SAMPLE HANDBOOK

State Community Development Block Grant (small cities) program (State CDBG) Policies and Procedures

[Your organization's name]

Written from 24 CFR Part 570, Subpart I, checked November 11, 2026.

How to use this sample

Replace the bracketed name with your organization's. Change the job titles to the ones you use. Have the people who do the work read each section and correct anything that does not match how you operate. Then have your director or board approve it and sign the last page.

This is a sample, not legal advice. It follows the federal regulation. Your grant agreement and your funder's manual can add or tighten requirements, and they control where they differ.

Introduction

This handbook explains the policies and procedures our local government uses to manage Community Development Block Grant (CDBG) funds that we receive from our state. We are a unit of general local government in a nonentitlement area, so we do not get CDBG funds straight from the U.S. Department of Housing and Urban Development (HUD). HUD grants the funds to the state, and the state grants them to us under a written grant agreement. The federal rules are in 24 CFR Part 570, Subpart I (sections 570.480 through 570.497), and in title I of the Housing and Community Development Act of 1974, which this handbook calls the Act. This is not the rule book the large cities and urban counties in the Entitlement program use. Subpart I says the other subparts of Part 570 do not apply to the State program unless it expressly says so, and it leaves much of the detail to the state. HUD gives maximum feasible deference to the state's reading of the law and the regulation, as long as that reading is not plainly inconsistent with the Act, and the state may impose additional or more restrictive requirements on us. So for most questions the place to look is our grant agreement and the state's CDBG program manual, which may borrow rules from the Entitlement program or set its own. State manual means the state's CDBG manual, policies and forms, whatever our state calls them. Where the state manual or our grant agreement sets a stricter rule, a dollar limit, a deadline or a form, we follow it. Each section states our policy, lists the steps we follow and who is responsible, and names the rules the section rests on. Grant administrator means the staff member or the consulting firm we have put in charge of running the grant day to day. The clerk and the grant administrator review this handbook once a year and whenever the state manual changes.

What the program expects in writing

- The signed grant agreement with the state, every amendment, and the approved application and budget (24 CFR 570.480(f) and (g))
- National objective records for each activity: the service area map and income data or survey, the income records for the people or households served, the job records, or the slum and blight or urgent need findings (24 CFR 570.483)
- Citizen participation records: hearing notices, proof of publication or posting, sign-in sheets, minutes, written comments and complaints with the written answers (24 CFR 570.486(a))
- The environmental review record for each project, the public notices, the request for release of funds and certification, and the state's release of funds (24 CFR 58.38 and 58.22(a))
- Procurement files for every contract paid with CDBG funds, including the grant administrator's contract, showing how the work was advertised, who responded and how the award was decided (24 CFR 570.489(g))
- A written conflict of interest standard for officials and staff, and any exception the state granted with the public disclosure and attorney's opinion behind it (24 CFR 570.489(g) and (h))
- Financial records for the grant: a separate ledger, payment requests to the state with invoices and proof of payment, bank records, and administrative costs shown against the limit the state set (24 CFR 570.489(c), (d) and (p))
- A program income ledger, and the state's written decision on whether we keep the income or pay it to the state (24 CFR 570.489(e))

- Labor standards and Section 3 files for construction: the wage determination, contract clauses, payrolls and labor hour reports (Section 110(a) of the Act (42 U.S.C. 5310(a)); 24 CFR 570.487(d))
- Fair housing and equal opportunity records: the certification that we will affirmatively further fair housing, what we did under it, and data on the race, ethnicity and sex of applicants and beneficiaries where the state requires it (24 CFR 570.487(b) and 570.490(b))
- Acquisition and relocation files, the adopted residential antidisplacement and relocation assistance plan, and our certification to the state (24 CFR 570.488, 570.606 and 42.325(a)(2))
- A list of real property bought or improved with CDBG funds, with its approved use and the date our grant was closed out (24 CFR 570.489(j) and (k))

1. Grant agreement, state program manual and eligible activities

OUR POLICY

We do not spend or commit CDBG funds until the state and our local government have both signed the grant agreement. The only exception is pre-agreement costs the state has approved in writing under its own procedures. We carry out only the activities in our approved application, and each one must be an activity that section 105(a) of the Act allows. We treat the state manual as part of our rules and follow it wherever it is stricter than the federal regulation. Each activity must significantly benefit the residents of our own jurisdiction. We ask the state for a written amendment before we add, drop or substantially change an activity.

