for items which pose an immediate health or safety risk, General Contractors must seek change order approval prior to commencing work not included in the Program-approved scope of work. All change order requests must be submitted and approved prior to a General Contractor request for a Program final inspection. General Contractor requests for change order after the project passes a Program final inspection will not be considered.

13.5 Construction Warranty

All construction work completed by the Program will be accompanied by a two (2) year general warranty. Applicants are provided with a copy of the warranty package upon release of keys to the Program-assisted property. Warranties for replacement and reconstruction projects cover the entirety of the Program-assisted unit. Warranties for repair and rehabilitation projects cover all Program-repaired scope items. For example, if a repair project did not include scope of work related to structural repairs, mechanical, electrical, or plumbing, those warranties may not apply.

The General Contractor is responsible for providing the warranty and addressing any valid warranty issues which arise during the two (2) year coverage period. If an applicant chooses to make modifications, additions, or to otherwise affect or alter any Program-assisted item during the two (2) year warranty period, the warranty will be void and the General Contractor will not be responsible for any repairs.

13.6 Property Owner Responsibilities During Construction

The construction phase begins when the applicant and co-applicant (if applicable) signs the Grant Agreement and ends when the keys to the Program-assisted property are presented to the applicant. Applicant responsibilities during construction include but are not limited to those below.

- The Applicant understands if the amount of previous assistance received minus offsets to benefits is greater than \$0.00, that creates a DOB gap. The Applicant understands the DOB gap must be satisfied (reduced to zero) prior to the execution of a Grant Agreement. The DOB gap funding will be used in conjunction with CDBG-DR funds to complete the rehabilitation, reconstruction, or replacement of their home.
- The Applicant acknowledges that once a grant agreement is executed, they waive any future right to appeal or otherwise contest the determinations of eligibility, award type, scope of work, results of all inspections, and funding requirements (including DOB gap calculation and any DOB gap funding requirement). From the effective date of the grant agreement, all decisions by DCR, or its contractors, are final and non-appealable.
- Applicants must remove all personal belongings from inside the structure and the surrounding area. The applicant has thirty (30) days from the date of the pre-construction meeting, to remove all personal property. Applicants are responsible for the costs associated with removal and storage of any personal belongings. The Program is not responsible for any damage to or loss of belongings during construction.
- The Applicant understands the necessary scope of work is based on a scope of work approved by DCR and using economy/standard grade building materials and not the price of replacing the damaged property or its components with like or similar materials. The Program will provide standard construction plans. The property will be built or repaired in accordance with the approved scope of work. The Applicant cannot request any customization or changes to the approved scope of work unless requesting an allowable reasonable accommodation.
- Applicants must coordinate with their assigned General Contractor to sign any required permitting documents in a timely manner.
- The property owner must allow the General Contractor and Program representatives full access to the property until construction is complete, and the property owner is authorized to move back into the property.
- The property owner must allow inspections to be performed by Program representatives and municipal code inspectors. In the event the property owner must be present or provide access to the hurricane-damaged property, the property owner must coordinate with the Program and schedule in a timely manner.
- The property owner must remove and/or secure any animals or pets that remain on property during construction. The Program will not cover costs associated with removal and/or boarding of animals during construction. Homeowners will be responsible for animals, their well-being, and any damage caused by animals remaining onsite during construction.
- The property owner must not interfere with the project site. For safety reasons, property owners must stay away from the hurricane-damaged property during construction. Property owners will not be permitted to direct Program construction activities or provide instructions to the general contractors on means and methods of construction.

- All debris, abandoned vehicles, and buildings that impede construction efforts, permitting efforts, or otherwise pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property within thirty (30) days of the pre-construction meeting. Any debris or site condition captured in a municipality issued code violation that impedes permitting or construction activities must be remedied within thirty (30) days of the pre-construction meeting. Failure to remove personal belongings or any other debris from the property within thirty (30) days of the pre-construction meeting may result in the application being closed.
- If utilities must be disconnected for construction work, Applicants must arrange for utilities to be disconnected within thirty (30) days of the pre-construction meeting.
- The Applicant is responsible for all utility bill payments throughout the duration of the Program. Applicants must keep current on all utility bills during construction, as accounts must be current in most cases for the utility company to reconnect/reinstate services.
- The Applicant understands that the Program will not pay the cost of mortgage payments and/or lot rent, if applicable. It is the owner-applicant's sole responsibility to ensure mortgage or rent payments are paid throughout the duration of construction.
- The Applicant understands that once the Program is complete with construction efforts, the appraised value of their property may increase. As a result, the property taxes owed by the Applicant for the property may increase because of Program participation. However, the use of energy efficient building materials and appliances may decrease utility costs.
- The Applicant understands that they are required to comply with the programs ten (10) year affordability period following completion of construction. The applicant understands if they sell the home or otherwise do not comply with the terms of the grant agreement, they may be subject to repay all or a portion of the grant amount²⁴.
- Applicants using threatening or abusive behavior towards Program staff, which may include, but is not limited to, the use of profanity, derogatory language, and threats of physical violence, will not be tolerated. Ongoing and/or severe abusive behavior may result in termination of the Program award, and the Applicant may be subject to repay any Program funds expended on the project.
- If reasonable and timely access to the property is denied by the Applicant or if any of the above stipulations are not met, the Program may terminate the award, and the Applicant will be required to repay any Program funds expended on the project.

14.0 Compliance Period

The Small Rental Housing Program includes compliance period monitoring during a post-construction affordability period that must be followed per federal regulations. Affordability requirements include:

- Maintaining the property as an affordable rental property for a minimum ten-year affordability period.
- All units assisted by the Program must be leased to tenants with household incomes at or below 80% of the Area Median Income (AMI) for a minimum duration of the 10-year compliance period.
- Rents charged by applicants may not exceed the High HOME Rent limits as defined annually by HUD throughout the compliance period.
- Income certification and third-party verification must be completed at initial lease-up and annually thereafter.
- Income verification must be based on source documentation, such as pay stubs, tax returns, or benefit statements, and may not rely on self-certification. Owners must follow HUD income verification protocols in accordance with 24 CFR Part 5.

