CDBG GRANT ADMINISTRATION HANDBOOK

Updated May 2026

Chapter 1 – General Requirements

South Dakota Community Development Block Grant Program

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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GENERAL REQUIREMENTS

INTRODUCTION

As a condition of receiving federal housing and community development grant funds, the State and each unit of general local government that accepts these funds from GOED must certify that it will comply with basic federal regulations including fair housing and equal opportunity requirements. Upon entering into a contract with GOED for CDBG funding (Grant Agreement), a Grantee has accepted responsibility for compliance with the numerous federal Acts, Laws, executive orders, and HUD regulations found in the CDBG Program Assurances and Certifications. These regulations do not just affect the Grantee when carrying out a CDBG activity but also may mandate some courses of action, the local governing body must adopt as part of their continuing governance. Among these are fair housing, equal opportunity in providing services and benefits, nondiscrimination, and citizen participation and comment.

INITIAL REQUIREMENTS

Prior to the drawdown of CDBG funds, the Units of General Local Government (UGLGs) must submit the following agreements, statements, and policies to the Governor's Office of Economic Development (GOED):

1. **Authorizing Governmental Resolution appointing a Project Authorized Official (*Submitted with the Application*)**

   Your UGLG must appoint an official to sign other documents pertaining to the grant. This Authorized Official should be a member of the unit of local government, preferably an elected official such as the Mayor, Chairman, etc. Other individuals, however, may be authorized if special conditions warrant such. This action will only be recognized if the UGLG passes a resolution authorizing the transfer of administrative responsibilities. Responsibility for use of the federal funds may not be passed to another individual or entity. A sample has also been provided by GOED as Attachment B in the CDBG Application document.

2. **Signed Applicant/Recipient Disclosure Report/Update (*Submitted with the application*)**

   HUD requires certain disclosures by applicants seeking assistance from HUD, from states and units of local government, and for other assistance used to carry out activities funded with the assistance. The disclosure includes the financial interests of persons involved in the activities, the sources of funds to be made available for the activities, and the proposed uses of the funds. A link to the document has been provided by GOED in the CDBG Application document.

   HUD Form 2880 is required for all recipients of HUD funding. Applicants to the GOED CDBG program should mark "No" in Part I, Question 1, and be signed by the Chief Elected Official of the municipality/applicant

3. **CDBG Program Assurances and Certifications (*Submitted with the application*)**

   As part of your application for HUD funding the Chief Elected Official of the local unit of government must provide the assurances and certifications as defined in Form 1-12: CDBG Program Assurances and Certifications as provided by GOED.

4. **Excessive Force Policy (*Included in the application*)**

   In accordance with Section 104(1) of the Housing and Community Development Act, as amended, Grantees must adopt an excessive force policy that prohibits the use of excessive force against nonviolent civil rights demonstrations. (See also the State's Certification Requirements at 24 CFR 91.325(b)(6)). When Grantees

sign the Grant Agreement they certify that they will pass and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations. A sample has also been provided by GOED in the CDBG Application document.

5. **Equal Employment Opportunity Policy (*Submitted with the Application*)**

   Your UGLG must adopt an Equal Employment Opportunity Policy within the past 5 years that assures that all its hiring practices are conducted in a manner that will not cause discrimination based on race, creed, color, national origin, religion, sex, handicap, or age. More detailed information can be found in the Economic Opportunity section below. A sample has also been provided by GOED in the CDBG Application document.

6. **Anti-Lobbying Certification (*Included in the application*)**

   As recipients of CDBG funds, your UGLG must adopt a certification within the past 5 years regarding Restrictions on Lobbying. This certifies that no federally appropriated funds have or will be paid to influence the making of this grant. A sample has also been provided by GOED in the CDBG Application document.

7. **Federal Funding Accountability and Transparency Act (FFATA) Certification (*Included in the Application*)**

   The Federal Funding Accountability and Transparency Act of 2006 (FFATA), ensures that the public can access information on all entities and organizations receiving Federal subawards, including CDBG. As a recipient of State CDBG dollars, Grantees are required to report the names and total compensation of the top five highly compensated executives if, in the preceding fiscal year, they received 80% or more of their annual gross revenues from federal contracts/awards and those revenues exceed $25 million annually.

