



# Huntsville, Alabama

305 Fountain Circle  
Huntsville, AL 35801

## Cover Memo

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**Meeting Type:** City Council Regular Meeting **Meeting Date:** 11/7/2024

**File ID:** TMP-4742

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**Department:** Planning

**Subject:**

**Type of Action:** Approval/Action

Resolution authorizing the Mayor to enter into an agreement between the City of Huntsville and ("HUD") The United States Department of Housing and Urban Development, the lead co-Applicant(s), for the Mill Creek Choice Neighborhoods Implementation Grant Agreement.

Resolution No.

**Does this item need to be published?** No

If yes, please list preferred date(s) of publication: N/A

**Finance Information:**

**Account Number:** N/A

**City Cost Amount:** TBD

**Total Cost:** N/A

**Special Circumstances:**

**Grant Funded:** N/A

**Grant Title - CFDA or granting Agency:** N/A

**Resolution #:** N/A

**Location:**

**Address:** N/A

**District:** District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

**Additional Comments:**



## **RESOLUTION NO. 24-**

**BE IT RESOLVED** by the City Council of Huntsville, Alabama, that the Mayor, or his designee, in his official capacity, be, and is hereby authorized to enter into a Grant Agreement by and between the City of Huntsville and The United States Department of Housing and Urban Development, Inc., on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, for awarded grantees of the Choice Neighborhoods Implementation Grant, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as “FY 2023/2024 Choice Neighborhoods Implementation Grant Agreement” consisting of (Thirty-four) 34 pages, and the date of November 7, 2024, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, and executed copy of said document being permanently kept on file in the office of the City Clerk of the City of Huntsville, Alabama.

**ADOPTED** this the 7<sup>th</sup> day of November, 2024

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President of the City Council of the  
City of Huntsville, Alabama

**APPROVED** this the 7<sup>th</sup> day of November, 2024

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Mayor of the City of Huntsville, Alabama

## **FY 2023/2024 Choice Neighborhoods Implementation Grant Agreement**

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**FY 2023/2024 Choice Neighborhoods  
IMPLEMENTATION GRANT AGREEMENT**

This grant agreement (“Grant Agreement”) is made by and between the United States Department of Housing and Urban Development (“HUD”) and the Lead and Co-Applicant(s) (“Grantee”). On July 16, 2024, HUD awarded the Grantee a Choice Neighborhoods Implementation Grant from fiscal year 2023 funds, for the implementation of a Transformation Plan (“Transformation Plan”) that is identified in this Grant Agreement below.

HUD agrees, subject to the terms of this Grant Agreement, to provide grant funds to the Grantee, in the total amount listed on the form HUD-1044, for the activities described in the Transformation Plan as defined in Article IV. Either the Lead Applicant or the Co-Applicant Grantee may be the designated entity with access to LOCCS for drawing down grant funds.

The assistance that is the subject of this Grant Agreement is authorized by, and required to be used in accordance with, Section 24 of the U.S. Housing Act of 1937 and Consolidated Appropriations Act, 2023 (Public Law 117-328, approved December 29, 2022) (collectively the “Choice Neighborhoods Authorization”).

The form HUD-1044 and Exhibit A are incorporated into and subject to the terms of this Grant Agreement.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

## **ARTICLE I. Grant Award Date and Period of Performance**

The Grant Award Date is July 16, 2024. Except for Quarterly Reports, which are due according to the dates in Article XIII, all deliverables in the Grant Agreement are based on the Grant Award Date. The Period of Performance Start Date is July 17, 2024 (one day after the Grant Award Date) and the End Date is September 30, 2032.

## **ARTICLE II. Choice Neighborhoods Requirements**

The Grantee agrees to conduct all activities to be assisted with funds provided under this Grant Agreement in accordance with the following requirements, as such requirements now exist or as they may hereafter be amended (hereafter collectively referred to as the “Choice Neighborhoods Requirements”):

- A. the U.S. Housing Act of 1937, as amended (the “1937 Act”), as applicable, and all implementing regulations;
- B. Consolidated Appropriations Act, 2023 (Public Law 117-328, approved December 29, 2022);
- C. the Fiscal Year (FY) 2023 Notice of Funding Opportunity for the Choice Neighborhoods Initiative Implementation Grants published via Grants.gov on September 6, 2023, and modified on October 25, 2023 (the “Choice Neighborhoods Implementation NOFO”).
- D. 31 U.S.C. § 1552. In accordance with this statute, all FY 2023 funding must be expended by September 30, 2032. Any funds that are not expended by that date will be cancelled and recaptured by the Treasury, and thereafter will not be available for obligation or expenditure for any purpose. In order to ensure funds are drawn from LOCCS by that date, HUD may provide additional guidance as the deadline approaches for when grantees should submit the final draw request (e.g., usually approximately two weeks prior to the expenditure deadline).
- E. In accordance with section 24(e)(2)(D) of the 1937 Act, Grantees must involve affected residents of the targeted public and/or assisted housing during the implementation process. Grantees are required to involve the affected public and/or assisted housing residents in the implementation of the Transformation Plan. This involvement must be continuous from the beginning of the planning process through the implementation and management of the grant. In addition to the statutory requirement, unless HUD indicates otherwise in writing, Grantees will be expected to undertake resident and community involvement in a manner and method at least as comprehensive as that described in the grant application.
- F. all executive orders applicable to the activities being conducted with funds provided under this Grant Agreement;
- G. the terms and requirements of this Grant Agreement, and any amendments or addenda thereto;

- H. all other applicable Federal requirements, including, without limitation, those set forth in the FY 2023 appropriations act and those set forth in Appendix A; and
- I. all regulations, handbooks, notices, and policies applicable to the activities being conducted with funds provided under this Grant Agreement.

### **ARTICLE III. Program Overview**

- A. **Goals of the Choice Neighborhoods Program.** The Choice Neighborhoods Program employs a comprehensive approach to neighborhood transformation. The program transforms neighborhoods of concentrated poverty into mixed-income neighborhoods of long-term viability by revitalizing severely distressed public and/or assisted housing; improving access to economic opportunities; and investing and leveraging investments in well-functioning services, effective schools and education programs, public assets, public transportation, and improved access to jobs. Choice Neighborhoods ensures that current residents benefit from this transformation by preserving affordable housing in the neighborhood or providing the choice to move to affordable housing in another neighborhood of opportunity. The purpose of this grant is to implement a Transformation Plan that has been developed through a local planning process and furthers the goals of the Choice Neighborhoods Program. The core goals of Choice Neighborhoods are:

- 1. Housing:** Replace severely distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
- 2. People:** Improve outcomes of households living in the target housing related to income and employment, health, and education; and
- 3. Neighborhood:** Create the conditions necessary for public and private investment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.

### **ARTICLE IV. Choice Neighborhoods Transformation Plan**

- A. **General.** The Grantee's Choice Neighborhoods Transformation Plan ("Transformation Plan") consists of a document or documents reviewed and approved by HUD to govern the transformation of the neighborhood. The Transformation Plan should integrate effective strategies to implement public and/or assisted housing revitalization, the coordination and design of supportive services, including educational opportunities for children, and neighborhood-level planning to improve a range of neighborhood assets. The Transformation Plan should be created as part of a collaborative planning process that involves neighborhood stakeholders and local governmental entities. The Transformation Plan should translate the three core goals of Choice Neighborhoods – Housing, People and Neighborhood – into a strategy that will direct investments, demonstrate the commitment

among a range of public and private partners to address interdependent neighborhood challenges, utilize data to set and monitor progress toward implementation goals, and engage community stakeholders and residents in meaningful decision-making roles.

B. Components of the Transformation Plan. The Grantee's Transformation Plan includes each of the following components, as needed for the Transformation Plan and as approved by HUD. Because some of these documents may be submitted to HUD for approval throughout the implementation of the Grant Agreement, an approved Transformation Plan shall be deemed to mean the most recent set of documents that have been submitted to (as set forth in this Article) and approved by HUD:

1. The Grantee's Choice Neighborhoods application, submitted in response to the FY 2023 Choice Neighborhoods Implementation NOFO (the "Choice Neighborhoods Application");
2. Post Application Submissions that HUD requires the Grantee to submit following HUD's review of the Choice Neighborhoods application and/or as a result of a HUD site visit or kick off meeting regarding the redevelopment under this grant ("Development"), including but not limited to:
  - a. a Program Schedule, in accordance with the timeframes established in this Article;
  - b. a Choice Neighborhoods Budget (all phases) as described in Article VII;
  - c. a copy of the executed development services agreement (e.g., master developer agreement or similar document) with the Housing Implementation Entity;
  - d. any additional information required for HUD to approve demolition of the target public and/or assisted housing based on the Choice Neighborhoods application;
  - e. certifications and assurances; and
  - f. any other information or documentation that is not otherwise required under any other component of the Transformation Plan that is requested by HUD to supplement or refine information provided in the Choice Neighborhoods Application or to meet any terms or conditions of the Grant Agreement.