WHAT WE DO

1. The mayor or board chair signs the grant agreement only after the governing body has authorized it by resolution, and the clerk files the resolution with the agreement.
2. The grant administrator reads the grant agreement and the current state manual and gives the clerk and the finance officer a one-page summary of the activities, the budget, the special conditions, the reports and every due date.
3. The grant administrator records in the grant file which paragraph of section 105(a) of the Act, or which eligibility category in the state manual, each activity falls under.
4. The grant administrator confirms that no CDBG funds are budgeted for a building used for the general conduct of government, such as a town hall, because the Act excludes those buildings from eligible public facilities.
5. The grant administrator checks with the state before budgeting any public service, because the Act limits public services to 15 percent of CDBG funds statewide in nonentitlement areas and the state decides how that limit is applied to local grants.
6. The grant administrator makes sure an economic development activity that assists a business has had a basic financial review before funds are committed, meets the public benefit standards the state applies, and is covered by a written agreement in which the business states whether jobs will be moved from another labor market area.
7. The grant administrator asks the state for a written amendment, and completes the citizen participation steps the state requires, before any change in the purpose, scope, location or beneficiaries of an activity takes effect.

Rules this covers: 24 CFR 570.480(a); 24 CFR 570.480(c); 24 CFR 570.480(f); 24 CFR 570.480(g); 24 CFR 570.481(a); 24 CFR 570.482(a); 24 CFR 570.482(e); 24 CFR 570.482(f); 24 CFR 570.482(h); 24 CFR 570.486(a)(6); 24 CFR 570.486(b); 24

CFR 570.489(b); Section 105(a) of the Act (42 U.S.C. 5305(a))

2. National objective and beneficiary documentation

OUR POLICY

We use CDBG funds only for activities that meet one of the three national objectives: benefiting low- and moderate-income persons, aiding in the prevention or elimination of slums or blight, or meeting an urgent community development need. We decide which test each activity uses before we apply, and we keep the records that prove it. For an area benefit activity, at least 51 percent of the residents of the whole area the activity serves must be low- and moderate-income persons, and the area must be primarily residential. For a limited clientele activity, at least 51 percent of the people served must be low- and moderate-income. For a job creation or retention activity, at least 51 percent of the jobs, counted as full-time equivalents, must be held by or made available to low- and moderate-income persons. The state decides which data and which income survey methods it accepts, and we use those. Planning and administrative costs that go with our other CDBG activities are treated as meeting the national objectives.

WHAT WE DO

1. The grant administrator records in the grant file the national objective and the specific test for each activity, such as area benefit, limited clientele, housing, jobs, slum and blight on an area or spot basis, or urgent need.
2. The grant administrator draws the service area for an area benefit activity as the entire area the activity serves, keeps the map in the file, and documents that the area is primarily residential.
3. The grant administrator uses the HUD income data the state provides for the service area or, where the state allows it, carries out an income survey using the method in the state manual, and keeps the tally sheets, the survey forms and the calculation.
4. The grant administrator collects family size and income from each person served by a limited clientele activity, or documents that the activity serves only a group the regulation presumes to be low- and moderate-income, such as elderly persons, homeless persons or abused children.
5. The grant administrator documents for a housing activity that each assisted single-unit home will be occupied by a low- and moderate-income household, that at least one unit of a two-unit structure will be, and that at least 51 percent of the units in a larger structure will be.
6. The governing body adopts and makes public its standard for affordable rents before CDBG funds assist rental housing, and the clerk files the adopted standard.
7. The grant administrator signs a written agreement with each assisted business that sets the number of jobs, and collects records showing that at least 51 percent of the jobs created were held by or made available to low- and moderate-income persons.
8. The grant administrator documents for a slum and blight area activity the local or state law definition the area meets, the boundaries, and the conditions the state requires, such as at least 25 percent of properties showing deterioration, abandonment or another listed condition, and notes that the designation must be looked at again every 10 years.
9. The mayor or board chair signs the urgent need certification only when the condition poses a serious and immediate threat to health or welfare, became urgent within the 18 months before the certification, and cannot be paid for by us or from other sources, and the grant administrator keeps