8. **Environmental Certifying Officer Designation (*Submitted with the Application*)**

   Grantees must officially designate an Environmental Certifying Officer, typically a mayor, director, or high-ranking local official, who assumes legal responsibility for a project's environmental review under 24 CFR Part 58. The Certifying Officer signs the Request for Release of Funds and Certifications, acting as the "responsible Federal official" to ensure compliance with NEPA and related laws. This role must be filled by an employee of the local unit of government and cannot be designated to a consultant position. A sample has also been provided by GOED as Attachment C in the CDBG Application document.

9. **Resolution Assuring Fair Housing (*Submitted with Application*)**

   Your UGLG must adopt a Resolution Assuring Fair Housing within the past 5 years that affirms it shall be illegal to deny housing to any person because of race, creed, color, national origin, religion, sex, handicap, or age, and that it will do all within its power to eliminate prejudice, intolerance, disorder, and discrimination in housing. A sample has also been provided by GOED as Attachment D in the CDBG Application document.

10. **Code of Conduct Policy (*Submitted with Application*)**

    Your UGLG must adopt a Code of Conduct policy within the past 5 years that ensures the efficient, fair, and professional administration of federal funds, and that no officer, employee, or agent of your unit of government will participate in the selection, award, or administration of a contract supported by federal grant funds. It is recommended that this policy be adopted as an ordinance.

    A sample has also been provided by GOED as Attachment E in the CDBG Application document.

11. **Drug Free Workplace Policy (*Submitted with the application*)**

The Drug Free Workplace Act of 1988 requires that all recipients of federal funds maintain a Drug-Free Workplace Policy formally adopted by the Grantee. The policy should include procedures for providing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

Grantees should work with their legal counsel or a human resource professional to develop such a policy. Each local government is likely to have differing circumstances to consider in developing the procedures in its own local policy. The U.S. Department of Health and Human Services provides guidance and information to help develop and sustain a successful drug-free workplace in the SAMSHA Drug-Free Workplace Toolkit. A sample has also been provided by GOED as Attachment F in the CDBG Application document.

12. **Signed Grant Agreement**

This agreement contains the CDBG award amount, the project description that the Grantee is committed to carrying out, the percentage of local funds to be used for the project, a detailed budget, and CDBG grant terms and conditions. The agreement must be signed by the chief elected official. The Grantee retains one original signed grant agreement for its files and sends one signed original to the GOED.

13. **Local Match Statement**

The State of South Dakota encourages a “local match” in the CDBG program to promote local interest and effort in the project. The percentage of project costs that must be funded locally varies from grant to grant. CDBG funds cannot be made available until documentation on the match is received. This must be completed on official UGLG letterhead and signed by the appropriate official responsible for ensuring the completion of the project. A sample has also been provided by GOED as Form 1-1.

14. **Operation, Maintenance, and Repair Identification Statement**

The UGLG must establish the amount of reserve funds that will be required to provide ongoing operation, maintenance, and repair of the project. This fund should be sufficient to pay for all operation, maintenance, and replacement costs. The UGLG must provide the plan for capitalizing the reserve fund to GOED on official letterhead and signed by the appropriate official responsible for OMR upon completion of the project. A sample has also been provided by GOED as Form 1-2.

15. **Relocation, Displacement, and Acquisition Plan**

Your UGLG must adopt a Relocation, Displacement, and Acquisition Plan within the past 5 years even if it is not anticipated that displacement will occur. The plan must contain three components: 1. a requirement that it will minimize the displacement of persons from their homes, 2. It will provide relocation assistance to all persons displaced in connection with a CDBG funded activity, and 3. It will replace all low/moderate income dwelling units that are demolished or converted to a use other than low/moderate income housing as a direct result of the use of CDBG funds. A sample plan can be found as Form 1-3: Residential Anti-Displacement and Relocation Assistance Plan (RARAP). More information on the RARAP can be found in the Anti-Displacement and Relocation Assistance section below.