(Subparagraphs (a) through (f) are hereafter collectively referred to as, "Post Application Submissions.")

3. a Supportive Services/People plan;
4. the Grantee's submissions to HUD in connection with an Endowment Trust, if applicable, in accordance with Article IV(J) (including but not limited to submission of a Choice Neighborhoods Endowment Trust Addendum);



5. for public housing only, a Demolition Application, if applicable, as described in Article V;
  6. for public housing only, a Disposition Application relating to the Development, as described in Article V, to the extent applicable;
  7. a development proposal(s), as described in Article V;
  8. a homeownership proposal, as applicable, as described in Article V;
  9. a plan for Critical Community Improvements projects; and
  10. any amendment or modification of the foregoing, as approved in writing by HUD.
- C. Incorporation into Grant Agreement. As each component of the Transformation Plan is approved in writing by HUD, it will be deemed to be incorporated into this Grant Agreement.
- D. Time Periods for Implementation. The Grantee agrees to implement its Transformation Plan in accordance with the approved Program Schedule, including but not limited to the following time periods:
1. In accordance with the Choice Neighborhoods Implementation NOFO as incorporated by Article I(C) above.
  2. The Program Schedule, Choice Neighborhoods budget form, and copy of executed development services agreement are due to HUD within 120 days (weekends and holidays are not excluded) from the Grant Award Date. HUD reserves the right to require Grantee to make edits to the program schedule and budget to put them in a form and substance acceptable to HUD. HUD is requesting a copy of the development services agreement to ensure it has been executed, thus allowing the grantee and Housing Implementation Entity to move forward in a timely manner.
  3. Items identified in paragraph (B) of this Article must be submitted to HUD in accordance with the HUD-approved Program Schedule.
  4. Key Supportive Services programs and activities must be made available to residents within 60 days of the Grant Award Date. It is imperative that case management services begin immediately so that residents who will be relocated have time to participate in and benefit from Supportive Services activities before leaving the site; and that residents who have already been relocated are able to participate in and benefit from Supportive Services activities.
  5. The Grantee must submit the People/Supportive Services plan within 9 months of the Grant Award Date for HUD's review and approval.

6. The Grantee must submit the Critical Community Improvements plan within 12 months of the Grant Award Date for HUD's review and approval.
  7. The closing of the first housing phase of development must take place within 15 months of the Grant Award Date. For this purpose, "closing" means all financial and legal arrangements have been executed and actual activities (construction, etc.) are ready to commence. The construction Notice to Proceed or equivalent must be issued no later than 90 days after the closing date, unless otherwise approved by HUD.
  8. Grantees must start housing rehabilitation/construction within 18 months of the Grant Award Date.
  9. Grantees are expected to complete replacement housing rehabilitation/construction by obtaining a certificate of occupancy or equivalent in accordance with a schedule approved by HUD. For units funded with Choice Neighborhoods funds, all grant funds must be expended by September 30, 2032. In accordance with the statutory deadline for expenditure of funds, HUD cannot approve an extension to this milestone.
- E. Time Extensions. All requests for extensions of the time periods for implementation listed in paragraph (D)(1)-(8) of this Article must be requested by the Grantee in advance of the deadline date. All requests for extensions must be made in writing to the Office of Public Housing Investments and will be reviewed and approved or disapproved by the Deputy Assistant Secretary for the Office of Public Housing Investments.

## **ARTICLE V. Transformation Activities and Requirements**

- A. Program Activities and Requirements. Grantees must include the activities and program requirements listed in Section III.F of the Choice Neighborhoods Implementation NOFO in their Transformation Plan, some of which are restated in this Article for emphasis and/or with additional detail.
- B. One-for-one Replacement of Public and/or Assisted Housing. Each Transformation Plan must comply with the applicable one-for-one replacement requirement as stated in Section III.F.2.b of the Choice Neighborhoods NOFO. HUD recognizes that some Replacement Units may not be completed by the end of this grant term and without CN grant funding. However, the Grantee's responsibility to comply with the one-for-one replacement requirement continues even if the term of this grant is over.

C. Replacement Housing Development Activities.

1. All replacement units must be developed in mixed-income projects. HUD may allow an exception for projects that will be designated for elderly-only occupancy.
2. For replacement housing development activity under the Transformation Plan using grant funds (whether on-site reconstruction or off-site development), the Grantee must obtain HUD approval of a development proposal submitted under 24 CFR 905.606 (“Development Proposal”) and in accordance with the Cost Controls and Safe Harbor Standards for Rental Mixed-Finance Development, dated April 2003, or subsequent guidance.
3. Any RAD conversion must be done in accordance with the protocol for reviewing RAD/Choice Neighborhoods projects or subsequent guidance (available on the Choice Neighborhoods website).
4. For Replacement Units to be provided as PBVs in projects developed by an entity other than the Housing Implementation Entity, the PHA that administers the vouchers must comply with 24 CFR part 983. In addition, the Choice Neighborhoods office must review project information in advance of the AHAP or HAP contract to confirm the project satisfies the CN program requirements (e.g., is in a mixed-income development and, if located outside the target neighborhood, meets the location requirements set forth in the NOFO) in order for the units to count toward meeting the one-for-one replacement requirement.

D. Rehabilitation Activities. For rehabilitation and physical improvement of public housing and/or community facilities primarily intended to facilitate the delivery of community and supportive services for residents of the Development and residents of off-site replacement housing under the Transformation Plan, the Grantee will comply with 24 CFR part 905.

E. Affordable Housing Development Activities. Affordable housing (non-replacement, rental units, as defined in the NOFO) units developed with Choice Neighborhoods funds must be done in accordance with a proposal approved by HUD. Such units must be available to families earning 81-120 percent of AMI and grantees shall commit to an affordability period of at least 20 years. Affordable housing units must be in the same building with replacement units, except for buildings with one to four units total. Further, affordable housing units cannot include other funding that restricts incomes below 120 percent AMI (e.g., Low-Income Housing Tax Credits). The affordability restrictions shall be contained in a legally enforceable document recorded in the appropriate recorder’s office or registry of deeds and consistent with long-term viability of the project. HUD will review the development proposal in accordance with the regulations at 24 CFR part 905.606 and the Cost Controls and Safe Harbor Standards for Rental Mixed-Finance Development, dated April 2003, or subsequent guidance.

F. Demolition of Public Housing. Grantee cannot carry out nor permit others to carry out the demolition of the targeted public housing project or any portion of the project until HUD

approves, in writing, through one of the following authorities ((1) - (3) of this section), and until HUD has also: (i) approved a Request for Release of Funds submitted in accordance with 24 CFR part 58, or (ii) if HUD performs an environmental review under 24 CFR part 50, has approved the property for demolition, in writing, following its environmental review.

