



NC DEPARTMENT
of COMMERCE
COMMUNITY REVITALIZATION



RenewNC
HOUSING

North Carolina Department of Commerce
Division of Community Revitalization
Renew NC Rental Production Program
Policies and Procedures

Version 1.0 – July 7, 2026

Table of Contents

Revision History	7
Version Policy	8
Policy Change Control	8
1. Program Overview	9
1.1 Introduction	9
1.2 Program Authority	9
1.3 Program Description	10
1.4 Funding Allocation	10
1.5 Expected Award Cycle	11
1.6 Program Timeline	11
1.7 Requests for Extension	11
1.8 Continuing Obligations	11
2. Eligibility Requirements	12
2.1 Eligible Project Locations	12
2.2 Eligible Applicants	12
2.3 National Objective	12
2.4 Storm Tie-Back	13
2.5 Eligible Activities	13
2.6 Ineligible Activities	14
3. Roles and Responsibilities	14
3.1 NCHFA Responsibilities	14
3.2 NCDOC Responsibilities	14
3.3 Developer Responsibilities	14
4. Avoiding Duplicated Benefits	15
4.1 Offsetting Awards and Monitoring	15
5. Affordability Requirements	16
5.1 Affordability Period and Income/Rent Limits	16
6. Environmental Requirements	17

6.1	NEPA Compliance and Responsible Entity	17
6.2	Responsible Entity	17
6.3	Restriction on Obligating or Expending Funds	18
6.4	Environmental Review Costs	18
6.5	Prohibition on Choice-Limiting Actions	18
6.6	Scope of Review	19
6.7	Information Required for Environmental Review	20
7.	Procurement, Bonding, & Insurance Requirements	20
7.1	Procurement Requirements	20
	Subrecipient Procurement	20
	Developer Procurement	21
	Reference Policy	21
7.2	Bonding and Insurance Requirements	21
7.3	Flood Insurance Requirements	21
7.4	Protecting Sensitive and Personal Identifiable Information	21
7.5	Conflict of Interest (COI)	22
7.6	Warranty Requirements	22
8.	Financial Management and Disbursement	22
8.1	Allowable Costs	22
8.2	Pre-Award Costs	23
8.3	Examples of Allowable Direct Costs	23
8.4	Examples of Allowable Direct Soft Costs	23
8.5	Activity Delivery Costs	24
8.6	Unallowable Costs	24
8.7	Invoicing and Payment Requests	24
8.7.1	General Requirements	25
8.7.2	Required Payment Request Package Components	25
8.7.3	Review and Approval Process	25
8.7.4	Retainage and Withholding	26

8.7.5	Construction Payment Process	26
8.7.6	Payment Timing and Frequency.....	26
8.7.7	Required Documentation.....	26
8.7.8	NCDOC Review and Oversight.....	27
8.7.9	Retention and Final Payment.....	27
8.8	Program Income.....	27
8.9	Financial Reporting and Audit.....	29
8.9.1	Financial Reporting Requirements.....	29
8.9.2	Annual Single Audit Requirement.....	29
8.9.3	Corrective Action and Resolution	30
8.9.4	NCDOC Monitoring	30
8.9.5	Internal Controls	30
9.	Relocation and One-for-One Housing Replacement.....	31
9.1	Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)	31
9.2	Nondiscrimination.....	31
10.	Compliance with Federal and State Civil Rights, Accessibility, Labor, and Program Requirements.....	32
10.1	Civil Rights and Nondiscrimination Requirements.....	32
10.2	Accessibility and Disability Requirements	32
10.3	Employment, Contracting, and Labor Standards.....	33
	Equal Opportunity and Fair Employment	33
	Contracting Requirements (2 CFR 200.321).....	33
	Labor Standards Compliance	33
	Section 3 Requirements	34
10.4	Program Conduct and Administrative Requirements	34
	Hatch Act.....	34
	Conflict of Interest	34
	Lobbying Restrictions	34
	Religious Activities	34
10.5	Environmental, Safety, and Hazard-Related Requirements	34

Flood Disaster Protection.....	34
Lead-Based Paint Requirements	35
Historic Preservation	35
10.6 State and Local Nondiscrimination Requirements.....	35
Title VI of the Civil Rights Act of 1964.....	35
Employment and Contracting Requirements.....	35
Labor Standards	35
Section 3 Requirements	36
Conduct Requirements	36
Conflict of Interest	36
Lobbying Certification	36
Religious Activities	36
10.7 Environmental, Safety, and Hazard-Related Requirements.....	37
Flood Disaster Protection.....	37
Lead-Based Paint Requirements	37
Historic Preservation	37
10.8 Broadband.....	37
11. Reporting, Performance, and Compliance Oversight	38
11.1 Monthly Reporting (due by the 15th of each month)	38
11.2 Quarterly Reporting (due by the 15th of the month following the quarter end)	38
11.3 Project Closeout Reporting	38
11.4 Compliance Requirements	39
11.5 Developer and Contractor Oversight	39
11.6 Warranty Notification Procedures	39
11.7 Key Performance Indicators (KPIs)	40
11.8 Resilience Requirements.....	40
11.9 Projections of Expenditures and Outcomes	41
12. Citizen Participation and Public Engagement	41
12.1 Overview and Regulatory Requirements	41

12.2	Ongoing Community Engagement	41
12.3	Public Comments and Incorporation	42
12.4	Use of Social Media for Public Notifications	42
12.4.1	Notifications of Application Openings	42
12.4.2	Notifications of Public Hearings.....	42
12.5	Complaints	43
12.6	Reporting Fraud	43

Revision History

Version	Date	Revision Description
1.0	July 7, 2026	Initial Version

Version Policy

Version history is tracked in the Version History Table, 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 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. Program Overview

1.1 Introduction

The U.S. Department of Housing and Urban Development (HUD) allocated \$1,428,120,000 in CDBG-DR funds to North Carolina under *Public Law 118-158* to address unmet recovery needs from Hurricane Helene. Under the HUD-approved State Action Plan, the NC Department of Commerce (NCDOC), Division of Community Revitalization (DCR), administers these funds and provides a portion to the NC Housing Finance Agency (NCHFA) to operate the Rental Production Program for Disaster Recovery (RPP CDBG-DR). The program combines CDBG-DR funds with the Low-Income Housing Tax Credit (LIHTC) program to support financially feasible, long-term affordable, and resilient rental housing in disaster-impacted communities. This manual sets the requirements and administrative standards for the RPP CDBG-DR Program.

Project owners receiving low-cost CDBG-DR financing must comply with income limits, rent restrictions, and other program requirements for a minimum 20-year affordability period. NCDOC monitors projects throughout the affordability period to ensure continued compliance with federal rules and to confirm that units serve eligible low- and moderate-income households.

The purpose of the program is to increase the supply of affordable rental housing in Helene-impacted areas and to strengthen community resilience against future natural disasters.

1.2 Program Authority

The RPP CDBG-DR Program operates under HUD's CDBG-DR regulations, the State's HUD approved Action Plan, and all applicable federal, state, and local requirements. These authorities include, but are not limited to:

- HUD's 2025 Revised CDBG-DR Universal Notice;
- HUD Memorandum 25-02, issued March 19, 2025;
- The Housing and Community Development Act of 1974;
- The Disaster Relief Supplemental Appropriations Act, 2025 (Public Law 118-158, Division B, December 21, 2024);
- 24 CFR Part 570, including Subpart I for state-administered CDBG programs;
- 2 CFR Part 200, Uniform Administrative Requirements;
- Robert T. Stafford Act provisions;
- Any future or amended HUD guidance;
- Applicable federal environmental, labor, nondiscrimination, relocation, and fair housing regulations.