16. **GOED approval of bid specification books**

The bid packet containing all the project specifications must be submitted to GOED. This includes the specifications for general construction, supplies, and materials. The only exception to this requirement is for certain administrative, engineering, and architectural costs. The items that must be included in the packet are explained further in Chapter 3: Procurement. GOED will notify all parties once it has reviewed and approved the bid packet. **Do not include plans.**

17. **Contract Award Report (Form 1-4)**

A completed Contract Award Report must be sent to GOED **immediately after each bid has been awarded**.

NOTE FOR CDBG RECIPIENTS: To ensure the continual flow of CDBG funding to your project, you are REQUIRED to submit a completed **Form 1-4: Contract Award** report to GOED IMMEDIATELY after each bid is awarded. Failure to comply will result in delayed funding.

18. **SAM Registration/Unique Entity Identifier**

All direct recipients of CDBG from GOED are required to be registered on SAM.gov. This means all sub-recipients and all contractors and/or consultants under contract with the Grantee must be registered in SAM.gov. **This includes all Planning Districts.** Sub-contractors for prime contractors do not need to be fully registered in SAM.gov but must have a Unique Entity Identifier (UEI). Instructions on registering and receiving a UEI can be found in the SAM.gov Quick Start Guide for Grant Registrations. You may check the status of your SAM.gov registration here. GOED has provided Form 1-5: Understanding SAM.gov Debarment Requirements to understand the requirements.

19. **Section 504 Self-evaluation and Assessment**

This must be done on all Grantee owned property or where any activity will be carried out with CDBG funding. There is a Master Self-evaluation that is done once and updated as needed and Activity/Project Self-evaluation that is done with every new Grant Agreement. More information is provided below on completing a Section 504 Self-evaluation and Assessment, along with Form 1-6.

20. **Complaints and Appeals Process**

Several federal regulatory compliance requirements instruct Grantees to develop and implement grievance procedures to address complaints or disputes that arise in administering CDBG or federal funds in general. The types of complaints include:

- discrimination
- public participation/public input
- contract and procurement disputes
- other program requirements such as acquisition and relocation actions or labor standards
- decisions about eligibility and providing assistance

Grantees must develop grievance procedures to address these situations.

Form 1-7 contains Sample Complaints Procedures that local governments can adopt to cover any of these complaints. Each complaint and the resolution of the complaint should be well documented in the Grantee's files.

If the Grantee chooses to create its own procedures, the Grantee must provide beneficiaries with the name, address, and phone number of a contact person who can receive and respond to complaints. Complaints related to the scope and work of the project should be addressed by the Grantee. Where practical, the Grantee should respond to any complaints within 15 working days of its receipt. Complaints, appeals and all legal proceedings will be handled by the Grantee. GOED will forward any complaints it receives about a project to the Grantee. GOED will notify the person filing the complaint that it has been forwarded to the Grantee and will direct the complainant to follow up directly with the Grantee. It is the responsibility of the Grantee to address the complaints regardless of whether a subrecipient or consultant is managing the local project.

21. **DANR Letter approving Plans and Specifications (if applicable)**

The Department of Agriculture & Natural Resources must approve plans and specifications for projects of sanitary significance (water/wastewater projects). A copy of the approval letter must be forwarded to the CDBG project administrator.

22. **Executed Subrecipient Agreement (if applicable)** (Form 1-11: Sample Subrecipient Agreement)

Form 1-11: Sample Subrecipient Agreement provided by GOED is a **sample only**. It identifies the minimum content for consistency with the State CDBG Program requirements and the federal uniform administrative requirements of 2 CFR Part 200. Applicants are encouraged to incorporate any and all local project specific requirements into their legal agreement. ALL subrecipient agreements must be approved by GOED **before execution** with the intended Subrecipient.