- Lease Addendum Requirement and Enforcement- During the affordability period, all leases executed for program-assisted units must include a program-approved lease addendum. This lease addendum shall:
 - Certify tenant understanding that the unit is subject to income eligibility requirements and rent restrictions in accordance with the HUD-published High HOME Rent Limits;
 - State that rents may not exceed program limits and are subject to annual recertification;
 - Affirm that leases will not include any prohibited provisions under 24 CFR 92.253, including but not limited to tenant waivers of legal rights, mandatory supportive services, or exculpatory clauses;
 - Require tenant participation in annual income recertification;
 - Identify that any violations of the lease addendum may result in tenant removal consistent with state and local landlord-tenant laws and may subject the property owner to repayment of program assistance or other enforcement actions under the Grant Agreement.
 - The lease addendum shall be executed at initial lease-up and at each annual tenant recertification during the ten-year affordability period. Property owners must submit a copy of the executed lease and lease addendum to DCR annually.
- Complete and accurate rent rolls and tenant income documentation must be maintained.
- Owners must submit annual compliance reports to DCR demonstrating adherence to program terms, including occupancy, rent, and income eligibility.
- All leasing and occupancy practices must comply with HUD Fair Housing and Equal Opportunity (FHEO) requirements.
- In the event of a sale or transfer during the affordability period, the use restrictions and applicable warranties must transfer with the property through a recorded deed restriction, land use covenant, or other HUD-approved mechanism.
- Use restrictions must remain in place regardless of transfer, refinancing, or payoff, unless released through foreclosure or transfer in lieu of foreclosure.
- The Program will conduct annual monitoring of rent rolls, tenant leases, and income certifications to verify compliance with High HOME Rent limits and other affordability requirements. If an owner is found to be out of compliance, the Program will issue a written notice of deficiency, allowing 30 calendar days to cure the violation. Continued non-compliance or failure to respond may result in enforcement actions, including repayment of assistance, disqualification from future participation, and referral to HUD for further review in accordance with 2 CFR 200.339.

15.0 Grant Terms and Affordability Monitoring

The Small Rental Housing Program provides financial assistance such as grants to small rental property owners, for properties up to four units. The grants are non-amortizing grants that are typically structured so that a portion of the grant is forgiven over time. After verification of tenant income and if the property owner remained in compliance throughout the affordability period, which is a minimum of ten years, based on the award amount and applicable program policy, the grant will be fulfilled.

This grant will be evidenced by a promissory note and recorded mortgage or deed of trust in favor of DCR. The first 20% of the grant will be forgiven twelve (12) months after the construction has been completed. The remainder of the grant will be forgiven 20% per year annually thereafter. If the property owner violates the affordability period before the end of the term, repayment of the unforgiven portion of the grant will be required. If the property is sold during the affordability period, the new owner is required to comply with the terms of the grant agreement and affordability requirements.

In order to verify compliance throughout the affordability period, the property owner is required to update income information for all tenants on an annual basis, which will be monitored to ensure compliance with for the

full ten-year affordability period. If the rental property owner does not provide the annual update to tenant income information, DCR will provide a written notice requesting the income information. If the landlord does not respond within 30 days, the rental property owner will be considered as not in compliance with the requirements regarding the affordability period.

Any loans repaid will be treated as program income and used in accordance with 2 CFR 200.307(e) and applicable HUD guidance. Program income may be recycled to provide assistance to additional eligible rental property owners for the duration of the program or used for other eligible CDBG-DR activities as approved in the Action Plan.

15.1 Flood Insurance Requirements for Properties in Special Flood Hazard Areas (SFHAs)

In accordance with 42 U.S.C. §5154a, 24 CFR 570.605, and the HUD CDBG-DR requirements applicable to the Hurricane Helene allocation, any property that received assistance under the Small Rental Housing Program and is located in a Special Flood Hazard Area (SFHA), as designated by FEMA, must maintain flood insurance coverage for the life of the structure or until the property is removed from the SFHA designation.

- Flood insurance must be obtained prior to closing and maintained throughout the affordability period.
- Insurance must be provided through the National Flood Insurance Program (NFIP) or a private carrier that meets FEMA standards and provides equivalent coverage.
- The insurance policy must name the assisted property and indicate that it covers the structure (not just contents).
- The coverage amount must meet at least the lesser of: (1) the maximum available under NFIP for the property type; (2) the insurable value of the structure; or (3) the unpaid balance of any Federal loan or assistance.

During the affordability period, DCR will collect and review proof of current flood insurance coverage during the annual compliance reporting process.

- If a property is found to have a lapse in required coverage, the owner will be notified and given 30 calendar days to cure the deficiency.
- Continued failure to maintain coverage may result in enforcement action, including but not limited to repayment of assistance in accordance with the Loan Agreement and 2 CFR 200.339.

15.2 Landlord Education and Technical Assistance

To support ongoing compliance with affordability requirements and applicable HUD regulations, the Program will provide technical assistance and compliance training to all participating property owners.

The Program will develop and distribute landlord orientation materials at the time of grant closing. These materials will include guidance on HUD income certification procedures, lease requirements, rent limits, Fair Housing obligations, and annual compliance reporting.

- Property owners who are new to federal funding programs may be referred to HUD-certified housing counselors or other approved training resources for additional assistance in understanding compliance obligations.
- Participation in Program-provided technical assistance may be required as a condition of funding. Owners who fail to complete required training may be deemed ineligible to receive or retain assistance until training is completed.
- Orientation materials will be updated as needed to reflect changes in HUD guidance or Program policy. Updated versions will be distributed to participating owners and made available online.