1. Information regarding demolition in the Choice Neighborhoods Application, along with Post Application Submissions requested by HUD after the award of the grant. Section 24(g) of the 1937 Act provides that severely distressed public housing that is demolished pursuant to a revitalization plan is not required to be approved through a demolition application under section 18 of the 1937 Act or regulations at 24 CFR part 970. If demolition approval was not obtained from HUD prior to award of this Choice Neighborhoods Implementation Grant, Grantees should obtain demolition approval pursuant to section 24(g) of the 1937 Act.
  2. A demolition application under section 18 of the 1937 Act if secured prior to award of this Choice Neighborhoods Implementation Grant.
  3. A section 33 Required Conversion Plan, in compliance with regulations at 24 CFR part 972, subpart A and other applicable HUD requirements. A Required Conversion Plan concerns the removal of a public housing project from a PHA's inventory.
- G. Demolition of Multifamily Housing. For projects subject to a project-based section 8 Housing Assistance Payments ("HAP") contract, the Grantee will not engage in or permit the partial or total demolition of the project, or any activities related thereto, including any activities in preparation for such demolition, without the prior written consent of HUD. Such consent will not be provided until HUD has first approved (i) a proposal for preserving the project-based section 8 HAP contract consistent with applicable statutory authority (e.g., section 212(a) of the 2012 HUD Appropriations Act, or successor legislation; or section 8(bb)(1) of 1937 Act) and all related Departmental policies, procedures, and requirements; (ii) a proposal for project rehabilitation; and (iii) a replacement housing plan that provides for the orderly, temporary relocation of relocated families (e.g., based on the requirements of Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 (Multifamily Emergency/Disaster Guidance), section 38-32C (Section 8 Pass Through)) that ensures decent, safe, and sanitary housing, consistent with 24 CFR part 5, subpart G (Physical Condition Standards and Inspection Requirements) and 24 CFR part, 200 subpart P (Physical Condition of Multifamily Properties), at the beginning of and throughout the relocation period.

H. Disposition of Public Housing. This section applies only to disposition of public housing.

1. Disposition of a severely distressed public housing site, by sale or lease, in whole or in part, must be done in accordance with section 18 of the 1937 Act and implementing regulations at 24 CFR part 970, as applicable.
  - a. RAD/18 blends. For CNI/RAD transactions that also utilize section 18 disposition authority, the dispositions must be done in accordance with section 18 and part 970.
  - b. RAD conversions. For CNI/RAD transactions utilizing RAD disposition authority, the dispositions must be done in accordance with H-2019-09 PIH-2019- 23 (HA), as it may be amended or superseded.
2. The Grantee will also comply with the provisions of its approved disposition application (the approved “Disposition Application”), unless otherwise modified in writing by HUD, and with the procedures for processing dispositions associated with mixed-finance projects as set forth by HUD.
3. A ground lease of one year or more that is not incident to the normal operation of a development is considered to be a disposition that is subject to section 18 of the 1937 Act.

I. Relocation. A key goal of the Choice Neighborhoods program is to support the successful relocation of households; the successful return of households who choose to occupy a replacement unit; and the stability of households who choose not to occupy a replacement unit.

1. General. Grantees must: (a) inform residents of the target housing of their right to return, and the specific counseling and supports that will be provided prior to and up to three years after initial relocation to ensure that all residents can maintain lease compliance and eligibility for units in the new development(s) to make a successful transition back to the revitalized neighborhood; (2) integrate comprehensive relocation and re-occupancy counseling and supports with the People Plan, so that residents of the target public and/or assisted housing receive the array of services they need to return to the revitalized housing or maintain stability in other housing of their choice; and (3) regularly communicate and collaborate with property management to ensure that case management supports are offered to households at risk of eviction. Grantees must track 100 percent of the relocated residents for at least five years after their initial move and report to HUD on relocation and re-occupancy metrics.
2. Relocation Plan for Public Housing Units. The Grantee must carry out its relocation activities in compliance with a relocation plan that conforms with the following statutory and regulatory requirements, as applicable (the “Relocation Plan”) for displacement or temporary relocation carried out as a result of:
  - a. Rehabilitation, acquisition, or demolition pursuant to section 24 of the 1937 Act under an approved Transformation Plan is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601 et

- seq; 49 CFR part 24) (URA) and regulations at 24 CFR § 905.308 or successor part and must meet the requirements of the Choice Neighborhoods Implementation NOFO.
- b. Disposition or demolition pursuant to section 18 of the 1937 Act under an approved Transformation Plan is subject to section 18 of the 1937 Act as amended and 24 CFR 970.21. Section 18 demolition approval is only allowed for projects that received HUD demolition approval prior to award of this Choice Neighborhoods Implementation Grant. Relocation carried out as a result of demolition approval pursuant to section 24 must follow the URA, as noted above (even if there is a subsequent disposition approval).
  - c. Disposition pursuant to a Section 33 required conversion plan is subject to Section 18 of the 1937 Act and 24 CFR part 971.
  - d. Demolition pursuant to a Section 33 required conversion plan is subject to the URA. If the project also utilizes Community Development Block Grant (CDBG) or HOME funds, section 104(d) of the Housing and Community Development Act of 1974 may also apply. Please refer to the Tenant Assistance Relocation and Real Property Acquisition Handbook (HUD Handbook 1378) for detailed information.
3. Relocation Plan for Non-Public Housing Units. Projects involving real property acquisition, rehabilitation or demolition are subject to the URA and the requirements of the Choice Neighborhoods Implementation NOFO. For projects subject to a project-based section 8 HAP contract, the Grantee will (i) secure or cause to be secured temporary replacement housing for displaced families; will ensure that (ii) the temporary housing is available for the entire duration of the displacement period; and (iii) the housing meets the requirements of 24 CFR part 5, subpart G (“Physical Condition Standards and Inspection Requirements”) and 24 CFR part 200, subpart P (“Physical Condition of Multifamily Properties”) at the beginning of and throughout the displacement period. To satisfy this requirement, the Grantee is encouraged to adopt the model and the related procedures in Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 (“Multifamily Emergency/Disaster Guidance”), section 38-32 C (“Section 8 Pass Through”) for the temporary relocation of section 8-assisted families necessitated by a natural disaster or other emergency. Based on this model and the related procedures, the Grantee is authorized to enter into a temporary lease for a unit in the same locale that meets the foregoing regulatory requirements on behalf of a displaced section 8-assisted family. During this period, the Owner of a property subject to a project-based section 8 HAP contract (“Owner”), whether the Owner is the Grantee or one of the Grantee’s partners, may voucher for the contract rent for that unit on a temporary basis. The Owner pays no more than the contract rent on the temporary dwelling until the resident’s permanent rental unit has been restored to habitable condition and the Owner notifies the resident that they may resume occupancy of their former unit. The resident is still responsible for the resident’s share of the rent. Should the displaced resident fail to return, the Owner may rent the repaired unit to an eligible section 8 applicant. Before doing so, however, the Owner must inform the resident in writing that their assistance is terminated. In the event that the Owner rents the unit to an eligible section 8 applicant, the Owner must first terminate the “pass through” lease that the Owner executed on behalf of the displaced resident. In addition, should the temporarily relocated resident

move from the temporarily leased unit before their permanent rental unit is repaired and made available for their return, the Owner can no longer voucher for the temporary unit and the resident is considered permanently housed. (See Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 (“Multifamily Emergency/Disaster Guidance”), section 38-32 C (“Section 8 Pass Through”)).

J. Acquisition.

1. **Site Acquisition Proposal.** If a Grantee proposes to use Grant Funds to acquire vacant land (or land with existing dilapidated structures to be torn down prior to redevelopment) for the future development of new replacement housing units but is not yet prepared to submit a Development Proposal, the Grantee must submit a site acquisition proposal to HUD for review and approval prior to acquisition in accordance with 24 CFR 905.608. Once the Grantee finalizes its plan for development of the site, the Grantee must submit a Development Proposal to HUD for review and approval in accordance with 24 CFR 905.606.
2. **Land for Replacement Units outside the target neighborhood.** For acquisition of land for replacement housing outside the target neighborhood, Grantee must also comply with 24 CFR 905.602 (site and neighborhood standards).
3. **Land for Economic Development-Related Activities.** Acquisition of land for this purpose is eligible if the activities specifically promote the economic self-sufficiency of residents of the neighborhood, such as construction or rehabilitation of parks and community gardens, environmental improvements; or promoting economic development, such as development or improvement of transit, retail, community financial institutions, public services, facilities, assets, or other community resources. Limited infrastructure and site improvements associated with development retail, commercial, or office facilities, such as rough grading and bringing utilities to (but not on) the site, are eligible activities with prior HUD approval. Grantee may spend up to 15 percent of the total Choice Neighborhoods grant to pay the costs of non-housing capital costs as described above for Critical Community Improvements.