1.3 Program Description

Through a subaward from NCDOT, NCHFA administers CDBG-DR funds within its RPP CDBG-DR program to provide low-cost gap-financing loans for the development of multifamily affordable housing. These funds are designed to complement other financing sources, such as LIHTC, when applicable.

Eligible activities include:

- New construction of multi-family rental housing
- Acquisition and rehabilitation of multi-family rental housing

All assisted units must serve low and moderate-income households within eligible counties.

Developers apply through NCHFA's standard LIHTC application process, and awards are made competitively. Projects that leverage additional resources such as the RUSH program and support long-term, resilient, and equitable housing outcomes are prioritized consistent with the State Action Plan and NCHFA program policies. For full details on the application requirements and selection criteria, you can review the 2026 Qualified Allocation Plan (QAP) here: [NCHFA 2026 QAP](#).

All funded projects must:

- Demonstrate a tie-back to Hurricane Helene impacts (see Section 2.4)
- Meet a CDBG-DR national objective (see Section 2.3)
- Be in an eligible MID area (see Section 2.1)
- Comply with all federal cross-cutting requirements and applicable state and local laws

1.4 Funding Allocation

The RPP CDBGDR Program has a total allocation of \$60,000,000 from NCDOT. Funding limits and distribution rules are as follows:

- **9 percent LIHTC projects:** Individual CDBGDR awards must range from \$500,000 to \$3,000,000. A total of \$24,000,000 is available for all 9 percent developments.
- **4 percent LIHTC projects:** Individual CDBG-DR awards must range from \$500,000 to \$15,000,000 for eligible 4 percent developments.
- **County award limitation:** Each county may receive one award under the RPP CDBGDR program. If a county receives a 9% award, no additional 9% or 4% award may be made in that county. This limitation applies only to RPP CDBG-DR awards and does not restrict the county's ability to pursue funding from other DCR CDBG-DR programs.
- **Exception to the county limitation:** If all counties with eligible applications have received one award and funds remain; a county may receive a second award.

- **Rehabilitation project eligibility:** Rehabilitation projects are eligible; however, new construction projects receive priority for funding.
- **Exception to Maximum Award Amount:** Exceptions to the maximum award amount may be considered on a case-by-case basis. Any award that exceeds the established cap must receive prior written approval from NCDOC. All exceptions must align with NCDOC's agreement with NCHFA, the NCHFA Qualified Allocation Plan, and any other applicable program requirements.

1.5 Expected Award Cycle

All RPP CDBG-DR funds are expected to be awarded through NCHFA's 2026 LIHTC application cycle. If funds remain after the conclusion of the 2026 cycle, NCHFA may, in coordination with NCDOC, determine whether to open an additional competitive round or reallocate funds consistent with the State Action Plan and federal requirements.

1.6 Program Timeline

- **October 30, 2030** — All nonadministrative funds must be fully committed, and required documentation submitted to NCDOC.
- **January 28, 2031** — All program activities must be completed, and all funds expended.
- **Affordability period** — Properties must be monitored throughout the affordability period established in their regulatory agreements or restrictive covenants to ensure ongoing compliance with Federal requirements.

1.7 Requests for Extension

NCHFA may request an extension by submitting a written justification to NCDOC no later than 90 days before either the October 30, 2030 commitment deadline or the January 28, 2031, expenditure deadline. The request must explain the need for additional time and propose a revised completion date. Approval is at the sole discretion of NCDOC.

1.8 Continuing Obligations

The terms and requirements of this policy remain in effect for as long as any CDBG-DR funds, including program income as defined in 24 CFR 570.500(a) and the Universal Notice (90 FR 1754), are held or administered.

The requirements for LMH are found at 24 CFR 570.483(b)(3). For a project to qualify for the LMH national objective, at least 51 percent of the housing units must meet the following criteria:

- Occupied initially by a household at or below 80 percent of the area median income (AMI); and
- Covered by a minimum 20-year affordability period, as required by the approved Action Plan.

Income limits for CDBG-DR programs can be found on the [HUD Exchange](#).

For projects where less than 51 percent of the units are occupied by low- and moderate-income households, CDBG-DR assistance may be provided proportionately to ensure that the project costs borne by the CDBG-DR award are no greater than the proportion of units in the project that will be occupied by low- and moderate-income households, with clear documentation of cost allocation.

2.4 Storm Tie-Back

All projects must demonstrate a clear direct or indirect tie-back to Hurricane Helene's impacts, such as physical damage, increasing housing demand from displacement, or vulnerabilities exposed by the storm. Projects may also qualify as mitigation activities if they reduce long-term disaster risk and improve resilience.

To support compliance, NCHFA is responsible for collecting and reviewing all documentation from developers to demonstrate tieback, national objective qualification, and affordability commitments. All submitted materials will be confirmed and validated by NCODC as part of the program's oversight and approval process.

2.5 Eligible Activities

Eligible activities include:

- New construction of multi-family rental units
- Rehabilitation of existing multi-family rental units
- Reconstruction of existing multi-family rental units

Eligible associated costs include:

- Related site preparation and infrastructure improvements
- Allowable soft costs, such as architectural and engineering fees
- Compliance with HUD state and federal environmental, construction, and accessibility requirements

2.6 Ineligible Activities

Activities not listed as eligible in Section 2.5 are prohibited. Additional prohibited activities include conducting any new construction or rehabilitation project within a designated floodplain as defined in 24 CFR part 55. Projects may proceed only when any floodplain designation is minimal and clearly separate from the location of planned development activities.

3. Roles and Responsibilities

3.1 NCHFA Responsibilities

- **Managing the application process** — Overseeing the full application and award cycle through its existing LIHTC framework.
- **Leading underwriting** — Conducting all underwriting and subsidy layering reviews.
- **Coordinating with NCDOC** — Ensuring alignment with CDBG-DR overlays, including tie-back, national objective, duplication of benefits, environmental review adoption, and documentation requirements.
- **Executing developer agreements** — Preparing and executing all legal agreements with developers.
- **Overseeing construction and compliance** — Monitoring construction, lease-up, long-term affordability, and program compliance.
- **Providing reporting data** — Supplying all required program and performance data to NCDOC for federal reporting.

3.2 NCDOC Responsibilities

- **Environmental review approvals** — Serving as the Responsible Entity for environmental review and issuing all required approvals.
- **Program oversight and monitoring** — **NCDOC is responsible for monitoring all NCHFA activities carried out under this program**, including underwriting, environmental compliance, construction progress, duplication of benefits controls, documentation standards, and long-term compliance.
- **Use of contractors** — NCDOC reserves the right to utilize contractors for underwriting, environmental reviews, construction inspections, and financial or performance monitoring.

3.3 Developer Responsibilities

- **Submitting complete applications** — Providing accurate, complete applications with all required attachments.

- **Demonstrating capacity** — Showing site control, financial capacity, and project feasibility.
- **Complying with program rules** — Adhering to all environmental, labor, accessibility, and fair housing requirements.
- **Maintaining documentation** — Keeping accurate records and responding promptly to monitoring requests.
- **Ensuring compliant lease up** — Managing timely lease-up, tenant eligibility verification, and compliant rent setting.