the evidence.

Rules this covers: 24 CFR 570.483(a); 24 CFR 570.483(b)(1)(i); 24 CFR 570.483(b)(2); 24 CFR 570.483(b)(3); 24 CFR 570.483(b)(4); 24 CFR 570.483(c)(1); 24 CFR 570.483(c)(2); 24 CFR 570.483(d); 24 CFR 570.483(f); 24 CFR 570.484(a); 24 CFR 570.490(b)

3. Citizen participation and public hearings

OUR POLICY

We give residents a real chance to shape and review our CDBG activities, and we make a particular effort to reach low- and moderate-income residents of the areas where the funds would be used. We hold at least two public hearings, each at a different stage of the program. Together the hearings cover community development and housing needs, the proposed activities, and a review of how the program performed. The hearing on needs is held before we submit an application to the state. We answer written complaints in writing, within 15 working days where practicable. The state manual sets the notice period, the form of notice and any extra hearings, and we follow it.

WHAT WE DO

1. The governing body adopts the citizen participation plan or procedures the state requires, and the clerk keeps them on file and available to the public.
2. The clerk publishes or posts notice of each hearing with the lead time and in the way the state manual requires, and keeps the proof of publication or a dated photo of the posting.
3. The clerk schedules each hearing at a time and in an accessible place convenient to the people who would benefit, and arranges accommodations for persons with disabilities who ask for them.
4. The clerk arranges interpretation or translated materials when a significant number of residents who do not speak English can reasonably be expected to take part.
5. The grant administrator tells residents at the first hearing how much CDBG funding is expected to be available, the range of activities that can be funded, the estimated amount that would benefit low- and moderate-income persons, and any activity likely to displace people along with our antidisplacement and relocation plan.
6. The clerk keeps the sign-in sheet, the minutes and every written comment from each hearing in the grant file.
7. The grant administrator gives residents reasonable advance notice and a chance to comment before the application goes to the state, and again before an activity is added, deleted or substantially changed.
8. The clerk posts the address, phone number and hours for submitting complaints, logs each written complaint with the date received, and sends a written answer within 15 working days where practicable.

Rules this covers: 24 CFR 570.486(a)(1); 24 CFR 570.486(a)(2); 24 CFR 570.486(a)(3); 24 CFR 570.486(a)(4); 24 CFR 570.486(a)(5); 24 CFR 570.486(a)(6); 24 CFR 570.486(a)(7); 24 CFR 570.490(c)(2); 24 CFR 91.115(e)

4. Environmental review and release of funds

OUR POLICY

As the recipient of the grant, our local government is the responsible entity for the environmental review under 24 CFR Part 58. That means we carry out the review ourselves, and our certifying officer takes on the legal responsibility that would otherwise belong to a federal official. We do not commit CDBG funds to a project, and we do not commit other funds to it in a way that would harm the environment or limit the choice of alternatives, until the state has approved our request for release of funds and certification. The only exception is an activity that Part 58 treats as exempt or as categorically excluded and not subject to the related laws, and we document that finding before we start. In this program the state, not HUD, receives our request and releases the funds.