- Documentation of receipt of education materials must be signed by the property owner at grant closing and retained in the Program file.

DCR will provide orientation materials and technical assistance at grant closing and will maintain these resources online. Technical assistance will also be available throughout the affordability period, particularly for property owners unfamiliar with federal rental program compliance.

15.3 Personally Identifiable Information (PII) and Civil Rights Compliance

The Program will adopt and implement written procedures to ensure the security, confidentiality, and appropriate handling of Personally Identifiable Information (PII), including but not limited to Social Security Numbers (SSNs), income documents, and disability status. Access to PII shall be limited to authorized personnel only, and electronic files containing PII must be stored on secure systems with appropriate encryption and user authentication protocols.

The Program will comply with civil rights laws and nondiscrimination provisions at 24 CFR Parts 1, 8, and 570, including but not limited to:

- Title VI of the Civil Rights Act of 1964
- Section 504 of the Rehabilitation Act of 1973
- The Fair Housing Act

All Program staff, subrecipients, and contractors will receive training on civil rights obligations, reasonable accommodations, and the handling of PII prior to accessing program files.

16.0 Closeout and Financial Management

16.1 Closeout Review

Once all construction contractor payments have been issued, the file will move into the closeout review stage. Closeout review is a multi-tiered review that results in a full file, end-to-end verification process. The verification process starts at the case manager level, where the basic file documentation requirements for the program are reviewed and any additional documentation that may be needed is gathered. At this stage, the applicant's Duplication of Benefit (DOB) information is re-checked against federal data sources to determine if there has been any disbursement of additional benefits between the point that the applicant signed the award and the construction was completed. Whether a change has occurred, and the amount of any change, is documented at this step.

DOB reassessments will be conducted using the process outlined in Appendix C of the April 2025 Universal Notice, including identifying total need, total assistance received, applicable exclusions, and any remaining duplication to be subrogated or adjusted prior to closeout.

Once the initial end-to-end file review is completed by the case manager, the file is routed for QA/QC. The QA/QC team may correct any issues with the file, return the file to case management for additional work, or approve the file for routing to DCR for final review and approval.

DCR's review team will be the final checkpoint on the way to an applicant's individual file closeout. The DCR's review team will review the findings of the case manager and lower-level QA/QC team. DCR may return the file for further work, route the file to subrogation/recapture, or accept the file for closeout.

The items reviewed for closeout at the case management and first-level QA/QC levels include documentation that the applicant file is complete, such as:

1. Applicant eligibility (income, ownership, occupancy, citizenship, etc.);
2. Property eligibility (location, structure type, tie-back, remaining unmet need);
3. Applicant certifications (stop work, lead brochure, flood insurance, subrogation, fraud, etc.);
4. Tier II Environmental Review signed by the Certifying Officer;
5. Construction-related environmental requirements (lead risk assessment, clearance, elevation, historic, etc.);
6. If tenants, Uniform Relocation Act (URA) documentation present;
7. Duplication of Benefits documentation;
8. Reassessment of DOB and if new benefits, mark for subrogation;
9. Applicant communications;
10. Applicant documentation (backup documents, loan agreement, etc.);
11. Construction documentation (inspection reports, certificates of occupancy, , etc.).

The items reviewed for closeout at the DCR level include documentation proving, at a minimum:

1. National Objective;
2. Eligible Activity;
3. Verification of case management findings for items listed above;
4. Verification that DOB gap payments were drawn down prior to program funding;
5. Verification of recommendations for subrogation;
6. Copy of Bid Documents;
7. Copy of Construction Contract;
8. Copy of Change Orders;
9. Proof of Final Construction Payment;
10. Appeals process complete, if applicable;
11. Copy of any complaints received and their resolution

16.2 Subrogation

When an applicant receives benefits from federal disaster assistance sources, non-profits, or their insurance after the award determination is made and prior to the file closeout DOB reassessment, these funds may be owed by the applicant to the program. Applicants are made aware of this at the application stage and at award closings where the grant agreement is executed. As part of the grant agreement process, applicants also sign a subrogation and repayment agreement.

If during the closeout review process the DOB reassessment results in a finding that additional duplicative funds were provided to the applicant, DCR will notify the applicant of the duplicative funding amount. This letter will include demand for repayment of the funds that must be subrogated to the program. The applicant must submit these funds via certified check to DCR.

Funds repaid under subrogation are not considered program income and will be recorded in the Disaster Recovery Grant Reporting (DRGR) system in accordance with the April 2025 Universal Notice, Appendix C.

16.3 Recapture

DCR may expend funds on applicant projects where the applicant fails to maintain compliance with program policies and procedures. In some instances, DCR may be able to work with the applicant to bring the applicant back into compliance, but in others, the violation will result in disqualification. Should DCR expend funds on an applicant project that becomes non-compliant and which cannot be remedied, the applicant may owe the funding expended on the project back to DCR. This is known as recapture of funding.

These projects will have a ten (10) year monitoring period post-construction (for 1–4 unit properties). The properties must be restricted to LMI tenants and rents must be restricted to approved rates that preserve affordable housing options. DCR will monitor for compliance via rent rolls, lease agreement review, and other supporting documentation on a yearly basis. Rental applicants have an ongoing obligation to comply with monitoring and meet compliance requirements during this period. Failure to rent the assisted property to LMI individuals at restricted rates will result in recapture of the total amount of funding provided by DCR for the construction of the project.

In cases of recapture, DCR will require the applicant to repay the total amount of assistance in a lump sum unless a hardship accommodation is approved. DCR may consider extenuating circumstances, such as death, permanent institutionalization, military deployment, or foreclosure, consistent with state policy and the DCR Housing Policies and Procedures.

17.0 Program Income

The Program does not anticipate the generation of Program income (PI). In the event that PI is generated by the Program this section shall apply. PI is defined as gross income received by the Program or its subrecipients that is directly generated from the use of CDBG-DR funds, as outlined in 2 CFR § 200.1, 2 CFR § 200.307, and 24 CFR § 570.500(a). Examples of PI include repayments of forgivable loans, rent payments from assisted properties, or interest earned on program funds.