4. Avoiding Duplicated Benefits

CDBG-DR serves as funding of last resort, and NCDOC is responsible for ensuring full compliance with duplication of benefits (DOB) requirements. Applicants to the RPP CDBG-DR program must disclose all assistance received for the same purpose, including insurance, FEMA, SBA, U.S Army Corps of Engineers, and any federal, state, or local, or philanthropic sources and provide supporting documentation. Developers must sign a Subrogation Agreement and DOB certification before award. If duplication of benefits is identified at any stage, the final award must be adjusted to meet federal requirements. Failure to disclose or misrepresentation can result in denial of funding, repayment, or further investigation.

See NCDOC's [Duplication of Benefits Policy](#) for additional information.

4.1 Offsetting Awards and Monitoring

If duplicative funds are received after an award is made, the applicant must report the funds in writing to NCHFA within 15 calendar days of receiving them. The award amount will then be reduced to reflect the updated unmet need, or the applicant will be required to return any duplicative assistance to NCHFA. Any returned funds must be used solely for program-eligible activities.

NCDOC will monitor projects for DOB compliance throughout the program lifecycle. This includes:

- Periodic file reviews during implementation to detect any newly disclosed or previously unreported sources of assistance
- Cross-checking data against FEMA, SBA, insurance, and other federal/state/local sources to verify compliance
- Follow-up communication with applicants when potential duplications arise

5. Affordability Requirements

5.1 Affordability Period and Income/Rent Limits

Developers must execute a Declaration of Restrictive Covenants (“Deed Restrictions”) for all applicable projects. These restrictions must include the following provisions, which NCHFA is responsible for monitoring and enforcing throughout the affordability period.

A. Affordability Period and Income/Rent Limits

1. The Affordability Period for new construction units is 20 years, beginning on the date construction is completed and the County submits the project completion report.
2. During the Affordability Period:
 - All tenants of CDBG-DR Units must have incomes at or below 80% of Area Median Income (AMI) for the applicable area.
 - Rents must not exceed 30% of the adjusted income of a household earning 60% of AMI, as calculated by HUD.

B. Duration and Transferability of Restrictions

1. Affordability requirements remain in effect for the full Affordability Period regardless of:
 - Sale, conveyance, or transfer of the property
 - Termination, satisfaction, or release of any mortgage or lien
2. Requirements are binding upon the developer, successors, assigns, transferees, and all parties with any interest in the project.
3. Foreclosure Provisions:
 - Affordability requirements terminate upon foreclosure or transfer in lieu of foreclosure only if such action recognizes contractual or legal rights of public agencies, non-profit investor sponsors, or others to preserve affordability.
 - If the pre-foreclosure owner (or any entity connected to that owner through family or business ties) regains ownership during the original Affordability Period, the affordability restrictions must be revived for the remainder of the original term.

C. Recording and Enforcement

1. The Deed Restriction must be recorded with the Register of Deeds in the county where the property is located.

2. By accepting and recording the restriction, the owner agrees—on behalf of itself and all successors—to comply fully with all restrictive covenants.
3. Failure to comply may result in recapture of funds distributed to the developer.

The owner, or its designee, must collect and maintain all necessary Project beneficiary information on households residing in the CDBG-DR Units to determine low- and moderate-income benefit in a cumulative and individual manner.

6. Environmental Requirements

6.1 NEPA Compliance and Responsible Entity

Recipients of CDBG-DR funds must comply with the National Environmental Policy Act of 1969 (NEPA) and the implementing regulations at 24 CFR part 58, including completion of an Environmental Review Record (ERR). As the Responsible Entity, NCDOC conducts or adopts required reviews, evaluates environmental hazards, and ensures that no choice-limiting actions occur before clearance. Developers must provide all necessary documentation and comply with any mitigation or corrective actions required as a condition of approval.

6.2 Responsible Entity

NCDOC is the Responsible Entity (RE) for environmental review under 24 CFR Part 58. In this role, NCDOC will:

- Complete all required environmental reviews;
- Publish and distribute public notices as required;
- Maintain the Environmental Review Record (ERR);
- Prepare as needed the Request for Release of Funds (RROF);
- Verify that no choice-limiting actions have occurred prior to the Authorization to Use Grant Funds (AUGF) is received; and
- Ensure that projects do not proceed until environmental clearance is issued.

In limited cases, NCDOC may delegate certain environmental review responsibilities or adopt environmental reviews conducted by other authorized local governments or state agencies, where permitted under 24 CFR Part 58. Any such delegation will be documented through a written agreement (e.g., Memorandum of Understanding or Interagency Agreement) that clearly outlines roles and responsibilities. Regardless of delegation, NCDOC remains the Responsible Entity and retains ultimate responsibility for ensuring compliance with NEPA and all applicable federal and state environmental requirements.

6.3 Restriction on Obligating or Expending Funds

No project or activity funds may be obligated or expended by NCHFA until:

- All environmental review procedures required under 24 CFR part 58 are completed; **and**
- HUD has issued, and the NCDOC has received, an Authorization to Use Grant Funds (AUGF).

6.4 Environmental Review Costs

Costs associated with NCDOC's environmental review process are handled as follows:

- NCDOC will pay for all environmental review costs. These expenses are managed entirely by NCDOC and are not billed to the Subrecipient (NCHFA).
- Environmental review costs will not be charged to the project and will not be included when calculating the project's maximum allowable award amount.

6.5 Prohibition on Choice-Limiting Actions

Before NCDOC issues environmental clearance, developers, general contractors, and borrowers must avoid any actions that would limit the range of alternatives available to the environmental review. These choice-limiting actions are not permitted until the Authorization to Use Grant Funds (AUGF) is received.

Prohibited actions include:

- Property acquisition
- Demolition
- Moving or relocating structures
- Rehabilitation
- Conversion
- Repair
- Construction

All sites must undergo environmental review under 24 CFR Part 58. Sites located in regulatory floodways, airport runway approach zones, areas at risk of landslides or sites with known toxins/severe contamination, or other unsuitable zones may be ineligible unless subject to various regulatory exceptions. NCDOC, the Responsible Entity, must also assess:

- Site topography and soil conditions
- Hazardous materials and contamination concerns
- Compatibility with surrounding land uses

- Whether any prohibited “Choice-Limiting Actions” occurred before environmental clearance

Common Choice-Limiting Actions include:

- Acquisition of real property
- Executing binding leases or long-term options
- Site preparation or ground disturbance
- Construction, rehabilitation, or demolition activities
- Disbursement of funds or financial commitments tied to development

Any Choice-Limiting Actions taken before completion of environmental clearance may result in:

- Project disqualification
- Ineligibility of all pre-agreement costs for reimbursement
- Potential cancellation of project funding

Any changes to the project scope need to be cleared through DCR Environmental so DCR can be sure to incorporate anything necessary in the review.

NCDOC will verify compliance through application documentation and environmental review records. It is the subrecipients’ responsibility to comply with any and all mitigations noted in the environmental review. Failure to follow mitigations can result in the recapture of federal funding and the prohibition of any new funds.

6.6 Scope of Review

Depending on the project’s type and location, the environmental review may evaluate a wide range of potential impacts. Areas of analysis may include, but are not limited to:

- Historic preservation compliance — including review under Section 106 of the National Historic Preservation Act.
- Floodplain and wetlands considerations — assessed in accordance with applicable Executive Orders.
- Hazardous materials and contamination — including proximity to toxic or explosive sites, soil suitability, and other environmental hazards.

The review may also address land use compatibility, such as zoning, siting, and consistency with local or regional plans. Additional considerations may include the project’s effect on infrastructure and public services, such as water and sewer capacity, stormwater systems, transportation access, and emergency response resources.