- K. **Supportive Services.** The Grantee must plan for and provide supportive services to original residents of the target housing, residents relocated from the target housing, and residents of the replacement units post-revitalization for the term of the Grant Agreement. Supportive Services programs and services must also be carefully planned so that they will be sustainable after the Choice Neighborhoods grant period ends. Original residents are those residents who lived in the targeted redevelopment site on the Grant Award Date. The Grantee and HUD will also work together to track the experiences and changing characteristics of revitalization development residents who live at the revitalized site. Supportive Services activities must be well integrated with the physical development process, both in terms of timing and the provision of facilities to house on-site service and educational activities. The Grantee should provide final outcomes and metrics on Supportive Services as identified in the Transformation Plan. The Grantee will report to HUD on those outcomes and measure progress using those metrics as discussed in Article XIII. HUD will use these

reports to determine if the Grantee has met their supportive service requirements as listed in their Transformation Plan. To the extent that the Grantee proposed Supportive Services to the surrounding neighborhood residents as part of the application, public housing and HUD assisted housing resident Supportive Services should be tracked in the same way or as proposed in the application.

1. **Funding.** Consistent with sections 24(d)(1)(L) and 24(j)(3) of the 1937 Act and the FY 2023 Appropriations, the Grantee may use an amount up to 20 percent of the total Choice Neighborhoods Grant to pay the costs of community and supportive service programs. The Grantee may spend additional sums on community and supportive services programs using donations, HUD funds made available for that purpose, or other Grantee funds.
  2. **Supportive Services Endowment Trust.** Each Grantee may elect to establish an endowment with some Supportive Services funding under this grant (the “Endowment Trust”).
    - a. The Grantee may not draw down funds provided under this Grant Agreement for deposit into an Endowment Trust until it has a HUD-approved Endowment Trust plan and has executed with HUD an addendum to this Grant Agreement (the “Choice Neighborhoods Endowment Trust Addendum”), as directed by HUD. The Choice Neighborhoods Endowment Trust Addendum establishes the requirements governing the establishment, operation, and management of an Endowment Trust.
    - b. In reviewing the amount of the Grantee’s proposed allocation of Choice Neighborhoods Grant funds to an Endowment Trust, HUD will take into account the Grantee’s demonstrated ability to pay for current Supportive Services activities with Choice Neighborhoods or other funds, and the projected long-term sustainability of the Endowment Trust to carry out such activities.
    - c. Endowment Trust funds (including any non-Choice Neighborhoods funds donated or otherwise made available to the Endowment Trust, and any interest earned on Choice Neighborhoods and non-Choice Neighborhoods funds) may only be used for eligible and necessary Supportive Services activities.
  3. **Dedicated Project Manager.** The People Implementation Entity must dedicate a full-time project manager to oversee the People Plan. This person should have the skills and experience necessary to effectively oversee case management and service coordination efforts and outcomes.
  4. Although residents of the target housing and replacement units post-revitalization must be the primary beneficiary of Supportive Services, Supportive Services provided to the surrounding neighborhood residents, beyond public and HUD assisted housing residents, are an eligible use of funds.
- L. **Administration, Fees and Costs.** Reasonable costs for administration, planning, technical assistance, and fees and costs, as established by the Choice Neighborhoods Implementation Grants Budget Guidance and the Cost Control and Safe Harbor Standards guidance dated April 9, 2003, or successor document. These costs are limited to the costs of implementing



the Transformation Plan, as specifically approved by HUD, such as fees for architectural and engineering work, program management (if any), and reasonable legal fees. Grantee may not use Choice Neighborhoods Implementation Grant funds to pay for any implementation activities carried out on or before the date of the letter announcing the award of the Choice Neighborhoods Grant.

M. **Right of Return.** Each household who wishes to occupy a replacement housing unit may return if the tenant was lease-compliant at the time of departure from the target housing prior to relocation and continued to remain lease-compliant during the relocation period. This is a Choice Neighborhoods program requirement and not related to benefits provided in accordance with the URA. A returning tenant shall be provided a preference for occupancy of on-site or off-site replacement units before such units are made available to any other eligible households. **Accordingly, the Housing plan must provide an adequate number of replacement units that can be occupied by households with incomes up to 80 percent AMI (i.e., units that are not limited by another funding source that has a lower income limit).** The tenant also has the option not to occupy a replacement unit and may retain tenant-based voucher assistance, subject to appropriations and availability, provided under section 8(o) of the United States Housing Act of 1937 for relocation from the properties revitalized under this Grant Agreement. These preferences are retained even if the resident has already received permanent relocation benefits. This preference applies to residents that were relocated due to the redevelopment activity and remains available until the initial lease-up of the new units. Residents that voluntarily move prior to relocation do not have this right to return preference. Prior written approval for any new tenant-based voucher assistance, including but not limited to Tenant Protection Vouchers, is required prior to Grantee obtaining voucher assistance. If a household is “rightsized” (e.g., splits into two separate households) through the relocation resulting from Choice Neighborhoods, the original head of household will have the right to return. Once all of the original heads of household have been housed, the Grantee is required to offer the second household any units that are available. If no units are available, then the second household will be moved to the top of the waiting list. Both the original household and the second household are required to be lease-compliant at the time of relocation and throughout relocation.

N. **Location of Replacement Housing.**

1. **Grantee’s Election of Requirements.** A Grantee, at its election, separately regarding each site it proposes, will comply with the development regulations regarding Site and Neighborhood Standards (24 CFR § 905.602), or with the Site and Neighborhood Standards contained in this Article.
2. **On-Site Replacement Housing** (i.e., on the target housing site and/or in the target neighborhood). Because the objective of the Choice Neighborhoods program is to alleviate distressed conditions at the targeted development and in the target neighborhood, replacement housing under Choice Neighborhoods that is located within the target neighborhood will not require approval by HUD under Site and Neighborhood Standards.

3. Off-site Replacement Housing (i.e., outside of the target neighborhood but within the metropolitan area up to 25 miles from the target housing site). Replacement housing outside the target neighborhood must:
  - a. offer access to economic opportunities and public transportation and be accessible to social, recreational, educational, commercial, health facilities and services, and other municipal services and facilities that are comparable to those that will be provided in the target neighborhood;
  - b. be located in a census tract with a poverty rate below 30 percent;
  - c. NOT be located in an area of minority concentration. An area of minority concentration is defined as one where either of the following statistical conditions exists: the census tract's percentage of persons of a particular racial or ethnic minority is at least 20 points higher than the minority's percentage in the housing market area as a whole or the census tract's total percentage of minority persons is at least 20 points higher than the total percentage of minority persons in the housing market area as a whole; and
  - d. meet the site and neighborhood standards listed in 24 CFR 906.602(d).
- O. Research and Evaluation Cooperation. HUD and its contractors shall perform research and evaluation activities on the Choice Neighborhoods program, including interviews with the Grantee and community, review of grantee documents and data, surveys of assisted households and neighborhood residents, and documentation of changing physical conditions in the buildings and neighborhood. The Grantee shall make all reasonable efforts to cooperate with HUD and its contractors in carrying out these activities, including but not limited to facilitating interviews of Grantee's staff and partners, providing HUD's contractor with access to observe community meetings; to data systems, documents, and assisted and public housing residents; and to buildings for conducting physical inspections.
- P. Lobbying. The Grantee hereby certifies that no funds provided under this Grant Agreement will be expended for lobbying activities, as prohibited by Section 319 of Public Law 101-121 (which prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Grantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

## **ARTICLE VI. Changes to the Transformation Plan**

- A. Changes Requiring Prior HUD Approval. If the following activities in the application are to be modified or amended, the Grantee must request and obtain prior written HUD approval:
  1. the Program Schedule. The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions that will impair materially the Grantee's ability to comply with the Program Schedule, and include a statement of action taken, or proposed

to be taken, and any assistance needed to resolve the situation. HUD must approve any proposed changes to the Program Schedule that would modify any date or time period.

2. the form of program oversight or governance;
  3. the overall strategy for community involvement;
  4. the approved disposition;
  5. the approved demolition;
  6. the Housing plan, including the total number of housing units to be developed or rehabilitated (whether or not there is an associated budgetary revision requiring prior approval), the unit mix, the location of housing, the design, or any other changes that materially affect the Transformation Plan;
  7. the People plan to provide supportive services;
  8. the plan for Critical Community Improvements projects;
  9. changes in any Choice Neighborhoods Budget or phase budget that propose an increase or decrease in any line item, except as permitted by Article VI;
  10. an extension of the period of availability of the Choice Neighborhoods Grant funds provided under this Grant Agreement, not to go beyond the statutory timeframes;
  11. changes in the entities or individuals, including any key partners specified in the Transformation Plan as having key responsibilities for carrying out the Transformation Plan (or any component(s) of the Transformation Plan). Subgranting, subcontracting or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the Transformation Plan will constitute such a change in entities or individuals; and
  12. changes requested by a subgrantee that relate to any of the itemized categories listed in paragraph (A) of this Article.
- B. Changes Requiring Grant Agreement Amendment. For the following types of revisions to the Transformation Plan, the Grantee must submit a written request to HUD and must receive HUD's written authorization prior to making any such changes:
1. change in the total dollar amount of the grant; and/or
  2. change in the Development for which funds provided under this Grant Agreement are made available.