All Program Income must:

- Be tracked separately in the Program’s financial management system using a distinct account in the general ledger;
- Be reported to HUD via DRGR on a quarterly basis, in accordance with the grant agreement and applicable HUD guidance;
- Be used for eligible CDBG-DR activities that meet a National Objective prior to drawing additional grant funds;
- Be documented fully, including source and use, and retained in accordance with 2 CFR § 200.302 and 2 CFR § 200.334.

If PI is proposed for use on a different activity than the one that generated it, the Program must submit an Action Plan amendment and receive HUD approval prior to use.

All PI must be:

- Recycled to support additional eligible rental property owners, or
- Used for other eligible CDBG-DR activities as authorized in the HUD-approved Action Plan.

Program Income received after program closeout will be returned to the State or managed according to the HUD-approved closeout agreement and related guidance.

A Program Income Tracking Log will be maintained to ensure audit readiness and compliance with the April 2025 CDBG-DR Universal Notice.

18.0 Program Closeout

Upon completion of all awarded projects, the Program will enter a formal program closeout phase. DCR will ensure that all grant funds are fully expended, program income is reconciled, all subrecipient and contractor agreements are closed, and HUD compliance requirements have been satisfied.

Activities under program closeout include:

- Review of all projects to ensure National Objective and eligible activity documentation;
- Reconciliation of total grant funds, including de-obligated or unspent balances;

- Final submission of Quarterly Progress Reports (QPRs), Performance Evaluation Reports (PERs), and DRGR system entries;
- Compilation of program-level documentation including:
 - Appeals and complaints logs;
 - Monitoring records and resolution status;
 - Procurement, environmental, and financial management documentation;
 - Preparation of an audit-ready final closeout package.

Program records will be retained by DCR for a minimum of five (5) years following HUD's acceptance of program closeout, in accordance with 2 CFR § 200.334 and applicable federal guidance.

The Program will be considered closed once HUD provides written acknowledgment of closeout acceptance.

19.0 Compliance and Recordkeeping

19.1 Due Diligence Exceptions for Commitment Letter Processing

There are several verifications that are performed as due diligence before granting a Small Rental Housing Program award. Upon the instruction of the State, some due diligence checks must occur prior to closing, but are not required prior to issuing a commitment letter to the applicant. The following due diligence checks will be required prior to closing:

19.1.1 Credit Reports and Authorizations to Release Information

Credit reports are used to check if the property is in bankruptcy. Applicants must sign and return an Authorization to Release Information before the Small Rental Housing Program can order a credit report and confirm that the property is not in bankruptcy. The Authorization to Release Information must be received and the Credit Report must be reviewed prior to closing. Applicants in active bankruptcy proceedings cannot proceed to closing without documented evidence that the subject property is not part of the bankruptcy estate or that the bankruptcy court has authorized participation in the program.

19.1.2 Title Reports

When applicants are identified that have outstanding liens and judgments on title, the Program will process applicants with outstanding liens and judgments totaling up to 100% of the incentive grant award amount.

Applicants will be notified in writing that liens and judgments have been identified and that clean title is required for closing. Applicants may proceed through commitment processing if the total encumbrance does not exceed 100% of the incentive grant award amount. However, all liens and judgments must be resolved and a clear title must be secured prior to signing the Grant Agreement.

20.0 Fraud, Waste, and Abuse

DCR, as grantee, is committed to the responsible management of CDBG-DR funds by being a good steward of the resources while maintaining a comprehensive policy for preventing, detecting, reporting, and rectifying fraud, waste, abuse, or mismanagement. Pursuant to FR-6489-N-01, DCR implements adequate measures to create awareness and prevent fraud, waste, abuse, or mismanagement among other irregularities in all Programs administered with CDBG-DR funds as well as encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement, regarding the CDBG-

DR Program, to report such acts to the CDBG-DR Internal Audit Office, directly to the Office of Inspector General (OIG) at HUD, or any local or federal law enforcement agency.

20.1 Reporting Fraud

Any allegations of fraud, waste, abuse, or mismanagement related to CDBG-DR funds or resources must be reported to the CDBG-DR Internal Audit Office, directly to the OIG at HUD, or any local or federal law enforcement agency.

Any person, including any employee of the CDBG-DR Program, who suspects, witnesses, or discovers any fraud, waste, abuse, or mismanagement, relating to the CDBG-DR Program, should report it immediately to the CDBG-DR Internal Audit Office by any of the following means:

Reporting Fraud, Waste, and Abuse			
Agency	Phone	Email/Online Form	Address
NC Department of Commerce	984-236-5999	oiarequest@commerce.nc.gov	N/A
NC Office of State Budget and Management	N/A	FWA@osbm.nc.gov Report Fraud Waste Abuse	C/O Office of Internal Audit 20320 Mail Service Center Raleigh, NC 27699-0320
HUD Office of the Inspector General	1-800-347-3735	Report Fraud, Waste, and/or Abuse	HUD Office of Inspector General (OIG) Hotline 451 7th Street SW Washington, D.C. 20410
US Treasury Office of the Inspector General	202-927-0650	Report Fraud, Waste, and Abuse	N/A

21.0 Conflict of Interest

A conflict of interest is a situation in which any person who is a public servant, employee, agent, consultant, officer, or elected official or appointed official of DCR, or of any designated public agencies, or of subrecipients that are receiving funds under the Program (collectively, "Public Servant") may obtain a financial or personal interest or benefit that is, or could be, reasonably incompatible with the public interest, either for themselves or a member of their family during their tenure.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 2 C.F.R. § 200.112, 24 C.F.R. §570.611 and 24 C.F.R. §570.489(h).