Reviewers will also assess socioeconomic and demographic impacts, including potential displacement, along with the project’s effects on natural resources and ecosystems, such as air

quality, noise levels, endangered species, and protected habitats. All environmental reviews must be conducted in compliance with 24 CFR Part 58 and HUD's environmental assessment requirements.

Once environmental review procedures have been completed, DCR will notify subrecipients that they may proceed with their project so long as all required mitigations outlined within the environmental review are complied with. Subrecipients are responsible for notifying NCDOC under the following circumstances:

- There are substantial changes proposed in the nature, magnitude or extent of the project including adding new activities not anticipated in the original scope;
- There are new circumstances and environmental conditions which may affect the project or have a bearing on its impact, such as concealed unexpected conditions discovered during the implementation of the project or activity which is proposed to be continued; or
- The recipient proposes selection of an alternative not in the original finding.

6.7 Information Required for Environmental Review

NCDOC requires NCHFA to ensure that developers, general contractors, and borrowers submit all documentation needed to complete the environmental review. This includes responding promptly to requests for additional information and promptly notifying DCR of any changes in project scope as required under 58.47. Failure to provide required materials—or delays in responding within a reasonable timeframe—can prevent the environmental review from progressing and may result in the project being deemed ineligible for CDBG-DR funding.

7. Procurement, Bonding, & Insurance Requirements

7.1 Procurement Requirements

Procurement under the RPP CDBG-DR program must comply with the most restrictive applicable Federal, State, or local requirements. All awarded projects are required to follow Federal procurement standards (2 CFR 200.317–200.327), to the extent they apply to state and local government grantees and their subrecipients, as well as all relevant state rules designed to ensure fair competition and reasonable costs.

Subrecipient Procurement

NCHFA is not expected to procure goods or services using CDBG-DR funds under this program. However, if NCHFA determines that procurement is necessary, it must first obtain written authorization from NCDOC.

When procuring property or services under the RPP CDBG-DR program, NCHFA shall comply with 2 CFR 200.321(b)(1)–(5) to ensure that contracting opportunities and other economic benefits are directed, whenever feasible, to small businesses, M/WBEs, veteran-owned businesses, and labor-surplus-area firms.

Developer Procurement

Developers may follow their own procurement policies and procedures, provided that:

- All costs are necessary, reasonable, and consistent with industry standards.
- Designs are prepared by licensed professionals, include backup bid options (adds and deducts), and undergo value engineering to identify cost savings.
- Projects meet all required resilience, energy, accessibility, and environmental standards.
- Bids are based on approved plans, fully documented, and awarded only to qualified contractors who meet licensing, insurance, and labor compliance requirements.

Reference Policy

See NCDOC's [Procurement Manual](#) for more details.

7.2 Bonding and Insurance Requirements

NCHFA is responsible for ensuring that developers, general contractors, and borrowers meet the bonding and insurance requirements in 2 CFR §§ 200.310 and 200.326. Developers and contractors must maintain adequate insurance coverage to protect CDBG-DR–funded projects and assets from loss, including theft, fraud, or physical damage. Insurance must remain in place to ensure that any property acquired or improved with program funds continues to be used for its approved purpose

7.3 Flood Insurance Requirements

Developers, general contractors, and borrowers are responsible for obtaining and maintaining flood insurance when required by federal, state, local, or tribal regulations. NCHFA verifies compliance with these requirements as part of program oversight.

7.4 Protecting Sensitive and Personal Identifiable Information

All developers, property managers, and subrecipients must safeguard personally identifiable information (PII) and follow NCDOC's privacy standards. Access to PII should be limited to authorized staff, records must be securely stored, and electronic files must be encrypted and password protected. Sensitive information should never be shared by unsecured email, and any breaches must be reported to NCDOC right away. Until the State issues its full policy, federal privacy laws and HUD guidance apply.

For additional information, see NCDOC's [PII Policy](#).

7.5 Conflict of Interest (COI)

All parties involved in the RPP CDBG-DR program (e.g., NCDOC Staff, subrecipients, developers, and contracted consultants, etc.) must comply with applicable state and federal conflict of interest requirements, including 2 CFR Parts 200.112, 200.318, and 200.319, and 24 CFR 570.489(h). Individuals or entities may not participate in the selection, award, or administration of any contract or activity supported by RPP CDBG-DR funds if a real or apparent conflict of interest exists or potential conflicts have not been addressed administratively.

Each participant must disclose any financial or personal interest that could affect objectivity or result in personal gain. NCDOC will review all disclosures and determine whether a waiver is allowable under federal regulations. A Conflict-of-Interest Certification must be signed by applicable entities during application, contracting, or assignment of program roles, and must be updated as often as necessary to keep the information current and accurate.

Failure to disclose or resolve conflicts of interest may result in disqualification, funding recapture, or other corrective action.

7.6 Warranty Requirements

All construction, reconstruction, or rehabilitation activities supported with CDBG-DR funding must include a defined warranty period in all construction contracts associated with CDBG-DR-funded work and ensure that the warranty is documented in the project file.

The Program requires contractors to issue formal written notifications to the ownership entity approximately six months and one month prior to the expiration of the warranty period. These notifications ensure that the owner has adequate opportunity to inspect the work and pursue warranty claims before expiration.

8. Financial Management and Disbursement

8.1 Allowable Costs

CDBG-DR funds may only be used for costs that are necessary, reasonable, and directly tied to eligible development activities. Costs must be consistent with 2 CFR Part 200 (Cost Principles), the 2025 Revised Universal Notice, and HUD guidance on eligible construction and housing activities under Title I of the Housing and Community Development Act of 1974, as further defined in HUD Notice CPD-16-02 and 24 CFR § 570.201–204.

Allowable costs must support the implementation, construction, or rehabilitation of affordable multi-family rental housing projects that address unmet recovery needs caused by Hurricane Helene.

8.2 Pre-Award Costs

Pre-award costs will not be reimbursed for this program.

8.3 Examples of Allowable Direct Costs

The following costs are attributed to CDBG-DR program activities, such as development, rehabilitation, or reconstruction. They include construction, development, and administrative expenses directly tied to RPP CDBG-DR projects:

- **Acquisition** — land and/or buildings not previously owned
- **URA compliance** — applies if acquisition or other URA-triggering activities occur
- **Environmental review** — if not performed by NCDOC
- **Architectural and engineering services**
- **Demolition and site prep**
- **Hard construction costs** including:
 - Structural work
 - Interior and exterior finishes
 - Accessibility improvements
 - Mitigation measures (e.g., elevation, floodproofing)
 - Utility and infrastructure connections
 - Green building and energy-efficiency improvements
- **Developer fees**, builder profit, overhead (within program caps)
- **Relocation costs** under the URA, if applicable
- **Capitalized reserves** — replacement or operating reserves required in underwriting

8.4 Examples of Allowable Direct Soft Costs

The following costs may be allowable if directly tied to project development, properly budgeted, and approved in advance. These are direct costs and are not considered indirect or general administrative expenses (e.g., general overhead):

- Activity (or program) delivery costs, including administrative costs directly related to carrying out eligible activities
- Market studies and appraisals
- Construction management services
- Legal and closing costs

- Insurance and permit fees directly attributable to construction
- Third-party inspections and certifications (e.g., lead/mold/asbestos/radon clearance, green building verification)

8.5 Activity Delivery Costs

The activity (or program) delivery costs (ADCs) of NCHFA, which include administrative costs that are directly related to carrying out CDBG-DR eligible activities, (see 24 CFR § 570.206), are allowable costs directly related to the implementation and administration of eligible activities under the RPP CDBG-DR Program. These costs are distinct from indirect or general administrative costs and must be:

- Reasonable and allocable, as defined by 2 CFR § 200.404 and 405;
- Documented in accordance with 2 CFR § 200.302 (Financial management); and
- Consistent with HUD guidance in CPD Notices 2013-07 and 2023-06, which outline eligible activity delivery costs for CDBG-DR and Mitigation funds.