Upon HUD's written approval, the change will be implemented by the execution of an amendment to this Grant Agreement and shall consist of a revised Form HUD-1044 if there is a change in the dollar amount of the grant.

**C. Waiver Requests.**

1. **Standard for Approval.** The activities to be conducted under this Grant Agreement are subject to the terms of this Grant Agreement and the Choice Neighborhoods Requirements. Nevertheless, HUD seeks innovative solutions under the Choice Neighborhoods Program to the long-standing problems of severely distressed public and assisted housing developments located in neighborhoods of concentrated poverty, and will consider granting a waiver of specific regulatory requirements, provided that:
  - a. such a waiver would be consistent with applicable statutory requirements; and
  - b. the Grantee is able to demonstrate good cause to support HUD's granting of such a waiver.
2. **Waiver Request Procedure.** If the Grantee wants HUD to approve a waiver of a regulatory requirement, it must submit a request with sufficient information and justification to enable HUD to make a determination of good cause for granting any such request to deviate from existing regulations. Until such time as the Grantee requests and HUD, in its discretion, approves any such requests in writing, the Grantee does not have authority to implement the activities described in the Choice Neighborhoods Application to which the request for approval applies (or for which a request for approval is needed).

**ARTICLE VII. Choice Neighborhoods Budget and Funding Requests**

- A. **Budget.** The Grantee must ensure that funds provided under this Grant Agreement are expended in accordance with the Choice Neighborhoods Requirements and a Choice Neighborhoods Budget. Each Grantee must submit to HUD for approval a Choice Neighborhoods Budget as part of the Post Application Submissions. The Choice Neighborhoods Budget allocates ALL Choice Neighborhoods Grant funds into Budget Line Items. The Choice Neighborhoods Budget will serve as the primary budget and may be subject to revision. Grantees should consult the "Implementation Grant Budget Guidance" posted to the Choice Neighborhoods website ([www.hud.gov/cn](http://www.hud.gov/cn)) for detailed description of eligible activities and in which BLI each cost is categorized.
- B. **Budget Form.** Each budget submitted in accordance with paragraph (A) of this Article must be submitted on the Choice Neighborhoods Implementation Grants Budget Form (form HUD-53236). Part I must be signed and dated by the Lead Grantee, and Part II must include a detailed description of the uses of the funds. Grantees should also track their leveraged fund expenditures and maintain this information on file should HUD request it.
- C. **Pre-Grant Agreement Execution Costs.** After the execution of this Grant Agreement, the Grantee may include in its Choice Neighborhoods Budget, and the Grantee may draw down funds for, costs that were incurred prior to execution of this Grant Agreement, provided that

such costs were incurred after the Grant Award Date, are directly associated with the activities to be funded under this Choice Neighborhoods Grant, and are approved as reasonable and eligible by HUD.

**D. Predevelopment Costs.**

1. **Funding Requests.** The Grantee may request a Choice Neighborhoods Grant funds for predevelopment costs by submitting the Choice Neighborhoods Budget to HUD. Funds may be drawn down for eligible Predevelopment Costs (as defined in subparagraph (2) below), subject to receiving HUD approval and the requirement for an environmental review in accordance with the provisions of this Grant Agreement.
2. **Eligible Predevelopment Costs.** Eligible predevelopment costs (“Predevelopment Costs”) may include funds for:
  - a. administration costs related to having additional and/or existing staff work on the Choice Neighborhoods Grant;
  - b. fees and costs related to procuring goods and services from third parties in connection with eligible predevelopment activities such as architectural and engineering (A&E) fees;
  - c. resident relocation;
  - d. supportive services costs, including costs dedicated to case management and services;
  - e. costs associated with carrying out environmental reviews, in accordance with 24 CFR § 58.23; and
  - f. site remediation and demolition costs, provided that HUD has notified the Grantee in writing of the approval.
3. **Predevelopment Funds.** Upon review and approval of the Choice Neighborhoods Budget as described in this Article, HUD will make the approved predevelopment funds available to the Grantee for drawdown in LOCCS. The Grantee will ensure that the funds are expended in conformance with the HUD-approved Predevelopment Budget.

**E. Program Income.** Program Income is defined in 2 CFR § 200.1, or successor regulation. If the Grantee receives program income:

1. Prior to grant closeout program income from repayment of loans, sale of homeownership units, and/or other sources:
  - a. must be reinvested in the Development or neighborhood and used for Choice Neighborhoods eligible purposes, unless otherwise approved by HUD; and
  - b. must be used for eligible activities authorized under this Grant Agreement before the Grantee may draw down additional cash payments from the Choice Neighborhoods Grant.
2. after grant closeout, program income from repayment of loans, sale of homeownership units, and/or other sources the program income must be reinvested in the Development or neighborhood and used for Choice Neighborhoods eligible purposes. Before the grant is closed out, Grantee will provide a plan to HUD for how program income will be

reinvested, in a form and substance that is acceptable to HUD. HUD will determine with the Grantee what the sources of program income are.

The language of this provision, article VI (E)(2), shall survive grant close-out and termination of this Grant Agreement.

## **ARTICLE VIII. Project Drawdowns**

A. LOCCS Payment System. Consistent with 2 CFR Part 200, the Grantee will request all drawdowns of Choice Neighborhoods Grant funds under the Line of Credit Control System (e-LOCCS), unless and until another payment system is designated by HUD. The Grantee will comply with all rules, guidelines, and notices established for Choice Neighborhoods under LOCCS, or any substitute system, in connection with any drawdown of Choice Neighborhoods Grant funds. If HUD designates a different payment system, it will be based upon the provisions of 2 CFR § 200.305.

### **B. Drawdowns.**

1. The Grantee may draw down Choice Neighborhoods Grant funds for a Budget Line Item (BLI) in an amount up to 100 percent of the amount of that BLI that HUD has approved and made available for drawdown.
2. Any request for funds in excess of 10 percent of the entire grant amount in any month must be approved by HUD. The Grantee must submit copies of the invoices supporting the drawdown amount to the Team Coordinator for review.

### **C. Drawdown Consequences of Default.**

1. Withholding of Payments. HUD may withhold payments in accordance with 24 CFR § 200.339.
2. Grantee Representations. Each drawdown request by the Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).
3. Overdue Reports. HUD may elect to suspend draws under this Grant Agreement during any period in which the Grantee has failed to file with HUD any quarterly report.

## **ARTICLE IX. Matching and Leveraged Funds**

A. Match Requirements. In accordance with section 24(c) of the 1937 Act (42 U.S.C. 1437v(c)),

1. Grantee must have secured a match in the amount of 5 percent of the grant amount in cash or in-kind donations.
  2. Additional Supportive Services Match. Up to 20 percent of the Choice Neighborhoods grant may be used for supportive services activities. However, if the Grantee is using more than 5 percent of the grant funds for supportive services activities, funds (cash or in-kind donations) from sources other than Choice Neighborhoods must be secured for the amount between 5 and 20 percent of the grant that Grantee will use for supportive services activities. These resources must be NEW commitments in order to be counted for match.
- B. Match Donations and Leverage Resources. Grantee shall keep documentation on matching and leveraged funds during the term of this Grant Agreement and shall provide this documentation in a format acceptable to HUD upon request by HUD, until the closeout of this grant. The documentation should show that the funds are secured and the Grantee should keep records showing how those funds have been expended over time.