WHAT WE DO

1. The governing body names the certifying officer, normally the mayor or board chair, and the clerk files the designation in the way the state requires.
2. The grant administrator prepares an environmental review record for each project that describes the project and all its activities, evaluates the effects, documents compliance with the related laws, and records each written determination, and the clerk keeps the record available for public review.
3. The certifying officer signs the determination of the level of review, and the grant administrator files it before any work begins on an exempt or categorically excluded activity.
4. The grant administrator sends the notice of a finding of no significant impact to interested persons and groups, the local news media and the agencies the rule names, including the state, and publishes or posts it as Part 58 and the state manual require.
5. The grant administrator allows the public comment period Part 58 sets before the certifying officer signs the certification, which is 15 days for a finding of no significant impact or a combined notice and 7 days for a notice of intent to request release of funds when the notice is published, and 18 days and 10 days when it is only mailed and posted.
6. The certifying officer considers the comments received, signs the request for release of funds and certification on the form the state requires, and the clerk sends it to the state.
7. The finance officer does not sign a contract, issue a purchase order, buy property or pay a project cost until the state's written release of funds is in the file, which the state will not issue until at least 15 calendar days after it receives our request.

Rules this covers: 24 CFR 58.2(a)(7); 24 CFR 58.4(a); 24 CFR 58.4(b)(2); 24 CFR 58.13; 24 CFR 58.22(a); 24 CFR 58.22(b); 24 CFR 58.38; 24 CFR 58.43; 24 CFR 58.45; 24 CFR 58.70; 24 CFR 58.71(a); 24 CFR 58.73

5. Fair housing, accessibility, lead-based paint, Section 3 and labor standards

OUR POLICY

We meet the other federal requirements that come with CDBG funds, and we pass them on to our contractors in writing. We certify to the state that we will affirmatively further fair housing, and we take action under that certification during the grant. We do not discriminate in any CDBG activity, and we design and build CDBG-funded buildings and facilities to the federal accessibility standards that apply. On housing rehabilitation, we follow the lead-based paint procedures the state has adopted. On construction projects, laborers and mechanics employed by our contractors and subcontractors are paid at least the prevailing wage rates set by the U.S. Secretary of Labor, as section 110 of the Act requires. That wage requirement applies to the rehabilitation of residential property only when the property contains 8 or more units. On housing and public construction projects that receive more than 200,000 dollars in HUD assistance, we follow the Section 3 rule in 24 CFR Part 75. The state manual sets the forms and reports for all of these and may add state wage or contracting laws.

WHAT WE DO

1. The mayor or board chair signs the fair housing certification the state requires, and the grant administrator keeps a record of each fair housing action we take during the grant, with the date and what was done.
2. The grant administrator collects data on the race, ethnicity and sex of applicants and beneficiaries where the state's record keeping rules require it, and reports the data on the state's forms.
3. The grant administrator follows the state's lead-based paint procedures on every housing rehabilitation job and keeps the notices, evaluations and clearance records the state requires in the unit file.
4. The grant administrator obtains the current wage determination for each construction contract covered by the labor standards, in the way the state manual describes, and puts the wage determination and the required labor clauses in the bid documents and the contract.
5. The grant administrator holds a pre-construction meeting with the contractor where the state requires one, collects the certified payrolls, compares them with the wage determination, interviews workers on site as the state manual requires, and follows up on any underpayment until it is corrected.
6. The grant administrator records whether the total HUD assistance to a housing or public construction project is more than 200,000 dollars and, if it is, puts Section 3 language in the contracts, collects from each contractor the total labor hours and the hours worked by Section 3 workers and targeted Section 3 workers, and reports them to the state.