ADCs include, but are not limited to:

- Environmental review services
- Project underwriting and feasibility analysis
- Construction inspections and progress monitoring
- Administrative costs directly related to carrying out CDBG-DR eligible activities
- Contractor and developer technical assistance
- Legal services related to program agreements
- Application intake and documentation review

ADCs may be charged to the individual project budget as appropriate. All such costs must be adequately documented and will be evaluated for cost reasonableness and compliance with 2 CFR Part 200 cost principles. The total amount of ADCs reimbursable to NCHFA shall not exceed ten percent (10%) of the total amount of the subaward.

8.6 Unallowable Costs

The indirect or general administrative expenses of developers or subrecipients that are not directly related to carrying out CDBG-DR eligible activities, see 24 CFR § 570.206, i.e., those that are not ADCs, will not be reimbursed. Unallowable costs also include those prohibited under federal cost principles or those associated with activities deemed ineligible pursuant to 24 CFR § 570.207.

8.7 Invoicing and Payment Requests

The RPP CDBG-DR program will follow NCDOC's [Timely Expenditures Grants Funds Policy](#).

8.7.1 General Requirements

- All RPP CDBG-DR program funds must be paid on a reimbursement basis, unless otherwise authorized (e.g., relocation payments in accordance with 49 CFR Part 24).
- Payment requests may only be submitted after execution of the funding agreement and must correspond to the approved project budget, scope of work, and construction timeline.
- The timing and amount of disbursement must minimize the time between receipt and expenditure of funds in accordance with 2 CFR § 200.305(b).
- Expenditures must be supported by adequate documentation and demonstrate that costs are:
 - Allowable under 2 CFR Part 200, Subpart E,
 - Reasonable and allocable pursuant to 2 CFR § 200.404–200.405, and
 - Incurred for eligible activities under 24 CFR § 570.201–570.206.

8.7.2 Required Payment Request Package Components

Each payment request must include the following elements:

- Itemized invoices from contractors, vendors, or service providers
- Proof of incurred costs, such as canceled checks, executed contracts, or payment certifications
- Documentation of work completed, such as progress photos, inspection reports, permits obtained, or architect's certifications
- Updated budget-to-actual expenditure tracking
- Signed certification by the authorized applicant representative, affirming compliance with all applicable federal and state requirements

NCDOC reserves the right to request additional documentation to support payment requests, in accordance with 2 CFR § 200.302(b)(3)–(7).

8.7.3 Review and Approval Process

Payment requests will be reviewed and approved by program managers, using the following process:

1. Submission: Payment packages must be submitted electronically via NCDOC's designated grants management system.
2. Review for Completeness: NCDOC will verify eligibility and compliance under the applicable program rules and 24 CFR § 570.502.
3. Clarifications or Corrections: If deficiencies are identified, the applicant will be notified and given an opportunity to revise and resubmit the package.

4. Approval and Disbursement: Once approved, funds will be disbursed in accordance with the draw schedule and 2 CFR § 200.305(b) requirements.

8.7.4 Retainage and Withholding

NCDOC may retain up to 10 percent of requested amounts until certain project milestones are met or until project closeout. Additional amounts may be withheld if:

- The request is incomplete or unsupported;
- Monitoring identifies unresolved findings (2 CFR § 200.339); or
- The project is out of compliance with grant terms or federal regulations.

8.7.5 Construction Payment Process

The Construction Payment Process under the MCR-Large Program governs the disbursement of CDBG-DR funds tied specifically to construction-related costs. This process is designed to ensure timely payments to contractors while maintaining federal compliance, cost reasonableness, and appropriate documentation standards.

All construction payment requests must align with federal financial and grant management regulations, including:

- 2 CFR § 200.302 – Financial management
- 2 CFR § 200.305 – Federal payment
- 2 CFR § 200.317–200.327 – Procurement standards (if applicable)
- 24 CFR § 570.502 – Applicability of uniform administrative requirements
- 24 CFR § 570.200(a)(5) – Cost principles

8.7.6 Payment Timing and Frequency

Payment requests for construction activities must be submitted based on verified progress. The payment schedule should be established in coordination with NCDOC and should generally follow milestone-based or monthly intervals, depending on project size and scope.

No more than one payment request may be submitted per month unless a waiver is granted.

8.7.7 Required Documentation

Each construction payment request must include:

- Contractor pay application (e.g., AIA G702/G703 or equivalent)
- Supporting invoices for labor and materials
- Updated construction budget and payment ledger
- Evidence of work completed, such as:
 - Photos

- Third-party inspector signoffs
- Architect's certification (if applicable)
- Lien waivers or conditional releases for previously reimbursed payments
- Certified payrolls (if Davis-Bacon applies under 24 CFR § 570.603)
- Change orders

All documentation must be retained by the recipient in accordance with the most restrictive Federal, State, or local requirements and made available to NCDOC or HUD upon request.

8.7.8 NCDOC Review and Oversight

Upon submission, NCDOC will:

- Verify consistency with the approved construction budget and scope of work
- Confirm eligibility and reasonableness of costs
- Conduct site inspections, when necessary, to validate progress
- Review labor standards compliance, if applicable
- Issue payment authorization once all requirements are satisfied

NCDOC reserves the right to delay or withhold payment approval if discrepancies, cost concerns, or documentation deficiencies arise (per 2 CFR § 200.339).

8.7.9 Retention and Final Payment

A retainage of up to 10 percent may be held from each payment until substantial completion or closeout.

Final construction payment requests must include:

- Certificate of occupancy
- Completion photos
- Final mechanic's lien releases
- Final inspection report or punch list approval
- Final budget reconciliation

Final disbursement will not occur until all program, environmental, and contractual conditions are met.

8.8 Program Income

Program income activities must comply with the requirements set out in Section III.B.12 of HUD's 2025 Revised Universal Notice, which applies to state or local government grantees, as well as all subrecipients of those grantees. For-profit and non-profit developers are not subject to these program income requirements.

Program income is generally defined as any gross income generated from the use of CDBG-DR funds. When program income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used. Under the MCR Program, program income may include, but is not limited to:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds;
- Residual receipts (rental income less operational and payments to the capital replacement/reserve fund);
- Repayments of loans;
- Proceeds from the sale of assisted properties during the affordability period;
- Interest earned on CDBG-DR funds held prior to disbursement;
- Any income related to the CDBG-DR grant received by grantees or subrecipients after closeout.

All program income must be:

- Reported in the Disaster Recovery Grant Reporting (DRGR) system and recorded in internal financial records;
- Returned to NCDOC unless an alternative use or retention is expressly authorized in writing;
- Expended on eligible CDBG-DR activities prior to the drawdown of additional federal funds, in accordance with 24 CFR § 570.504.

NCDOC is responsible for the tracking, reporting, and management of all program income in compliance with HUD regulations and DRGR guidance.