No public servant shall intervene, either directly or indirectly, in any matter in which they have a conflict of interest that may result in their benefit. No public servant shall intervene, directly or indirectly, in any matter in which any member of their family unit, relative, partner or housemate has a conflict of interest that may result in benefit for any of the abovementioned.

The above conflict of interest statement does not necessarily preclude DCR, the Program or Program officials, their employees, agents and/or designees, or family members from receiving assistance from the Program. On a case-by-case basis, DCR, the Program or Program officials, their employees, agents and/or designees, or family members may still be eligible to apply and to receive assistance from the Program if the applicant meets all Program eligibility criteria as stated in these policies and procedures and it is determined that a conflict of interest does not exist.

Applicants must disclose their relationship with any public servant(s) at the time of their application, if applicable. Any relationship reported between an applicant and public servant will be evaluated by the Program to determine if said relationship constitutes a conflict of interest as outlined in HUD conflict of interest regulations, at 24 C.F.R. §570.611 and 24 C.F.R. §85.36, as well as applicable North Carolina conflict of interest and ethics rules, N.C.G.S. § 160D-109. If it is determined that the relationship between the applicant and the public servant(s) constitutes a conflict of interest, the applicant may not receive benefit from the Program.

22.0 Files, Records, and Reports

In accordance with 24 CFR § 570.490 and 2 CFR § 200.334, DCR and its subrecipients must maintain all program and project-related documentation, including financial, eligibility, compliance, and performance records.

Records must be retained for at least five (5) years after the final expenditure report is submitted to HUD and approved, or longer if required by HUD, legal proceedings, or audit requirements. These records must be accessible for review by HUD, DCR, the U.S. Government Accountability Office (GAO), and other authorized federal or state officials..

At a minimum, the following types of records must be maintained by each subrecipient or recipient:

- A full description of each activity undertaken;
- Documentation that each activity meets a CDBG-DR national objective;
- Records demonstrating eligibility of the activity;
- Real property acquisition and disposition records;
- Documentation of compliance with fair housing, equal opportunity, and civil rights laws;
- Financial and accounting records, including procurement documentation;
- Performance reports as required by DCR;
- Records supporting any specific grant requirements, including environmental review records, relocation assistance (URA), and duplication of benefits analysis.

22.1 File Structure and Monitoring Documentation Checklist

Each property file must include documentation for every stage of the project lifecycle—intake, eligibility, construction, leasing, and compliance. A monitoring and closeout checklist will be maintained for each project file, and will include:

- Applicant and landlord file with executed application, eligibility determination, and award documents.
- Environmental review records and compliance determinations.
- Loan and mortgage documents, including recapture terms.

- Final inspection reports, certificates of occupancy, and construction closeout forms.
- Income and rent certification records at initial lease and annually thereafter.
- Executed lease and lease addenda for all program units.
- Rent roll reports and tenant files for each program year.
- Annual compliance certifications submitted by landlords.
- Correspondence and resolution of complaints or appeals.
- Annual monitoring reports and cure documentation, if applicable.

DCR will retain these records in accordance with 2 CFR § 200.334 and 24 CFR § 570.490 and will prepare all project files for HUD monitoring and audit. Files must be accessible for HUD, GAO, and State review upon request.

23.0 Complaints and Appeals

Applicants may submit a complaint to the Program at any time. In accordance with the guidance outlined in FR-6489-N-01, the Program will provide a timely written response to every written citizen complaint. Complaints will be addressed within **fifteen (15) working days** of receipt when practicable. If a complaint cannot be addressed **within fifteen (15) working days**, the Program will notify the complainant of the need for additional time and an estimated resolution/response timeframe.

People who wish to submit formal written complaints related to the Program may do so through any of the following avenues:

Via Email: housingcomplaint@RenewNC.org
In Writing: Renew NC Single-Family Housing Program
364 US Hwy 70, Suite 3
Marion, NC 28752

Although formal complaints must be submitted in writing, complaints may also be received verbally and by other means necessary, as applicable, when it is determined that the citizen's particular circumstances do not allow the complainant to submit a written complaint. These alternate methods include, but are not limited to:

Via telephone: 888-791-0207

In person at any Program service center

23.1 Appeals

Applicants who wish to contest a Program determination may request an initial appeal directly with the Program by submitting a written request via electronic or postal mail²⁷ within **thirty (30) calendar days** from the date of the determination being contested. Applicants may request an appeal to contest:

- Eligibility determination.
- Duplication of Benefits gap determination.
- Award Type Determination.
- Program Scope of Work; or
- Recapture Amount.

People who wish to request an initial appeal related to the Program may do so through any of the following avenues:

Via the web portal at : www.RenewNC.org

Via Email: appeals@RenewNC.org
In Writing: Renew NC Single-Family Housing Program
364 US Hwy 70, Suite 3
Marion, NC 28752

The Program Appeals Coordinator will conduct an initial review using the request and supporting information submitted by the applicant and make a determination. When practicable, the determination will be made within ten (10) business days. Applicants will be notified in writing of the determination made on their initial appeal via an Initial Appeal Determination Notification.

If the applicant believes that the Initial Appeal determination was made in error, the applicant may request a Secondary Appeal directly with the DCR Appeals Coordinator within **fifteen (15) calendar days** of the date of the Initial Appeal Determination Notification. A written determination of the secondary review will be made and issued within ten (10) business days when practicable. Applicants will be notified in writing of the determination made on their appeal.

All appeal determinations made by DCR are final with no further administrative review and are not subject to judicial review.

An applicant cannot appeal Program policies, federal regulations, or state statutes. Appeals filed based on these reasons will be denied.

People who wish to request a Secondary Appeal related to the Program may do so through any of the following avenues:

Via Email: DCR.Appeals@commerce.nc.gov
In Writing: North Carolina Department of Commerce
4346 Mail Service Center
Raleigh, NC 27699-4346
Attention: Division of Community Revitalization Appeals

An applicant can withdraw the request for appeal at any time by providing written notice to DCR of this decision. Such a written notice must be delivered to DCR at the address(s) referenced above.