Rules this covers: 24 CFR 570.487(b); 24 CFR 570.487(c); 24 CFR 570.487(d); 24 CFR 570.487(e); 24 CFR 570.490(b); 24 CFR 570.495(b); 24 CFR 5.151; 24 CFR 75.3(a)(2); 24 CFR 75.19; 24 CFR 75.25(a); Section 110 of the Act (42 U.S.C. 5310)

6. Acquisition, displacement and relocation

OUR POLICY

We take all reasonable steps to keep our CDBG activities from displacing people, businesses, nonprofit organizations and farms. When we buy real property for a CDBG activity, we follow the acquisition rules in 49 CFR Part 24, the federal regulation under the Uniform Relocation Assistance and Real Property Acquisition Policies Act. When a CDBG activity permanently and involuntarily displaces someone, we provide relocation assistance at the levels that regulation sets. We have a residential antidisplacement and relocation assistance plan in effect, either the state's plan or our own, and we certify to the state that we are following it. If a CDBG activity demolishes lower-income housing or converts it to another use, we follow the one-for-one replacement rules. The state manual sets the notices, forms and approvals, and we contact the state before we make an offer on any property.

WHAT WE DO

1. The governing body adopts the residential antidisplacement and relocation assistance plan and makes it public, unless the state requires us to follow the state's plan, and the mayor or board chair signs the certification to the state.
2. The grant administrator reviews each proposed activity before the application is submitted and records whether it involves buying property, easements or rights-of-way, or could cause anyone to move.
3. The grant administrator sends each property owner and occupant the notices that 49 CFR Part 24 and the state manual require, and keeps a file for each parcel with the notices, the valuation, the written offer and the closing documents.
4. The grant administrator works out the relocation assistance for each displaced person under 49 CFR Part 24, and the finance officer pays it from the sources the grant budget allows.
5. The clerk tells each displaced person in writing how to appeal a decision on eligibility for, or the amount of, a relocation payment, and tells low- and moderate-income households displaced from a dwelling that they may ask the state to review our decision.
6. The grant administrator makes public and sends to the state the information the rule requires before we sign a contract committing funds to an activity that will demolish lower-income dwelling units or convert them to another use.
7. The clerk keeps acquisition and relocation records in enough detail to show that we followed these rules.

Rules this covers: 24 CFR 570.488; 24 CFR 570.606(a); 24 CFR 570.606(b); 24 CFR 570.606(e); 24 CFR 570.606(f); 24 CFR 570.606(g); 24 CFR 42.325; 24 CFR 42.375; 24 CFR 570.486(a)(3)(iv)

7. Financial management, payment requests and allowable costs

OUR POLICY

We account for CDBG funds separately from our other money, and we charge the grant only for costs that are reasonable, necessary, eligible and in the approved budget. We do not use CDBG funds for the general expenses of running our local government. We follow the fiscal and administrative rules the state has set for its grant recipients, which may be the state's own rules or the federal rules in 2 CFR Part 200, and our costs conform to the federal cost principles in 2 CFR Part 200, Subpart E. We ask the state for grant funds only as we need them and pay them out promptly. Fines, penalties, damages and other settlements are never charged to the grant. The planning and administrative costs of the state and all its local governments together cannot be more than 20 percent of the state's grant, so the state sets a limit on the administrative costs in each local grant, and we stay within the limit in our agreement.

WHAT WE DO

1. The finance officer sets up a separate fund or set of accounts for the grant and enters the approved budget by activity and by line before any cost is charged.
2. The grant administrator reviews each invoice against the contract and the approved budget, confirms the work or goods were received, and marks the invoice with the activity it belongs to.
3. The finance officer prepares each payment request to the state on the state's form, attaches the documents the state requires, and has the official named in the grant agreement sign it.
4. The finance officer pays the invoices behind a payment request within the number of days the state manual allows after the state's funds arrive, and keeps proof of each payment.
5. The finance officer tracks any interest earned on grant funds held before they are paid out, keeps no more than 100 dollars a year of that interest for eligible administrative costs, and returns the rest in the way the state directs.
6. The finance officer keeps time records for any employee whose pay is charged to the grant, showing the hours worked on the grant.
7. The finance officer compares administrative costs charged to date with the administrative limit in the grant agreement before each payment request, and stops charging administration when the limit is reached.