CITIZEN PARTICIPATION REQUIREMENTS

Local governments must provide reasonable opportunities for citizen participation, hearings, and access to information with respect to local community development programs. Grantees must comply with certain citizen participation requirements prior to application submission while other requirements apply throughout the course of the project. Grantees are expected to take whatever actions are appropriate to encourage the participation of all its residents, including members of historically marginalized communities and persons with limited English proficiency, as well as persons with disabilities. Refer to the Grantee Citizen Participation Requirements on the GOED website for detailed information and resources for compliance with Citizen Participation requirements.

ADDITIONAL GRANTEE REQUIREMENTS

Affirmatively Furthering Fair Housing (AFFH) and Equal Opportunity (EO)

Fair Housing and Equal Opportunity (FHEO) requirements (24 CFR 570.487, 24 CFR 570.601, 24 CFR 570.602, and 24 CFR 5.106) are set apart from other federal requirements because of their basis in constitutional law. Civil rights related laws are an extension and interpretation of the equal protection and due process clauses of the United States Constitution.

Civil rights laws prohibit discrimination on several different grounds, including discrimination based on "classes" or population groups. These groups include racial and ethnic groups, (e.g. Whites, Blacks, Hispanics, Asians/Pacific Islanders, and Native Americans); gender groups; groups distinguished by age or religion; disabled persons, etc.

In addition, The South Dakota Human Relations Act of 1972 (SDCL 20 -13 and SDCL 20-12) also provides protections for these classes. Enforcement of the law covers employment practices, labor union membership and services, housing accommodations, education, public accommodations, public services and property rights.

As a condition of receiving CDBG funds, each Grantee that accepts these funds from the GOED must certify that it will comply with basic fair housing and equal opportunity requirements.

By completing required certifications to HUD, the GOED assumes a specific legislative mandate to enforce the provisions of the laws ranging from the Civil Rights Act of 1964, to the Fair Housing Act of 1968, and well beyond to "All Other Applicable Laws." Various legal authorities require that the GOED:

- Certify that its grant programs will be conducted in compliance with all applicable civil rights laws, regulations, executive orders and directives;
- Conduct its grant programs in a manner that will not cause discriminatory effects;
- Assure that all funded activities are carried out in a manner that will not cause discriminatory effects;
- Take affirmative action, where discrimination has been found in the past, to overcome the effects of past discrimination; and
- Provide for equal opportunity in employment and contracting opportunities connected with its grant programs.

Grantees make assurances that they will carry out these obligations in cooperation with the State. When the Grantee signs their Grant Agreement with the GOED, they are assuring compliance to the FHEO requirements through Form 1-12: CDBG Program Assurances and Certifications – included in the Application and Section B.10. Assurance Requirements of the Grant Agreement. The federal requirements that the Grantee must comply with and provide documentation of compliance include: Fair Housing, Section 504, Limited English Proficiency, and Nondiscrimination. There are numerous actions Grantees must take during the course of their Grant Agreement that may be directly related to the activities they carry out or may affect local codes and ordinances.

Grantees are required to carry-out at least one “Affirmatively Furthering Fair Housing” activity during the grant period. GOED has provided a list of potential activities as Form 1-8. Grantees are required to place the HUD Fair Housing Logo on all signage, brochures, pamphlets, notices, documents, e-mails, websites, and official correspondence, including that of the local government officials that deals with the CDBG grant.

Limited English Proficiency

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in programs receiving federal financial assistance. This includes ensuring meaningful access for individuals with limited English proficiency (LEP) by providing free language services, such as interpreter services and translation of vital documents, to avoid national origin discrimination. In certain situations, failure to ensure that persons who have limited English proficiency can effectively participate in, or benefit from, federally assisted programs may violate the federal prohibition against national origin discrimination.

GOED and the South Dakota Housing Authority have conducted a Statewide Four Factor Analysis for HUD funded programs and GOED has provided the Grantee Four Factor Analysis Guidance to assist with compliance.

The Four Factor Analysis is a voluntary process applicants/grantees may use to ensure compliance with Title VI of the Civil Rights Act of 1964.