Program requirements established by DCR and approved by HUD as dictated by law may not be waived or abrogated.

Applicants who choose to file a request for appeal are encouraged to provide individual facts or circumstances, as well as supporting documents to justify their petition. In adjudication of the appeal, the Program will only review facts and information already included in an Applicant's file, unless the Applicant submits new documentation. The Program has the discretion to accept or reject new documentation based upon its relevance to the appeal.

24.0 Exceptions to Program Policies

The Program policies and procedures set forth the policy governing the Program and approved Standard Operating Procedures set forth the procedures by which policy will be enacted. The Policies and Procedures and the SOPs are intended to guide Program activities and enforce compliance with applicable federal regulations. While Policies and Procedures and SOPs govern the Program, neither should be considered exhaustive instructions for every potential scenario that may be encountered by the Program. At times, exception to Program policies and/or procedures may be warranted. All exception requests are reviewed and adjudicated on a case-by-case basis as

need arises, at the sole discretion of DCR. The case-by-case analysis may consider an applicant's remaining unmet need and would include documentation of cost reasonableness to confirm costs incurred are necessary and reasonable. Exceptions may be granted to Program policy or process. However, exceptions to federal regulations, laws, or statutes shall not be authorized.

Appendix A: Definitions

100-year floodplain: The area subject to inundation from a flood with a 1% or greater chance of being equaled or exceeded in any given year.

Affordability Period: To ensure that the CDBG-DR investment in rental properties yields affordable housing, the Renew NC Small Rental Rehabilitation Program is imposing rent and occupancy requirements over the length of a compliance period, known as the affordability period. All Renew NC Small Rental Rehabilitation Program-assisted rental units must be restricted during the affordability period for LMI persons. The rents, at a minimum, must comply with the High HOME Investment Partnerships (HOME) Rents. Rents may not exceed 30% of the monthly income for a household earning 80% or less of the Area Median Income (AMI). For rehabilitated or reconstructed single-family rental units, affordability periods will be a minimum of 5 years.

Area Median Income (AMI): The median (middle point) household income for an area adjusted for household size as published and annually updated by the United States Department of Housing and Urban Development (HUD). Once household income is determined, it is compared to HUD's income limit for that household size.

Amortized Loan: Loans that require a monthly payment by the homeowner. When participants are able to afford monthly payments, lending funds makes sense because funds that are repaid can be reinvested to assist other low-income households. Amortizing loans can be made as principal-only loans, or funds may be lent at below-market interest rates.

Applicant: Any individual who submits an application for assistance to the Renew NC Small Rental Housing Repair and Replacement Program for Hurricane Helene.

Application Intake: The initial step a property owner must take to seek benefits under the program. The application will result in the prioritization of an applicant if basic eligibility requirements are met.

Base Flood Elevation (BFE): Base Flood Elevation, as determined by the Federal Emergency Management Agency (FEMA), is the relationship between the BFE and a structure's elevation. It is used to determine flood insurance premiums. The Federal Register sets the minimum elevation requirements for properties that will be assisted with CDBG-DR funding and that require elevation. HUD has determined that structures designed principally for residential use and located in the 100-year floodplain that receive assistance for new construction, repair of substantial damage or substantial improvement must be elevated with the lowest floor, including the basement, at least two feet above the BFE.

Cancelled Loans: The borrower has entered a loan agreement, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the applicant. The loan cancellation may be due to the default of the borrower, agreement by both parties to cancel the undisbursed portion of the loan, or expiration of the term for which the loan was available for disbursement.

CDBG-DR: Community Development Block Grant-Disaster Recovery.

Common Area Under Roof: The total area under the common roof is primarily interior, conditioned/climate-controlled spaces, and for single-story homes, equal to the footprint of the house. The term is also synonymous with the eligible area. In addition, exterior spaces or accessory structures such as detached porches and garages are not considered in the eligible area, and accessory structures that may be attached to the side of a property but not under the common roof are not considered eligible.

Damage Assessment: The initial opportunity for a program inspection of the structure damaged by Hurricane Helene, in which all damage was repaired at the time, and damage still to be repaired are officially documented in an estimating software that allows monthly market pricing and local sales taxes to be applied to program eligible materials and labor in a consistent report format. The damage assessment reports will contain a detailed sketch of the structure along with exterior and interior photos.

Damage Repair Valuation (DRV): The Damage Repair Valuation, or DRV, will represent the Xactimate-determined value of the repairs completed by the homeowner, or those caused to be repaired by the homeowner, prior to the program application submittal for HRRP. Xactimate is a residential estimating software that is used to standardize estimates for construction costs. The completion of the repairs will be verified by a program inspection during the initial site inspection process. The value of these repairs may be used in the duplication of benefits analysis and evaluation process.

Declined Loans: Declined loan amounts are loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the applicant, meaning the applicant never signed loan documents to receive the loan proceeds.

Demolition: Clearance and proper disposal of substantially damaged or dilapidated buildings.

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

Duplication of Benefits: A duplication of benefits occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount in excess of the total need is the Duplication of Benefits (“DOB”), and DOB is prohibited by federal law. A Duplication of Benefits will occur if the Program for Hurricane Helene provides assistance to a rental property owner for the same purpose (repair, replacement, or reconstruction) as any previous financial or in-kind assistance provided to a property owner for the repair, replacement, or reconstruction of his or her property. By Federal Law, Renew NC is prohibited from creating a Duplication of Benefits. This prohibition comes from the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), and, therefore, these other sources of funds must be deducted from any potential award. DCR will comply with HUD’s current duplication of benefit policies as reflected in the June 19, 2019, Federal Register Notice entitled “Updates to Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees (84 FR 28836), which includes the amendment that when certain conditions are met, loans will no longer be considered a DOB.