Rules this covers: 24 CFR 570.489(a)(3); 24 CFR 570.489(c); 24 CFR 570.489(d); 24 CFR 570.489(e)(2)(iv)(C); 24 CFR 570.489(p); 2 CFR Part 200, Subpart E; Section 105(a)(12) and (13) of the Act (42 U.S.C. 5305(a))

8. Program income and revolving funds

OUR POLICY

We identify, record and report all income that CDBG funds generate, such as loan repayments with interest, proceeds from selling or leasing property bought or improved with CDBG funds, and rents. When an activity was only partly paid for with CDBG funds, we count the CDBG share of the income. Under the federal rule, income of 35,000 dollars or less received in a single year from activities other than revolving loan funds, and kept by us and our subgrantees, is not program income, while all income to a revolving loan fund is program income whatever the amount. The state decides whether we keep program income or pay it to the state, although the state must let us keep it when it will be used to continue the activity that produced it. Program income we keep is treated as additional CDBG funds and stays under all the CDBG rules, even after the activity that produced it has been closed out. The state manual sets the reporting and approval steps and may be stricter.

WHAT WE DO

1. The finance officer records each receipt of CDBG-generated income in a separate ledger with the date, the source, the activity and the amount, and prorates the amount when CDBG funds paid only part of the cost.
2. The finance officer totals the income received each year and applies the 35,000 dollar test in the way the state manual describes, without counting revolving loan fund receipts toward the exclusion.
3. The clerk gets the state's written decision on whether we may keep program income, and the grant administrator follows any plan for its use that the state approved.
4. The finance officer spends program income on hand on eligible costs, or sends it to the state, as the state directs, before asking for more grant funds for the same activity.
5. The finance officer keeps a revolving fund the state has allowed in its own set of accounts, deposits the payments it generates back into it, does not put grant funds directly into it, and substantially spends the balance before requesting grant funds for the same revolving fund activity.
6. The finance officer reports program income received and spent to the state on the schedule the state sets, including after the grant has been closed out if the state requires it.

Rules this covers: 24 CFR 570.489(e)(1); 24 CFR 570.489(e)(2); 24 CFR 570.489(e)(3); 24 CFR 570.489(e)(4); 24 CFR 570.489(f)(1); 24 CFR 570.489(f)(3)

9. Procurement, conflicts of interest and the grant administrator

OUR POLICY

We buy goods and services with CDBG funds through full and open competition. The federal rule leaves the procurement methods, the dollar thresholds and when each method applies to the state, so the state manual controls. We do not use cost plus a percentage of cost contracts or percentage of construction cost contracts. We do not award CDBG funds to anyone who is debarred, suspended or otherwise excluded. We choose our grant administration firm, our engineer and our other consultants under the same rules before they do any work we intend to charge to the grant. No employee, agent, consultant, officer, or elected or appointed official of our local government who has CDBG responsibilities, or who can take part in decisions or gain inside information about CDBG activities, may have a financial interest in or benefit from a CDBG activity, contract or agreement. That applies to the person and to those with whom the person has family or business ties, during the person's time in the role and for one year after. Only the state can grant an exception.