Subrecipients that generate program income must:

- Promptly report program income and remit to NCDOC;
- Comply with all remittance and documentation requirements specified in their grant agreements;
- Ensure that all use of program income meets CDBG-DR eligibility standards and federal cost principles under 2 CFR Part 200.

Failure to comply with program income requirements may result in repayment, de-obligation of funds, or other enforcement actions as determined by NCDOC. For additional information, see [NCDOC's Program Income Policy](#).

8.9 Financial Reporting and Audit

All project sponsors of RPP CDBG-DR projects must maintain financial records and reporting practices that ensure transparency, accountability, and compliance with federal grant requirements. These responsibilities are governed by:

- 2 CFR § 200.302 – Financial management
- 2 CFR § 200.328–200.330 – Financial and other program reporting
- 2 CFR Part 200, Subpart F – Audit requirements
- 24 CFR § 570.502 – Applicability of uniform administrative requirements
- Other State and local requirements

8.9.1 Financial Reporting Requirements

RPP CDBG-DR participants must submit financial reports to NCDOC as required in its funding agreements. Reports must include:

- Expenditure-to-budget comparisons
- Line-item budget updates reflecting actual costs to date
- Cash on hand balances, if any advance payments were made
- Construction progress tied to financial payments

Reporting frequency (typically quarterly or monthly) will be determined by NCDOC based on project size, risk level, and funding structure. Reports must be accurate, complete, and submitted on time, as required by 2 CFR § 200.328.

8.9.2 Annual Single Audit Requirement

Any non-Federal entity that expends \$1,000,000 or more in total federal funds (all sources including CDBG-DR) during its fiscal year is subject to the Single Audit Act and must:

- Conduct an independent audit in accordance with 2 CFR § 200.501;
- Submit the audit to the Federal Audit Clearinghouse (FAC) within 30 calendar days of receipt of the auditor's report or 9 months after the end of the fiscal year (whichever is earlier); and
- Provide a copy of the audit or audit confirmation to NCDOC.

If the RPP CDBG-DR project is part of a larger organizational audit, the project sponsor must ensure that the Schedule of Expenditures of Federal Awards (SEFA) clearly identifies CDBG-DR funds by CFDA/Assistance Listing Number 14.228.

Local governments and public authorities must adhere to N.C. Gen. Stat. § 159-34 and the requirements of the Local Government Commission (LGC). All non-state entities except

contractors and local governments must follow the NC Administrative Code (NCAC) Chapter 09, Subchapter 03M, Section .0100 (09 NCAC 03M .0100), *et seq.*

8.9.3 Corrective Action and Resolution

If the audit identifies material weaknesses, questioned costs, significant deficiencies, or noncompliance:

- The project sponsor must submit a Corrective Action Plan within 30 days;
- NCDOC will work with the entity to ensure timely resolution and monitor progress per 2 CFR § 200.511; and
- Unresolved or repeated findings may result in suspension of payments, repayment of disallowed costs, or other remedies under 2 CFR § 200.339.

8.9.4 NCDOC Monitoring

In addition to external audit requirements, NCDOC will conduct periodic internal financial monitoring to:

- Review accounting practices;
- Assess payment documentation and disbursement controls;
- Confirm compliance with cost principles under 2 CFR Part 200, Subpart E; and
- Ensure adherence to matching, leveraging, and DOB requirements.

8.9.5 Internal Controls

NCHFA must establish, document, and maintain effective internal control over the CDBG-DR award that provides reasonable assurance of federal and program compliance. Internal controls are management systems that contribute to successful project operations and create financial system accountability. Some elements that go into an effective control system are:

- An organizational chart that clearly indicates the individuals involved in approving or recording financial transactions and their responsibility.
- A written description of the functions of key employees.
- A formal system of authorization and supervision sufficient to provide accounting control over assets, liabilities, receipts, and expenditures. The system should provide sufficient clarity for the tracking of transactions and ensure proper supervisory authority approving transactions.
- Adequate separation of duties, whereby no one individual has authority over an entire financial transaction, including the authorization to execute a transaction, the recording of the transaction, and the custody of the assets involved in the transaction.

- Control over access to assets, blank forms, and confidential documents. Physical access to records, blank forms, cash, and other assets should be limited to authorized personnel only.

The internal control system should also confirm that all CDBG-DR project resources are protected against fraud, waste, abuse, and mismanagement. Please see [NCDOC's Anti-Fraud, Waste, and Abuse Policy](#).

NCDOC will review the subrecipient's internal controls to ensure the effectiveness in achieving project goals relating to operations, reporting, and compliance.

9. Relocation and One-for-One Housing Replacement

9.1 Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)

If an RPP-CDBG DR project triggers acquisition, rehabilitation, or demolition that involuntarily displaces households or businesses, the Uniform Relocation Assistance and Real Property Acquisitions Policies Act (URA) apply. URA protections include relocation notices, a minimum of 90-day notice to vacate, relocation advisory services, moving cost assistance, and replacement housing payments. DCR monitors compliance with the URA, and may require relocation plans, budgets, or proof that proper notices were issued prior to award. Any failure to cooperate or comply may result in corrective action, including repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

9.2 Nondiscrimination

NCDOC is committed to ensuring that all program activities comply with Federal nondiscrimination requirements. No individual shall be excluded from participation in, denied benefits of, or subjected to discrimination under any program or activity supported in whole or in part with Federal financial assistance.

10. Compliance with Federal and State Civil Rights, Accessibility, Labor, and Program Requirements

10.1 Civil Rights and Nondiscrimination Requirements

NCHFA complies with the following federal, state, and local civil rights protections and prevents intimidation or retaliation related to civil rights complaints or investigations:

- Title VI of the Civil Rights Act of 1964
- Section 109 of the Housing and Community Development Act of 1974
- Age Discrimination Act of 1975 (42 U.S.C. 6101–6107; 24 CFR part 146)
- Section 504 of the Rehabilitation Act (29 U.S.C. 794; 24 CFR part 8)
- 24 CFR part 6
- N.C.G.S. 143-422.1–422.3 (Equal Employment Practices)
- N.C.G.S. 41A-1–10 (North Carolina Fair Housing Act).

NCDOC oversees compliance.

10.2 Accessibility and Disability Requirements

NCHFA complies with the Architectural Barriers Act (ABA), the Americans with Disabilities Act (ADA), UFAS standards, and the North Carolina Building Code, and the Housing Accessibility Requirements in 24 CFR part 8. Requirements apply to the design, construction, and alteration of facilities to ensure accessibility for individuals with disabilities and include the following actions:

- Removal of architectural and communication barriers in existing facilities when readily achievable.
- For new construction and alterations, ensuring that:
 - At least 5% of units (minimum one) are accessible to individuals with mobility impairments.
 - At least 2% of units (minimum one) are accessible to individuals with hearing or vision impairments.

To comply with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA), DCR will:

- Ensure facilities where tenants interact with staff are accessible and usable for persons with disabilities.
- Provide communication assistance, including sign language, braille, interpreters, and support for individuals with limited English proficiency.
- Offer home visits or similar alternatives for tenants who are homebound or unable to visit a Renew Center
- Provide timely accommodations for tenants with hearing, visual, or mobility limitations.
- Coordinate with an authorized tenant designee, such as someone with power of attorney or a legally authorized representative, when needed.

NCDOC monitors all compliance.

10.3 Employment, Contracting, and Labor Standards

Equal Opportunity and Fair Employment

NCHFA complies with federal anti-discrimination laws, issues required notices to labor organizations and identifies itself as an Equal Opportunity or Affirmative Action employer in all job postings. NCDOC monitors compliance.