## **ARTICLE X. Grantees, Subrecipients, and Contractors**

### **A. General Grantee Responsibilities.**

1. Implementation Team. The Grantee agrees to promptly assemble a competent implementation team, if it has not already, to assist in working with the Grantee's partners and coordinating all phases of the implementation process.
2. Choice Neighborhoods Requirements. The Grantee shall ensure that any entity to which it makes grant funds available will comply with the Choice Neighborhoods Requirements.
3. Required Certifications.
  - a. The Grantee must ensure that all subrecipients and contractors execute an original document in the form of Exhibit A to this Grant Agreement at the time the Grantee executes any contract with any subrecipient or contractor to provide goods or services under this Grant Agreement. The Grantee will retain the executed original certificate together with the executed contract documents.
  - b. Grantees that are public housing authorities (PHA Grantee) must ensure that the requirements contained in the General Conditions for Non-Construction Form (Form 5370-C) are included in any solicitation in connection with non-construction contracts that will be made by the PHA Grantee and paid for with assistance under this Grant Agreement. Such conditions must also be included in any non-construction contract entered into by the PHA Grantee.
  - c. Certifications required by 2 CFR 200.415.

## B. Administrative Requirements

1. 2 CFR part 200. Grantees, subrecipients, and contractors are subject to the administrative requirements of 2 CFR part 200, as they may be amended from time to time, as applied by Article X.C.-E. Where any previous or future amendments to 2 CFR part 200 replace or renumber sections of part 200 that are cited specifically in the NOFO or Grant Agreement, activities carried out under the grant after the effective date of the part 200 amendments will be governed by the part 200 requirements as replaced or renumbered by the part 200 amendments.

## C. Administrative Requirements for Grantees. Public housing authority, local government, Indian tribe, and non-profit entity grantees are subject to 2 CFR Part 200.

## D. Administrative Requirements for Subrecipients and Related Agreements

1. Public housing authority, local government, Indian tribe, and non-profit subrecipients are subject to the requirements of 2 CFR Part 200.
2. For-profit subrecipients are subject to the requirements of 2 CFR Part 200, Subparts A-E. The Grantee is responsible for establishing audit requirements consistent with 2 CFR 200.501(h).
3. Suspension and Debarment. Subrecipients are subject to the requirements of 2 CFR 200.214.
4. Grantee Responsibilities Regarding Subrecipients. Grantees will be responsible for:
  - a. ensuring that subrecipients are aware of the requirements imposed upon them by Federal statutes, regulations, and this Grant Agreement;
  - b. ensuring that all subrecipient agreements include any clauses required by Federal statutes and their implementing regulations and executive orders; and;
  - c. monitoring subrecipients' performance to ensure compliance with this Grant Agreement.

## E. Administrative Requirements for Contractors and Subcontractors and Related Contracts.

1. Grantee Responsibilities Regarding Contractors and Subcontractors. Grantees that are subject to 2 CFR Part 200 as described in (B)(1) of this Article will be responsible for the following:
  - a. Grantee shall obtain the services of a for-profit entity through a competitive procurement under 2 CFR Part 200. However, if the Grantee can demonstrate to HUD that the services to be provided by the for-profit entity can be obtained only from that one source, the Grantee may request HUD approval to select the entity under a non-competitive procurement in accordance with 2 CFR 200.320(c).
  - b. Consultant Services. Grantees shall obtain consultant services provided under an independent contractor relationship pursuant to 2 CFR Part 200.



2. Trigger for the Submission of Contracts. Contract documents must be submitted to HUD for prior approval if required by 2 CFR Part 200, Subpart D, or if requested by HUD. Any modification of such contracts is also subject to HUD's written approval before execution.
3. Debarred or Suspended Parties. Contractors must comply with 2 CFR 200.214.

#### **ARTICLE XI. No Third-Party Rights**

The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third-party beneficiaries to this Grant Agreement. Nothing in this Grant Agreement may be construed as conferring the status of third-party beneficiary upon the residents; and in no event shall any entity other than the Grantee have direct rights to the Choice Neighborhoods funds provided for under this Grant Agreement.

#### **ARTICLE XII. Conflict of Interest**

- A. Prohibition. The Grantee shall comply with the conflict of interest requirements in 2 CFR 200.318. No person who is an employee, agent, officer, or elected or appointed official of the Grantee or member of his immediate family and who exercises any functions or responsibilities with respect to activities assisted under this Choice Neighborhoods Grant may have a direct interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder.
- B. HUD-Approved Exception.
  1. Standard. HUD may grant an exception to the prohibition in paragraph (A) of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of Choice Neighborhoods and its effective and efficient administration.
  2. Procedure. HUD will consider granting a regulatory waiver only after the Grantee has provided a written request which provides a disclosure of the nature of the conflict, accompanied by:
    - a. an assurance that there has been public disclosure of the conflict;
    - b. a description of how the public disclosure was made; and
    - c. an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws.
  3. Consideration of Relevant Factors. In determining whether to grant a requested exception under paragraph (B) of this Article, HUD will consider the cumulative effect of the following factors, where applicable:
    - a. whether the exception would provide a significant cost benefit or an essential degree of expertise to the Transformation Plan that would otherwise not be available;

- b. whether an opportunity was provided for open competitive bidding or negotiation;
- c. whether the person affected is a member of a group or class intended to be the beneficiaries of the Transformation Plan and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- d. whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process, with respect to the specific activity in question;
- e. whether the interest or benefit was present before the affected person was in a position as described in paragraph (A) of this Article;
- f. whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- g. any other relevant considerations.

### **ARTICLE XIII. Reporting Requirements**

#### **A. Quarterly Report.**

1. The Grantee will submit to HUD a Quarterly Report as prescribed by HUD in accordance with the schedule established by HUD, presently 21 calendar days after the end of each quarter, with the first report due after the quarter ending December 31, 2024. In the Quarterly Report the Grantee will report at a minimum the progress of their grant, including but not limited to progress against their schedule and budget, expenditures to date, a narrative statement on their progress, progress on priority outcomes as described in the Choice Neighborhoods Implementation NOFO, progress against the priority metrics identified by HUD, and description of financing secured to date for implementation. The Grantee should also include, as appropriate, best practices and lessons learned from the date of the prior Quarterly Report. Upon expenditure of all Choice Neighborhoods grant funds, grantees must continue to report on all metrics in the Inform system, or its successor, quarterly and annually, through the first quarter of the next calendar year. After that, grantees must continue to report quarterly on certain Housing, Neighborhood, and People metrics until all housing units (replacement and non-replacement) included in the Housing Plan are complete. Upon completion of all housing units, Grantees will no longer be required to report in Inform.
2. Failure to submit to HUD a timely Quarterly Report will result in a suspension of Choice Neighborhoods Grant funds in LOCCS until such time as the report is received and approved by HUD, and/or any other default remedy authorized by Article XIV.

**B. Obligations and Expenditures.** The Grantee must enter cumulative obligation and expenditure data into LOCCS by the due dates established by HUD, whether or not there has been any change in the cumulative amounts since the end of the last quarter.

**C. End of Grant Report.** Grantees are required to submit an end of grant report which discusses their overall success in transforming the target neighborhood and supporting positive

outcomes for residents and reproducible before and after photographs. The end of grant report must be submitted to HUD by April 30 of the year following the September grant expenditure deadline.

- D. **Program Income Reporting.** Until all housing units in the Housing Plan are complete and/or for the remainder of the 15-year program income period, grantees must separately track all sources and uses of Program Income. HUD reserves the right to request an accounting of Program Income funds during this time.
- E. **Additional Information Requests.** The Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the Choice Neighborhoods Program. The Grantee will also fully cooperate with all reasonable information gathering requests made by HUD or contractors of HUD in the course of authorized evaluations of the Choice Neighborhoods Program; and
- F. **Additional Requirements.** The Grantee agrees to comply with all other terms and conditions HUD may establish to administer, monitor, or evaluate the Choice Neighborhoods Program in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XV, HUD hereafter will not establish any additional terms and conditions without:
  - 1. consideration of the burden imposed on the Grantee by such conditions or requirements;
  - 2. consideration of the availability of less burdensome conditions or requirements; and
  - 3. in the case of a term or condition applicable solely to the Grantee, consulting in advance with the Grantee.

#### **ARTICLE XIV. Technical Assistance**

- A. **Site Visits.** The Grantee acknowledges and agrees that HUD, or its designees, may conduct site visits and inspections as deemed necessary by HUD based upon the Grantee's needs in implementing the Transformation Plan or the needs of the Choice Neighborhoods Program. Technical assistance site visits may be provided by HUD or its designees in response to requests from the Grantee or based upon demonstrated needs of the Choice Neighborhoods Program.
- B. **HUD Assessment.** HUD representatives will visit the site and make an assessment of any technical assistance and/or training that the Grantee may require for the implementation of the Transformation Plan. HUD will consult with the Grantee in determining the Grantee's specific technical assistance and training needs and will carry out subsequent on-site assessments, as necessary.