Duplication of Benefits (DOB) Gap: DOB Gap is the total amount of excludable and non-excludable benefits received, less the amount of excluded benefits (excludable benefits) from the DOB analysis. DOB Gap amount along with all future non-excludable benefits received by Recipient(s) shall be provided to DCR and deposited in a DOB Gap Funding Account prior to the execution of the Homeowner Grant Agreement.

Duplication of Benefits Gap Funding: The amount of non-excludable benefits received by a homeowner and placed in the DOB Gap Funding Account.

Duplication of Benefits Gap Funding Account: DOB Gap Funding Account is an account controlled by DCR where all non-excludable benefits received by Recipient(s) prior to and/or after the execution of this Agreement are deposited. Funds in the DOB Gap Funding Account, if any, will be disbursed to the Contractor for completion of the Statement of Work before any Grant Award funds will be disbursed.

Elevation: All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 1% annual (or 100-year) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b) (10), must be elevated with the lowest floor, including the basement, at least two feet above the 1% annual floodplain elevation. Elevation will be conducted by means of pier and beam construction, as per North Carolina building code. Fill dirt to achieve proper elevation height will not be eligible.

Eligible Property Owner: A property owner who holds legal title to a Hurricane Helene disaster-damaged residential rental property located within the program’s designated service area and who meets all program requirements and is deemed eligible by DCR to receive CDBG-DR funds under this Small Rental Housing program.

Environmental Review: All qualified projects must undergo an environmental review process. This process ensures that the activities comply with the National Environmental Policy Act (NEPA) and other applicable state and federal laws. For HUD purposes, applicable requirements are found at 24 CFR 58.

Environmental Review Record (ERR): The documentation that supports the environmental review conducted under 24 CFR Part 58, which must be completed and approved prior to commitment of federal funds.

Estimated Cost to Repair (ECR): An ECR is used to verify Hurricane Helene damage to the property and determine the estimated scope of work to complete the repairs to the property and bring the property up to program standards.

Family: A household composed of two or more related persons. The term “family” also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well-being.

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

FEMA-Designated High-Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. Properties located in these areas will be identified during the environmental review process.

FFRMS floodplain: The area subject to inundation from a flood with a 1% or greater chance of being equaled or exceeded in any given year.

Flood Hazard Area: Areas designated by FEMA as having risk of flooding.

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

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

Floodway: A "Regulatory Floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. Communities must regulate development in these floodways to ensure that there are no increases in upstream flood elevations. For streams and other watercourses where FEMA has provided Base Flood Elevations (BFEs), but no floodway has been designated, the community must review floodplain development on a case-by-case basis to ensure that increases in water surface elevations do not occur, or identify the need to adopt a floodway if adequate information is available.

Forgivable Loan: A loan for which repayment is not required if the borrower satisfies specific program requirements, such as maintaining affordability for a set period. Forgivable loans are not fully amortized. Instead, some or even all of the principal and interest payments are deferred to some point in the future. If forgivable, the forgiveness might be structured to occur at one point in time such as at the end of the affordability period. For the Small Rental Housing Program, forgiveness occurs at the end of the affordability period if compliance is maintained.

Green Building Standards: All rehabilitation that meets the definition of substantial improvement, reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes or Multifamily High-Rise), (2) EPA Indoor Air Plus

(Energy Star a prerequisite), (3) LEED (New Construction, Homes, Midrise, Existing Buildings Operations, and Maintenance, or Neighborhood Development), or (4) ICC–700 National Green Building Standard.

High HOME Rent Limits: The maximum rent that can be charged for a unit funded under the HOME program, as defined by HUD. These limits, which are used for CDBG-DR rental housing activities under the LMH National Objective, are updated annually and include utilities.

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single-family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the Low- to Moderate-Income compliance test is based on the total household income.

Housing Quality Standards (HQS): The HQS establish certain minimum standards for buildings. This includes new single-family homes and multifamily housing as outlined in 24 CFR 982.401. The Renew NC Small Rental Rehabilitation Program uses these standards as a guideline to identify basic living quality deficiencies that should be addressed during the construction process when there is other identifiable Helene-related storm damage. The Renew NC Small Rental Rehabilitation Program does not conduct a certified HQS inspection.

HUD: United States Department of Housing and Urban Development.

Increased Cost of Compliance (ICC): Structures damaged by a flood may be required to meet certain building requirements, such as elevation or demolition, to reduce the risk of future flood damage before the structure can be repaired or rebuilt. To help cover these costs, the National Flood Insurance Program (NFIP) includes Increased Cost of Compliance coverage for all new and renewed Standard Flood Insurance Policies. ICC is a potential source of Duplication of Benefits, as a supplement to an existing NFIP policy. Policyholders are only eligible to receive ICC payment if a Substantial Damage Letter has been issued by the local floodplain manager.

Individual Mitigation Measures (IMM): Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. In accordance with HUD's guidance, repair of housing units and the payment of flood insurance are not IMM activities. Examples of mitigation measures include elevation above the base flood elevation level or the addition of storm shutters, disaster-proof windows, roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage. However, mitigation measures are not eligible as standalone activities. They must be incorporated as part of a project that is otherwise addressing eligible repairs that are necessary as a result of Hurricane Helene.

Low- and Moderate-Income Housing (LMH) National Objective: A CDBG National Objective under 24 CFR § 570.208(a)(3) that is met when housing is provided that will be occupied by low- and moderate-income households. The housing must be affordable and meet rent and income requirements for the full affordability period.

Mobile/Manufactured Housing Unit (MHU): A structure, transportable in one or more sections which, in the traveling mode is 8 body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 square feet, is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. Sometimes referred to as mobile homes. A MHU is built to the specifications required in the Manufactured Home Construction and Safety Standards Act of 1974, 42 U.S.C. 70 § 5401 et seq. MHUs display a red certification label on the exterior of each transportable section. Manufactured homes are built in the controlled environment of a manufacturing plant and are transported in one or more sections on a permanent chassis.