Contracting Requirements (2 CFR 200.321)

NCHFA promotes contracting with:

- Small businesses
- Minority- and women-owned businesses (M/WBEs)
- Veteran-owned businesses
- Labor-surplus-area firms

Labor Standards Compliance

NCHFA, developers, contractors, and borrowers comply with:

- Davis-Bacon Act
- Contract Work Hours and Safety Standards Act
- Fair Labor Standards Act
- Copeland Anti-Kickback Act
- Section 110 of the Housing and Community Development Act

NCHFA maintains labor documentation and provides it to NCDOC upon request. NCDOC retains ultimate enforcement authority.

Section 3 Requirements

NCHFA complies with Section 3 of the Housing and Urban Development Act and incorporates required language in all covered contracts. NCHFA monitors developer and contractor performance and provides all required documentation to NCDOC.

10.4 Program Conduct and Administrative Requirements

Hatch Act

NCHFA ensures program funds and personnel are not used for prohibited political activities. NCDOC oversees compliance.

Conflict of Interest

NCHFA prevents real or apparent conflicts of interest, maintains required disclosures, and keeps Conflict of Interest Certifications current. Developers, contractors, and borrowers comply with 2 CFR 200 conflict-of-interest provisions and 24 CFR 570.611. NCDOC monitors compliance.

Lobbying Restrictions

NCHFA complies with federal lobbying restrictions, ensures no federal funds are used for lobbying, and submits Standard Form-LLL when required. NCDOC oversees all lobbying-related reporting.

Religious Activities

NCHFA ensures program funds are not used for activities prohibited under 24 CFR 5.109 or 570.200(j), including religious instruction, worship, or proselytization. NCDOC provides oversight.

10.5 Environmental, Safety, and Hazard-Related Requirements

Flood Disaster Protection

NCHFA complies with federal flood insurance requirements and ensures beneficiaries obtain and maintain required flood insurance. NCDOC retains oversight authority.

Lead-Based Paint Requirements

NCHFA complies with federal and state lead-based paint regulations and provides all required notifications for pre-1978 housing. NCDOC monitors compliance.

Historic Preservation

NCHFA complies with the National Historic Preservation Act and 36 CFR part 800 for projects affecting buildings fifty years old or older or listed as historic. NCDOC monitors required consultations and approvals.

10.6 State and Local Nondiscrimination Requirements

NCHFA complies with North Carolina nondiscrimination laws, including N.C.G.S. 143-422.1–422.3 and N.C.G.S. 41A-1–10. NCDOC provides oversight to ensure ongoing compliance.

Title VI of the Civil Rights Act of 1964

NCHFA complies with Title VI and related regulations ensuring no person is discriminated against based on race, color, or national origin. NCHFA prevents intimidation or retaliation related to Title VI participation. NCDOC retains full monitoring authority for Title VI compliance.

Employment and Contracting Requirements

NCHFA complies with all federal anti-discrimination laws and promotes contracting with small, minority- and women-owned, veteran-owned, and labor-surplus-area businesses in alignment with 2 CFR 200.321(b). NCDOC monitors compliance with these requirements.

NCHFA provides required notices to labor organizations and posts them publicly. All job advertisements state that NCHFA is an Equal Opportunity or Affirmative Action employer.

Labor Standards

NCHFA and all partner entities comply with applicable labor laws including the Davis-Bacon Act, Contract Work Hours and Safety Standards Act, Fair Labor Standards Act, Copeland Anti-Kickback Act, and Section 110 of the Housing and Community Development Act. NCDOC oversees compliance.

NCHFA maintains labor documentation and ensures that developers, contractors, and borrowers do the same. Documentation is provided to NCDOC upon request.

Section 3 Requirements

NCHFA complies with Section 3 of the Housing and Urban Development Act and includes required Section 3 language in all applicable contracts. NCHFA monitors developer and contractor compliance, while NCDOC maintains ultimate oversight.

NCHFA maintains all documentation required under Section 3 and provides it to NCDOC. NCDOC enforces compliance actions when needed.

Conduct Requirements

NCHFA complies with the Hatch Act and ensures program funds and personnel do not engage in prohibited political activity. NCDOC provides oversight of these requirements.

Conflict of Interest

NCHFA prevents real or apparent conflicts of interest and ensures required disclosures are made. NCHFA completes and updates Conflict of Interest Certifications, and NCDOC oversees the adequacy and accuracy of these activities.

Developers, contractors, and borrowers follow conflict-of-interest requirements under 2 CFR 200.112, 200.317, 200.318, and 24 CFR 570.611, with NCDOC responsible for monitoring compliance.

Lobbying Certification

NCHFA complies with all federal lobbying restrictions, including certifying that no federal funds are used for lobbying and submitting Standard Form-LLL as required. NCDOC retains responsibility for monitoring these certifications.

Religious Activities

NCHFA ensures that funds are not used for prohibited religious activities under 24 CFR 5.109 and 570.200(j). NCDOC monitors compliance with these restrictions.

10.7 Environmental, Safety, and Hazard-Related Requirements

Flood Disaster Protection

NCHFA complies with mandatory flood insurance requirements and ensures beneficiaries maintain required insurance. NCDOC has oversight authority and may review compliance at any time.

Lead-Based Paint Requirements

NCHFA complies with lead-based paint regulations at the federal and state levels and ensures proper notifications for properties built before 1978. NCDOC monitors compliance with all lead-safety requirements.

Historic Preservation

NCHFA complies with the National Historic Preservation Act and 36 CFR part 800 for any activities affecting properties fifty years old or older or listed as historic. NCDOC maintains oversight and ensures required consultations occur.

10.8 Broadband

NCHFA must follow the Universal Broadband Notice and ensure that any substantial rehabilitation (as defined at 24 CFR 5.100), reconstruction, or new construction of a building with five or more rental units includes installation of broadband infrastructure or broadband capable technology.

A waiver may be considered when NCHFA documents that one of the following conditions applies:

- Installation is infeasible due to the project's location;
- Costs would create an undue financial burden or fundamentally alter the nature of the project; or
- The structure of the building makes installation infeasible during substantial rehabilitation.

Waivers must be requested and approved in writing by NCDOC.

11. Reporting, Performance, and Compliance Oversight

11.1 Monthly Reporting (due by the 15th of each month)

NCHFA submits the following each month:

- Individual project status updates summarizing progress, milestones, delays, and next steps.
- Financial summary of obligations and expenditures, including HUD-identified MID amounts.
- Program progress narrative describing accomplishments, challenges, and corrective actions.
- Performance measures, including mitigation-related indicators.
- Section 3 compliance report with qualitative efforts.
- Updated list of project site addresses.
- Subrecipient procurement list for the reporting period.
- M/WBE compliance report.

11.2 Quarterly Reporting (due by the 15th of the month following the quarter end)

NCHFA submits:

- Davis-Bacon monitoring report with payroll and compliance documentation.
- Quarterly Section 3 compliance report with updated qualitative efforts.

11.3 Project Closeout Reporting

Within 90 days of construction completion for each project, NCHFA submits:

- Project Closeout Checklist.
- Project Closeout Report

NCDOC provides required data elements, which may include:

- Project name
- Project address
- Obligations and expenditures
- Number of units and unit mix
- Units completed

NCDOC may amend required metrics at any time during the Agreement term. NCHFA uses NCDOC's designated reporting system(s) to submit required data and upload supporting documentation. System access and technical assistance are provided as needed.