WHAT WE DO

1. The governing body adopts a written procurement policy that meets the state's requirements and includes standards of conduct for employees and officials involved in awarding or managing contracts.
2. The clerk advertises for grant administration services and for engineering or architectural services in the way the state manual requires, and keeps the notice, the list of firms that responded, the scoring and the reason for the selection.
3. The governing body approves a written contract with the grant administrator that sets the scope of work, the fee and how it is paid, the records the firm keeps for us, and our right and the state's right to see those records.
4. The clerk makes sure the grant administrator does not take part in a procurement in which the firm is competing or has a financial interest.
5. The grant administrator checks that each contractor and consultant is not debarred, suspended or excluded before the award, and files a dated record of the check.
6. The clerk asks each governing body member, employee and consultant with CDBG duties to disclose in writing, at the start of the grant and when things change, any interest they or their family or business associates have in a CDBG contract, property or benefit.
7. The mayor or board chair has a person with a conflict step out of all discussion and voting on the matter, and the clerk records it in the minutes.
8. The clerk sends the state a written request for an exception when a conflict cannot be avoided, with a description of the conflict, an assurance and a description of how it was publicly disclosed, and our attorney's opinion that the interest would not violate state or local law, and no funds are committed until the state answers in writing.

Rules this covers: 24 CFR 570.489(g); 24 CFR 570.489(h)(1); 24 CFR 570.489(h)(2); 24 CFR 570.489(h)(3); 24 CFR 570.489(h)(4); 24 CFR 570.489(h)(5); 24 CFR 570.489(l); 24 CFR 570.489(d)(2)

10. Subrecipients, real property and change of use

OUR POLICY

When another organization carries out part of our CDBG activity, we first decide whether it is a subrecipient or a contractor, using the standards in 2 CFR Part 200 and any direction from the state. A firm that sells us a service, such as our grant administrator or engineer, is a contractor. An organization that runs part of the program for a public purpose, such as a nonprofit that operates a loan program, is a subrecipient. We sign a written agreement with each subrecipient, pass on the CDBG requirements, and monitor its work. We stay responsible to the state for everything a subrecipient or contractor does with the funds. We use, manage and dispose of property bought with CDBG funds under the state's property rules. For real property in our control that was bought or improved with CDBG funds above the federal small purchase threshold, we do not change the use or the planned use, including who benefits, from the date funds are first spent until five years after our grant is closed out, unless we first give affected residents notice and a chance to comment and the new use also meets a national objective, or we repay the CDBG program.

WHAT WE DO

1. The grant administrator writes down for each outside organization whether it is a subrecipient or a contractor and why, before any agreement is signed.
2. The governing body approves a written agreement with each subrecipient that identifies the funds as a CDBG subaward, states the scope, budget and schedule, lists the federal and state requirements that apply, and gives us, the state and auditors access to the subrecipient's records.
3. The grant administrator assesses each subrecipient's risk, reviews its financial and performance reports, visits it when the risk calls for it, and follows up in writing until any problem is corrected.
4. The finance officer keeps a list of equipment and real property bought or improved with CDBG funds, with the cost, the CDBG share, the location and the approved use.
5. The clerk records the date the state closes out our grant and the date five years later, and puts both dates on the property list.
6. The clerk brings any proposed sale, lease or new use of CDBG-assisted real property to the grant administrator before the governing body acts, and the grant administrator contacts the state.
7. The governing body gives affected residents reasonable notice and a chance to comment before it changes the use of the property, and the clerk keeps the notice and the comments.
8. The finance officer repays the current fair market value of the property, less the share that came from non-CDBG funds, when the new use does not meet a national objective or is a building for the general conduct of government, and sends the payment where the state directs.

Rules this covers: 24 CFR 570.489(g); 24 CFR 570.489(j); 24 CFR 570.489(k); 24 CFR 570.489(l); 24 CFR 570.489(m); 24 CFR 570.483(e)(2); 2 CFR 200.331; 2 CFR 200.332

11. Records, reports, monitoring, audits and closeout

OUR POLICY

We keep the records the state requires, send the reports the state asks for, and give the state, HUD, the Inspector General and federal auditors access to everything that relates to our CDBG funds. The federal rule requires records to be kept for three years from the closeout of the grant to the state, or for any longer period another applicable law or regulation requires. That date depends on when HUD closes the state's grant, not on when the state closes ours, so we do not destroy CDBG records until the state tells us in writing that we may. If we spend 1,000,000 dollars or more in federal awards from all sources in our fiscal year, we have a single audit for that year under 2 CFR Part 200, Subpart F. The state reviews and audits the local governments it funds, including on site, sets the remedies for noncompliance, and sets the requirements for closing out our grant.

