

Project Closeout & On-going Monitoring

CDBG/HOME Guidebook



Section J

Project Closeout

CDBG Public Service Contracts

All contracts for Public Services are for a term of one year (Jan. 1-Dec. 31) and cannot be extended. All costs incurred during the term must be submitted for reimbursement to the County or City during the beginning of January of the following year at the very latest. The County and City have different cut off dates for processing final reimbursements and you will be informed in December of the date for your particular contract. Before final close-out of your grant you will need to have all quarterly reports submitted and a final monitoring will be conducted by Block Grant staff. A close-out letter will be sent when all concerns noted during monitoring have been resolved.

CDBG Capital Contracts

Capital contracts have a specific term in the contract, which may be extended in certain circumstances, to facilitate the completion of the project. Project close out for capital contracts will not occur until all contract requirements have been satisfied, the contract retainage has been released and all proper reports and documentation has been submitted to the Block Grant office.

For projects where funds will be used for acquisition, arrangement with the Block Grant office for the transfer of funds at closing must be made in advance. A 10% retainage will be held until the project is completed (construction/rehabilitation work is complete and the building is occupied).

For projects involving new construction or rehabilitation, project closeout will not occur until all issues related to construction (including Davis Bacon requirements and Section 3 requirements) have been resolved. When the final contract retainage is released for reimbursement and all remaining funds disbursed, a close-out letter will be sent. A Restricted Use Covenant will be required to be recorded on the property for the number of years prescribed in the written agreement (contract) and a final inspection of the property conducted.

HOME Capital Contracts

HOME Capital contracts, like CDBG Capital projects, have a specific term in the contract, which may be extended in certain circumstances to facilitate the completion of the project. Project close out for HOME contracts will not occur until all contract requirements have been satisfied, the contract retainage has been released and all proper reports and documentation has been submitted to the Block Grant office. HOME projects require HOME Completion reports which contain beneficiary data. These reports cannot be completed until the HOME units have occupants.

There are a couple of important things to keep in mind with respect to completion of HOME projects:

- HOME grant recipients have 4 years from the commitment date to complete the project. Project completion means that all construction work and title transfer (if applicable) is completed and the final reimbursement of HOME funds has been completed.
- For HOME funded homebuyer projects a homeownership unit not sold to an eligible buyer within 6 months of completion must be rented in accordance with 24 CFR 92.252.

When all contract requirements have been satisfied, a close-out letter will be sent. A Deed Restriction will be required to be recorded on the property for the Period of Affordability contained in the written agreement (contract). A final inspection of the property will also be conducted.

HOME Period of Affordability Monitoring

During the on-going period of affordability HOME rental projects are monitored by Block Grant staff to ensure that HOME units:

- Are managed well for both compliance and financial success of the overall project;
- Are rented only to Low income households;
- Have rents below HUD-established limits;
- Are maintained in standard, decent condition; and
- Are rented with leases and fair housing procedures.

Projects are monitored annually, and on-site monitoring is conducted annually, bi-annually or every 3 years depending on project size. Monitoring is typically conducted October-December. Block Grant staff will contact the project owner to request documents for desk monitoring and schedule on-site visits as required. On-site monitoring may also include unit inspections. Once monitoring is completed a monitoring letter will be sent and follow-up items noted. The Block Grant office will work with property managers to ensure that all health and safety issues are resolved immediately.