11.4 Compliance Requirements

NCHFA maintains compliance with all applicable Federal, State, and local regulations, including:

- Federal Funding Accountability and Transparency Act.
- Davis-Bacon and Related Acts.
- Other cross-cutting requirements.

NCDOC retains oversight and final approval authority for all performance measurement standards.

11.5 Developer and Contractor Oversight

NCDOC is responsible for monitoring the NCHFA compliance with all applicable CDBG-DR requirements. Within this structure, NCHFA is responsible for the following oversight and compliance functions, which must also be applied to all developers, contractors, and borrowers involved in program activities:

- **Pass-through of requirements** — NCHFA must ensure that all applicable program requirements are imposed on its developers, contractors, and borrowers so that these obligations are fully binding on all parties.
- **Debarment and suspension compliance** — NCHFA must comply with federal **debarment and suspension rules**, including 24 CFR 570.489(l), and may not engage any entity that is excluded or disqualified.
- **Eligibility verification** — The Subrecipient must verify eligibility by checking the federal SAM system and the State Debarred Vendors Listing before selecting developers, contractors, or borrowers.
- **Performance oversight** — NCHFA must ensure that all parties perform in accordance with applicable procurement, construction, and CDBG-DR requirements.
- **Monitoring and enforcement** — NCHFA is responsible for monitoring compliance, enforcing all related requirements, and taking corrective action—including determining default—when parties fail to meet required standards.

11.6 Warranty Notification Procedures

For LIHTC rental developments, the project beneficiary for warranty-related purposes is the ownership/development entity, not the future tenants. The Program requires developers to

issue formal written notifications to the ownership entity approximately six months and one month prior to the expiration of the warranty period. These notifications ensure that the owner has adequate opportunity to inspect the work and pursue warranty claims before expiration.

11.7 Key Performance Indicators (KPIs)

NCDOC oversees and approves all performance measurement standards. NCHFA develops proposed KPIs in coordination with NCDOC and submits all KPI frameworks, processes, and documentation for review and approval.

Once KPIs are approved, NCHFA:

- Standardizes data processes for collecting, validating, storing, and updating KPI data.
- Documents KPI definitions, calculation methods, data sources, reporting frequency, and responsible staff.
- Submits KPI data according to established reporting schedules.
- Analyzes KPI results to identify trends, performance gaps, and improvement strategies.

KPI measures are reviewed and refined annually, or more frequently as needed based on HUD guidance, program operations, or state priorities.

11.8 Resilience Requirements

CDBG-DR investments will be designed and constructed to withstand chronic stresses and extreme weather events by incorporating resilience performance measures into project design, documentation, and DRGR reporting. For projects located in Special Flood Hazard Areas or wind-prone zones, the following resilience standards will be required and verified during design review:

- Flood-Prone Areas (SFHAs):
 - The lowest occupied floor must be elevated at least two feet above the Base Flood Elevation (BFE).
 - All critical building systems must be installed above the BFE.
 - Flood-resistant materials must be used for all construction below the lowest floor.
- Wind-Prone Areas:
 - Building design must incorporate wind-resistant measures consistent with FEMA guidance and all applicable local building codes.

11.9 Projections of Expenditures and Outcomes

In accordance with the Universal Notice, NCDOD will maintain and update the Projections of Expenditures and Outcomes Report and monitor progress against the projections consistent with NCDOD's Timely Expenditures of Grant Funds Policy. For more information see: [Timely Expenditures of Grant Funds Policy](#).

12. Citizen Participation and Public Engagement

DCR is committed to engaging the public in a transparent and effective manner throughout the design and implementation of the WHFO Program. Citizen participation is a required element under the CDBG-DR program and ensures that recovery investments reflect the needs of communities affected by Hurricane Helene. Additionally, each local government receiving assistance from DCR must also follow a detailed citizen participation plan that satisfies the requirements of 24 CFR Part 570.486 (except as provided for in waivers and alternative requirements).

For additional information, see DCR's [Citizen Participation Plan \(CPP\)](#).

12.1 Overview and Regulatory Requirements

DCR's citizen participation approach is guided by the requirements set forth in:

- The 2025 Revised Universal Notice;
- 24 CFR Part 570.486 (Citizen Participation); and
- The State's HUD-approved CDBG-DR Action Plan.

12.2 Ongoing Community Engagement

DCR will continue engaging the public and stakeholders during program implementation. Engagement activities may include:

- Stakeholder meetings with local governments, developers, and housing professionals
- Public informational sessions or webinars
- Program updates posted online or
- Outreach to communities with significant housing recovery needs.

Additional input may be solicited prior to the release of future funding rounds or NOFO updates.

12.3 Public Comments and Incorporation

Public comments submitted during formal comment periods or outreach events will be reviewed and considered by DCR. A summary of comments and responses will be published on the program website for each applicable comment period.

Feedback may be used to refine program policies, adjust application requirements, or improve future public outreach efforts.

12.4 Use of Social Media for Public Notifications

NCDOC will use official social media platforms as part of its public notification strategy to ensure timely, accessible communication with residents regarding RPP activities. Social media will be used in conjunction with traditional public-notice methods (website postings, press releases, email lists, and other public channels) to maximize outreach.

12.4.1 Notifications of Application Openings

When applications for RPP funded housing activities open, DCR will post announcements on its official social media platforms. Each post will include:

- Application opening date
- Deadline for submission
- Eligibility summary
- Direct link to the application portal
- Contact information for assistance

12.4.2 Notifications of Public Hearings

For all public hearings related to CDBG-DR plans, amendments, or project-specific actions, DCR will post public hearing notices to its social media platforms prior to the scheduled hearing.

Posts will include:

- Date, time, and location (or virtual meeting link)
- Purpose of the hearing
- How residents may submit written comments
- Language access and accommodation information.

12.5 Complaints

Should any applicant or member of the public have complaints concerning the award or administration of CDBG-DR funds, complaints should be addressed using the following official channels:

Online: [The Complaint Submission Form](#)

Phone: DCR Complaint Line at [919-707-1560](tel:919-707-1560)

Mail: Division of Community Revitalization – Constituent Services
301 North Wilmington Street
4301 Mail Services Center
Raleigh, NC 27699-4301

Email: dcr.constituentservices@commerce.nc.gov

The Constituent Services team will make every effort to provide a timely written response upon receipt of a citizen's petition, within fifteen (15) business days, as expected by HUD, where practicable. Reports of suspected fraud, waste, or abuse of government funds may also be directed to the Office of State Budget and Management at FWA@osbm.nc.gov.

12.6 Reporting Fraud

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.

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:

- NC Department of Commerce
 - Email: oiarequest@commerce.nc.gov
 - Phone: [984-236-5999](tel:984-236-5999)
 - Online Form: [Report Fraud, Waste, & Abuse | NC Commerce](#)
- NC Office of State Budget and Management
 - Email: FWA@osbm.nc.gov
 - Online form: [Report Fraud Waste Abuse | NC OSBM](#)
 - Mail: C/O Office of Internal Audit, 20320 Mail Service Center, Raleigh, NC 27699-0320
- HUD Office of the Inspector General
 - Email: hotline@hudoig.gov
 - Phone: [1-800-347-3735](tel:1-800-347-3735)
 - Online form: [HUD OIG Hotline Form](#)
- US Treasury Office of the Inspector General
 - Phone: [202-927-0650](tel:202-927-0650)
 - Online form: [Report Fraud, Waste, and Abuse | Office of Inspector General](#)