WHAT WE DO

1. The grant administrator sends progress, financial, beneficiary and other reports to the state on the schedule and forms in the state manual, and the clerk keeps a copy of each with the date sent.
2. The clerk keeps the original grant records at our offices, or makes sure by contract that the grant administration firm turns over the complete file to us at closeout and on request.
3. The clerk asks the state in writing for the date the retention period ends, writes that date on the file, and keeps the records longer when an audit, a monitoring finding, a claim, a lawsuit, a loan or a property restriction is still open.
4. The grant administrator prepares for each state monitoring visit, attends it with the clerk and the finance officer, and the mayor or board chair answers each finding in writing by the state's deadline and tracks each corrective action until the state clears it in writing.
5. The finance officer totals federal spending from all sources at the end of each fiscal year and tells the governing body whether it reached the single audit threshold.
6. The governing body hires an independent auditor when a single audit is required, and the finance officer makes sure the audit is submitted by the earlier of 30 calendar days after we receive the auditor's report or nine months after the fiscal year ends, and sends the state what it asks for.
7. The grant administrator prepares the closeout documents the state requires once all activities are complete and all costs are paid, and the clerk files the state's closeout letter with the property list and the program income records.

Rules this covers: 24 CFR 570.489(i); 24 CFR 570.489(n); 24 CFR 570.490(b); 24 CFR 570.490(c); 24 CFR 570.490(d); 24 CFR 570.492; 24 CFR 570.496(b)(1)(v); 2 CFR 200.501; 2 CFR 200.512(a)(1)

Adoption

This handbook was reviewed and adopted by our organization on the date below. We review it once a year and whenever the grant agreement or the regulation changes.

Adopted by: _____ Title: _____

Signature: _____ Date: _____

Sources

- 24 CFR Part 570, Subpart I: The State CDBG program regulations, sections 570.480 through 570.497. This is the main source for this handbook. https://www.ecfr.gov/current/title-24/part-570/subpart-I
- 24 CFR 570.489: Program administrative requirements: administrative costs, fiscal controls, program income, revolving funds, procurement, conflict of interest, change of use, subrecipients, audits and cost principles. https://www.ecfr.gov/current/title-24/section-570.489
- 24 CFR 570.606: Displacement, relocation, acquisition and replacement of housing. Section 570.488 applies it to the State program. https://www.ecfr.gov/current/title-24/section-570.606
- 24 CFR Part 42: The residential antidisplacement and relocation assistance plan (42.325) and one-for-one replacement of lower-income dwelling units (42.375). https://www.ecfr.gov/current/title-24/part-42
- 24 CFR Part 58: Environmental review procedures for entities that assume HUD's environmental responsibilities, including the limit on committing funds in 58.22 and the request for release of funds in 58.70 through 58.73. https://www.ecfr.gov/current/title-24/part-58
- 24 CFR Part 75: The Section 3 rule on jobs and contracts for low- and very low-income persons on HUD-assisted construction projects. https://www.ecfr.gov/current/title-24/part-75
- 2 CFR Part 200: The federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements. Section 570.489 applies the cost principles (Subpart E), the audit requirements (Subpart F) and the subrecipient rules to the State program. https://www.ecfr.gov/current/title-2/part-200
- Housing and Community Development Act of 1974, section 105 (42 U.S.C. 5305): The list of activities CDBG funds may pay for, including the limit on public services. Section 570.482 points to this list instead of repeating it. https://www.govinfo.gov/link/uscode/42/5305
- Housing and Community Development Act of 1974, section 110 (42 U.S.C. 5310): The labor standards for construction work paid for with CDBG funds, including prevailing wages and the exception for volunteers. https://www.govinfo.gov/link/uscode/42/5310