- C. Technical Assistance Provider. If HUD determines, in its discretion, that technical assistance and/or training is necessary for the implementation of the Transformation Plan, it will assign a technical assistance provider to work with the Grantee for this purpose.
- D. Grantee Training/Technical Assistance. The Grantee agrees to use its best efforts to attend any training and to accept any technical assistance provided or sponsored by HUD.

#### **ARTICLE XV. Unsatisfactory Performance/Default**

- A. In accordance with Section 24(i) of the 1937 Act, if the Grantee defaults under this grant agreement, HUD may withdraw any unobligated grant amounts and may pursue other actions as described in this Article. HUD shall redistribute any withdrawn amounts to one or more other applicants eligible for Choice Neighborhoods assistance or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the Transformation Plan of the original Grantee, subject to provisions of the appropriations law. This section applies to all Grantees regardless of their status as a local government, PHA, nonprofit, or other entity.
- B. Default. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, may constitute a default by the Grantee under this Grant Agreement, as determined by HUD in its sole discretion:
  - 1. use of funds provided under this Grant Agreement for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;
  - 2. failure to comply with the Choice Neighborhoods Requirements or any other Federal, State, or local laws, regulations, or requirements applicable in creating the Transformation Plan;
  - 3. failure to make any submission under Article III, perform any obligation, or otherwise fail to proceed in a manner consistent with the Transformation Plan, (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule);
  - 4. any material misrepresentation in any of the required submissions, including, without limit, any misrepresentations in any of the submissions required by Article III(B); or
  - 5. failure to comply with, or any material breach of, any other requirements, conditions, or terms of this Grant Agreement.
- C. Notice of Default and Action(s) to Cure.
  - 1. General. HUD will give the Grantee written notice of any default. The notice will give the Grantee the opportunity to cure such default within 30 days of the date of the notice, or to demonstrate within this time period, by submitting substantial evidence satisfactory

to HUD, that it is not in default. If the default is not able to be cured within the 30-day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Grantee must agree to carry out such cure diligently and to complete the cure within the 90-day period.

2. **Immediate Default.** Notwithstanding the provisions of paragraph (C)(1) of this Article, HUD in its sole discretion may place the Grantee into immediate default for not being in compliance with its Program Schedule or for non-compliance with Choice Neighborhoods requirements once written notification of default has been provided to the Grantee. At that time, HUD may immediately begin imposing consequences of default, including specifically the suspension of draws of the Choice Neighborhoods grant.
3. **Imminent Threat.** Notwithstanding the provisions of subparagraph (C)(1) of this Article concerning the opportunity to cure defaults, if HUD reasonably determines that there is an imminent threat that the Grantee will expend additional Choice Neighborhoods Grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph (C)(4)(i) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under paragraph (C)(1) of this Article or by subsequent written notice to the Grantee. An imminent threat is not an immediate default.
4. **Consequences of Default.** If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in paragraph (C)(1) of this Article, or fails to diligently pursue or complete any cure as provided in paragraph (C)(1), HUD may take any of the following remedial actions, upon written notice to the Grantee:
  - a. requiring a Grantee in default to provide evidence to HUD of acceptable performance over such period of time as specified by HUD and to obtain written approval from HUD to proceed to the next phase of activities;
  - b. requiring additional, more detailed financial reports;
  - c. requiring additional project monitoring;
  - d. requiring the Grantee (or subrecipient) to obtain technical or management assistance;
  - e. establishing additional prior approvals;
  - f. require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto, and follow such revised Program Schedule to complete the activities under the Grant Agreement;
  - g. require the Grantee, within a time period established by HUD, to revise any activity under the Grant Agreement in order to successfully complete the activities under the Grant Agreement in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Choice Neighborhoods Budget as necessary, and substitution of other eligible activities;
  - h. require submission of additional documentation before any additional request for funds will be approved;

- i. temporarily suspend the Grantee's authority to draw down Choice Neighborhoods Grant funds for affected activities, or at HUD's sole discretion for all activities, pending action to cure the defaults;
  - j. disallow use of Choice Neighborhoods Grant funds for all or part of the cost of the activity or action not in compliance;
  - k. recover amounts determined by HUD to have been improperly expended, including any property obtained by the Grantee with such grant funds;
  - l. require reimbursement by the Grantee for Choice Neighborhoods Grant funds determined by HUD to have been improperly expended;
  - m. make arrangements satisfactory to HUD, in its sole discretion, for use of an entity other than the Grantee to carry out activities assisted under the Grant Agreement, including requiring the Grantee to assign any outstanding contracts obligating grant funds to another entity.
5. **Additional Enforcement Actions.** If HUD determines that the remedial actions taken by HUD under paragraph (C)(4) of this Article have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph (C)(4) and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph (C)(2) of this Article to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph (C) of this Article upon written notice to the Grantee):
- a. reduce the Choice Neighborhoods Grant in the amount affected by the default;
  - b. terminate the Choice Neighborhoods Grant as to all further activities and initiate closeout procedures;
  - c. recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.
    - i. If the basis for the Grantee's default is its failure to comply with the reasonable time periods established by HUD under Article III(D), HUD shall, in accordance with section 24(i) of the 1937 Act, and unless otherwise approved by HUD under paragraph (C)(3) of this Article, recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.
    - ii. If the Grantee fails to comply with the reasonable time periods established in Article IV(D), HUD may take into account whether factors beyond the Grantee's control are the cause of the delay.
  - d. take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and
  - e. take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under a PHA's ACC and/or premised on HUD's interest in the housing development established in the relevant Declaration of Trust or Declaration of Restrictive Covenants or housing assistance contract, as applicable.
6. **Delinquent Federal Debts.** Consistent with the purposes and intent of 31 U.S.C. 3720B and 28 U.S.C. 3201(e), Grantees with an outstanding federal debt must provide to HUD a negotiated repayment schedule which is not delinquent or have made other arrangements satisfactory to HUD. If arrangements satisfactory to HUD cannot be completed within 90 days of notification of selection, HUD will not make an award of funds to the Grantee,

but offer the award to the next eligible Grantee. Applicants selected for funding, or awarded funds, must report to HUD changes in status of current agreements covering federal debt. If a previously agreed-upon payment schedule has not been adhered to or a new agreement with the federal agency to which the debt is owed has not been signed, the Grantee will be considered to be in default under this Agreement.

#### **ARTICLE XVI. Funding Obligation Date, Date of Funding Availability and Effective Date**

The date of obligation of the funding to the Grantee under this Grant Agreement is the date HUD signed the form HUD-1044. The effective date of the Grant Agreement and date of fund availability is the date that HUD signs the signature page of the Grant Agreement (See Article XIX).

#### **ARTICLE XVII. Project Close-Out**

A. Termination of Disbursements Letter. Within 120 days after completion of all grant funded activities, the Grantee will initiate close-out, in accordance with procedures established by HUD, by submitting a Termination of Disbursements letter, which states that:

1. The Grantee has completed all activities to be performed using Choice Neighborhoods Implementation Grant funds.
2. All requirements of the Grant Agreement have been met.
3. All obligated Choice Neighborhoods grant funds have been disbursed; and
4. The Grantee will abide by any continuing Federal requirements;

At HUD's option, the Grantee may delay initiation of close-out until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.

B. Preliminary Closeout Materials. The Grantee must submit the following Preliminary Close-Out Materials along with the Termination of Disbursements Letter:

1. Final Choice Neighborhoods Budget;
2. Actual Choice Neighborhoods Cost Certificate (Cost Certificate) (Form HUD-50163), which summarizes the information on the Financial Status Report and serves as the document that officially closes out the grant.
3. Program Income Plan. A Plan for the use of Program Income funds, which indicates the anticipated sources and uses of Program Income, must be submitted. Following close-out, Grantees must comply with the conditions of the Program Income Plan for a period

of 15 years from the final approval date on the ACNCC. Funds from each source of Program Income must be tracked separately. Funds must be deposited in an interest-bearing account in an FDIC insured institution. During the 15-year period, no more than 10 percent of Program Income may be used for administrative purposes.