Modular Housing: A home built in sections in a factory to meet federal, state, or local building codes. Once assembled, the modular unit becomes permanently fixed to one site. The program will treat modular homes as traditional, site, or stick-built construction.

Most Impacted and Distressed (MID) Areas: Areas of most impact as determined by HUD or the state using the best available data sources to calculate the amount of disaster damage. The MID-designated areas include Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Catawba, Clay, Cleveland, Gaston, Haywood, Henderson, Jackson, Lincoln, Macon, Madison, McDowell, Mecklenburg (zip code 28214 only), Mitchell, Polk, Rutherford, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey counties.

Multifamily: Residential structures containing five or more units (up to 7) or multifamily residential structures located on adjacent lots.

NCDOC: North Carolina Department of Commerce; the grantee and administering entity for CDBG-DR funds allocated to the State of North Carolina for recovery from Hurricane Helene which made landfall in North Carolina in September 2024.

NFIP: National Flood Insurance Program.

Not Suitable for Rehabilitation: DCR defines “not suitable for rehabilitation” as one of the two following definitions:

1. Residential properties that have experienced repetitive losses under FEMA’s National Flood Insurance Program (NFIP).

Dwellings that are considered substandard and do not meet the recovery program’s housing repair standards and/or federal, state, and local code requirements will not be deemed suitable for rehabilitation, as determined by the program and consistent with program guidelines. A structure is not suitable for rehabilitation if the cost of repair is unreasonable based upon program standards.

Owner-Applicant: An individual who applies to the Small Rental Housing Reconstruction and Rehabilitation Program for assistance with his/her rental unit.

Private Loans: A loan that is not provided by or guaranteed by a governmental entity, and that requires the CDBG-DR applicant (the borrower) to repay the full amount of the loan (principal and interest) under typical commercial lending terms, e.g., the loan is not forgivable.

Program Income: Gross income received by the grantee or subrecipient directly generated from the use of CDBG-DR funds. Examples include rental income or principal/interest repayments on loans. Program income must be used for eligible activities and reported in accordance with 2 CFR Part 200 and HUD requirements.

Property Casualty Insurance: Insurance that covers structural repairs to a home as a result of wind, fire, hail, wind-driven rain, tornado, hurricane, or natural disaster, other than flood.

Qualifying Event: Hurricane Helene

Reconstruction: The demolition, removal, and disposal of an existing housing unit and the replacement of that unit on the same lot, and in the same footprint, with a new unit that complies with the International Residential Codes (IRC), as required by the North Carolina Code. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased.

Registrant: Any individual that registers with the program.

Rehabilitation: Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards.

Rental Activity: Repair of affordable rental housing resulting in structures where units served by the small rental rehabilitation program are to be occupied by LMI persons in accordance with the affordability period. Income and rent restrictions apply to the rental units assisted with CDBG-DR funds.

Replacement: Demolition, removal, and replacement of a damaged MHU with a new MHU in substantially the same footprint or at a new location, if the original damaged unit was on leased land and the MHU owner must relocate to a new property. Relocation of a new MHU will require additional environmental review.

Shortfall Amount: Shortfall Amount is the difference between the Grant Award and cost to complete the construction activities in the Statement of Work identified by DCR.

Single Family Residence: Residential structures containing one (1) to four (4) dwelling units

Small Rental Housing: Non-owner-occupied residential structures with four units or less.

Statement of Work: The statement of work contains the repairs identified in the ECR that the contractor selected by DCR must complete.

Stick-built home: A home that has been built on-site using traditional construction materials and methods.

Subrogation: Subrogation is a legal doctrine that allows one person to take on the rights of another. In the context of disaster recovery grants, a rental property owner must enter into a subrogation agreement where the funding agency (DEO) obtains the right to collect any additional disaster recovery assistance or insurance payouts the rental property owner receives for the same purpose for which the CDBG-DR funds were provided (i.e., Hurricane Helene damage) after the rental property owner has entered into a loan agreement for Renew NC Small Rental Rehabilitation Program.

Subsidized Loans: Subsidized loans (including forgivable loans) are loans other than private loans. Both SBA and FEMA provide subsidized loans for disaster recovery.

Substantial Completion: The completion of the Estimated Cost of Repair and/or the program issued plans/specifications awarded to the contractor as documented by a passed Final progress inspection.

Substantial Damage: Based on the flood provisions of the North Carolina Building Code, damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damaged condition would equal or exceed 50% of the market value of the structure before the damage occurred. The determination is only made by the local jurisdiction. The program will abide by these determinations.

Substantial Improvement: As defined in 24 CFR 55.2(b)(10)(i)(A) and as applicable to the HRRP, substantial improvement means any repair, reconstruction, modernization or improvement of a structure, the cost of which equals or exceeds 50% of the market value of the structure either before the improvement or repair is started, or if the structure has been damaged and is being restored before the damage occurred. Substantial improvement determinations are only made by the local jurisdiction. The program will abide by these determinations.

Tenant Income Certification (TIC): A document used to verify a tenant's household income for compliance with rent-restricted units. The TIC process includes submission of source documentation and is used to determine whether the tenant qualifies under HUD's income limits at the time of lease-up and annually thereafter, consistent with CDBG-DR program requirements.

Unresponsive: the failure to answer or return three consecutive phone calls, and failure to respond to written requests within program timeframes.

Uniform Relocation Assistance (URA): A federal law (49 CFR Part 24) that ensures fair treatment of persons displaced by federally funded projects. It mandates notice, assistance, and compensation for tenants displaced due to rehabilitation or demolition.

Xactimate: A residential estimating software that is used to standardize estimates for construction costs.

Zero Award: When a zero award is determined, it is due to the estimated cost to repair the disaster-related structural damage sustained to an applicant's home being less than the amount of benefits previously received or previously approved to receive from other sources.

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