4. **Supportive Services Sustainability Plan.** Grantees must submit a Supportive Services Sustainability Plan, which discusses how supportive services for residents will be maintained after all Choice Neighborhoods funds have been expended. Grantees who already have a HUD-approved Endowment Trust Plan do not need to submit a Supportive Services Sustainability Plan unless additional information is requested by HUD.
  5. **Housing Plan and Schedule.** Grantees must submit a brief narrative describing the status of their Housing Plan, including progress on the grantee's one-for-one unit or bedroom replacement requirement, as well as non-replacement units. The submission should include a chart which reflects the unit count and composition by phase.
- C. **HUD Review of Preliminary Close-Out Materials.** HUD will review Preliminary Close-Out Materials to confirm that:
1. The amounts on the final Choice Neighborhoods Budget and Cost Certificate agree as to funds approved, obligated, and expended.
  2. The amount of funds approved and disbursed on the Cost Certificate agrees with HUD records in LOCCS.
  3. If HUD disbursed more funds than the Grantee expended, the Grantee will immediately remit to HUD the excess funds, without waiting for completion of the final audit.
  4. The Program Income Plan provides the requested information and complies with Program Income requirements of the Grant Agreement.
  5. The Sustainability Plan provides the requested information and demonstrates a sound strategy for continuing to provide needed supportive services to residents.
  6. The Housing Plan and Schedule provides the requested information and demonstrates that the Grantee will be able to complete its housing obligations.
- D. **Final Audit.** Following HUD approval of the Preliminary Close-Out Materials, Grantees that are not for-profit entities must conduct a final audit of the Implementation Grant in accordance with the requirements of 2 CFR part 200, subpart F and forward the audit to HUD for approval. For-Profit Grantees must conduct a final audit of the Implementation Grant in accordance with 2 CFR 200.501(h) and forward the audit to HUD for approval.



- E. Cost Certificate. Upon receipt of the final audit, the designated HUD official will execute the Cost Certificate once HUD determines to its satisfaction that:
1. the expenditure of funds provided under this Grant Agreement was allowable and reasonable, as determined by the final audit;
  2. the activities to be completed using Choice Neighborhoods Grant funds were completed, as required by the Grant Agreement; and
  3. all Federal requirements were satisfied.
- F. Final Close-Out. Following execution of the Cost Certificate, any funds remaining in the Implementation Grant will be recaptured by HUD. A Post-Audit Date will be entered into LOCCS and the grant will be closed.
- G. Close-Out Procedures on the Choice Neighborhoods website. Grantees must follow the detailed Close-Out Procedures for the Choice Neighborhoods program, as posted to the Choice Neighborhoods website, including procedures for the Final Choice Neighborhoods Close-Out Approval.

## **ARTICLE XVIII. Points of Contact**

Any correspondence related to this Grant Agreement should be directed to the following points of contact for HUD, the Lead Grantee, and any other Grantees:

For the U.S. Department of Housing and Urban Development:

Marianne Nazzaro

Deputy Assistant Secretary, Office of Public Housing Investments

U.S. Department of Housing and Urban Development

451 7<sup>th</sup> Street, SW Room 4130

Washington, DC 20410

For the Lead Grantee:

The Honorable Tommy Battle

Mayor

City of Huntsville

308 Fountain Circle SW

Huntsville, AL 35801

For the Co- Grantee:

Mr. Antonio McGinnis

Executive Director

Huntsville Housing Authority

200 Washington Street NE

Huntsville, AL 35801

**Article XIX. Signature Page**

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Mayor Tommy Battle  
City of Huntsville

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Antonio McGinnis  
Executive Director  
Huntsville Housing Authority

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Marianne Nazzaro  
Deputy Assistant Secretary  
Office of Public Housing Investments  
U.S. Department of Housing and Urban Development

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Date

## Appendix A

Additional statutory, regulatory, and other requirements with which Grantee must comply as applicable include:

1. Build America, Buy America (BABA): Compliance with the Build America, Buy America (BABA) Act procurement requirements and implementing guidance available on HUD's dedicated website: [https://www.hud.gov/program\\_offices/general\\_counsel/baba](https://www.hud.gov/program_offices/general_counsel/baba).
2. Compliance with 41 U.S.C. § 4712, which includes informing your employees in writing of their rights and remedies, in the predominant native language of the workforce. Under 41 U.S.C. § 4712, employees of a contractor, subcontractor, grantee, subgrantee, and personal services contractor may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant. Any person who becomes aware of the existence or apparent existence of fraud, waste or abuse of any HUD award must report such incidents to both the HUD official responsible for the award and to HUD's Office of Inspector General (OIG). HUD OIG is available to receive allegations of fraud, waste, and abuse related to HUD programs via its hotline number (1-800-347-3735) and its online hotline form. (See Federal Contractor or Grantee Protections | Office of Inspector General, Department of Housing and Urban Development ([www.hudoig.gov](http://www.hudoig.gov))).
3. Fair Housing Certifications, as the same maybe amended from time to time, and any additional Fair Housing requirements that may become applicable:
  - A. the Fair Housing Act (42 U.S.C. §§ 3601-19) and regulations pursuant thereto 24 CFR part 100;
  - B. Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107);
  - C. the fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 108);
  - D. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and regulations pursuant thereto (24 CFR part 1) relating to nondiscrimination in housing;
  - E. the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07) and regulations issued pursuant thereto (24 CFR part 146);
  - F. the prohibitions against discrimination on the basis of disability, including requirements that the Grantee make reasonable modifications and accommodations and make units accessible, under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and regulations issued pursuant thereto (24 CFR part 8) or the 2010 ADA Standards for Accessible Design;

- G. the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and its implementing regulation at 28 CFR part 35;
- H. the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto (24 CFR part 40);
- I. Accessible Technology. Section 508 of the Rehabilitation Act of 1973, as amended (Section 508) requires HUD to ensure, when developing, procuring, maintaining, or using electronic and information technology (EIT), that the EIT allows persons with disabilities to access and use information and data comparably to those without disabilities unless an undue burden would result to the Federal agency. HUD encourages its recipients to adopt the goals and objectives of Section 508 by ensuring comparable access whenever EIT is used. Recipients must also comply with Section 504 of the Rehabilitation Act and, where applicable, the ADA. These statutes also require effective communication with individuals with disabilities and prohibit EIT-imposed barriers to access information, programs, and activities for persons with disabilities.

#### 4. Finance and Accounting

- A. Commingling of Grant Funds. The Grantee agrees that, in its recordkeeping, it will not commingle Choice Neighborhoods Grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State, or local government agencies. (Such other funds may be used to carry out the Transformation Plan, so long as they are not commingled in the Grantee's recordkeeping.)
- B. Duplication of Funding. The Grantee will ensure that Choice Neighborhoods Grant funds are not used to duplicate work that is funded with any other HUD funds, funds from any other Federal program, or from any other funding source identified under the Transformation Plan, and will establish controls to assure non-duplication of funding.

#### 5. Record Retention

- A. Record Retention Authorities. The Grantee must comply with and be subject to all Federal recordkeeping requirements, including, but not limited to 2 CFR 200.334.
- B. Record Retention Requirements. Grantees must retain records in accordance with the requirements of paragraph (A) above, including, but not limited to:
  - (1) the amount and disbursement of funds received under this Choice Neighborhoods Grant, including sufficient records that document the reasonableness and necessity of each expenditure;
  - (2) the amount and nature of any other assistance, including cash, services, or other items contributed to assist in the development of the Transformation Plan or contributed as a condition of receiving this Choice Neighborhoods Grant; and
  - (3) any other proceeds received for, or otherwise used in connection with, the Transformation Plan.
- C. Access to Records. For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such

participating party, that are pertinent to assistance received under this Choice Neighborhoods Grant or under the Transformation Plan, including all records required to be kept by paragraph (B) above.

6. Reporting

- A. Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) (Transparency Act), as amended and 2 CFR 170, as amended. Please refer to [www.fsrs.gov](http://www.fsrs.gov) for complete information on requirements under the Transparency Act and OMB guidance.
  - B. Compliance with Suspension and Debarment, 2 CFR 2424 and 2 CFR 180.
7. Eminent Domain. Sections 407 of Div. H, Title IV of the Consolidated Appropriations Act, 2023, prohibit the use of funds to support any federal, state, or local project that seeks to use the power of eminent domain, unless eminent domain is employed only for a public use.