Right to Report (Violence Against Women Act)

The Violence Against Women Act (VAWA) Reauthorization of 2022, effective October 1, 2022, includes a new requirement for U.S. Department of Housing and Urban Development (HUD) recipients to support an individual's right to seek law enforcement or emergency assistance. All CDBG grantees are required to report on the existence of laws or policies adopted that impose penalties based on requests for law enforcement or emergency assistance or based on criminal activity that occurred at a covered property.

Examples of Laws that violate VAWA are:

- Nuisance property ordinances that include fines for an "excessive" number of calls for emergency or ambulance services and/or incidents of domestic violence.
- Laws that lack exceptions for cases where the resident or tenant is a survivor of domestic violence or another crime, or for calls for emergency assistance by persons with disabilities.
- Laws that do not specify domestic violence as a nuisance but still penalize survivors due to having a broad definition of "nuisance activities" (e.g., disturbing the peace, excessive noise, disorderly conduct, or "excessive" calls to emergency services).
- Laws that require or encourage denial of an applicant with any criminal record, including arrests or misdemeanors.

ALL CDBG Grantees must review all ordinances, local regulations, and policies adopted by the local government and currently in effect and certify compliance with the Violence Against Women Reauthorization Act of 2022. (Form 1-9) If any policies are identified as non-compliant, they must be re-evaluated and addressed within the grant agreement period. A summary of efforts to evaluate alternative policies that do not impede the Right to Report Crime and Emergencies from One's Home and a timeline for action on one or more alternatives must be submitted.

The summary and timeline for implementation of alternative policies must be submitted to GOED with the application. GOED will review alternative policies and ordinances for compliance with VAWA at monitoring.

Economic Opportunity

When contracting for services, Grantees must ensure nondiscrimination in the solicitation and award of contracts generated from HUD funds, including:

- √ Nondiscriminatory advertising and distribution of solicitations;
- √ Nondiscriminatory bid specifications or evaluation criteria; and
- √ Nondiscriminatory award of contracts.

In addition, a Grantee is expected to take affirmative steps to provide opportunities in a manner similar to actions to affirmatively furthering fair housing no matter what the size of the contract.

Equal Employment Opportunity (EEO) Compliance

Local governments are required by Title VI of the Civil Rights Act of 1964 to prohibit discrimination on the basis of race, color, or national origin in all federal assisted programs. This law specifically prohibits discrimination in employment practices. When procuring goods, construction contractors, or professional services, Grantees should incorporate equal opportunity in employment clauses in solicitation (bidding) and contract documents.

Title VI requires Grantees, subrecipients, contractors, and subcontractors to prohibit discrimination based on the following:

- Race/Color
- Religion/ Creed
- Sex
- Sexual Orientation
- Gender Identity
- Ancestry/National Origin
- Age (≥62)
- Disability, mental and physical
- Genetic Information
- Military History

EEO Posters must be displayed at the Grantee and all job sites supported with CDBG funds. It is the responsibility of the grant administrator to provide the posters to the Grantee, as well as any subrecipient of CDBG funds, and to verify that the posters are displayed at the job site. See the Department of Labor website for required Equal Employment Opportunity Posters.

Section 3 Requirements

Section 3 of the Housing and Urban Development Act of 1968 imposes requirements pertaining to employment/training opportunities and contracting arising from CDBG assistance, or other HUD funds, expended for rehabilitation, physical improvements, and public construction projects, both residential and non-residential.

Congress established Section 3 to ensure that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very-low-income persons, particularly those who are recipients of government assistance for housing.

The requirements of Section 3 are discussed in greater detail in Chapter 3: Procurement.

Accessibility

This section of the chapter reviews the requirements Grantees must follow to be in compliance with accessibility requirements of the Fair Housing Act, Americans with Disabilities Act (ADA), and Section 504 of the Rehabilitation Act of 1973 (Section 504). Collectively, the accessibility laws and implementing regulations prohibit discrimination based on disability and establish requirements for physical accessibility in connection with federally funded housing and non-housing activities. Section 504 provides that no otherwise qualified individual shall, solely by reason of their disability, be excluded from participation in (including employment), denied program benefits, or

subjected to discrimination under any program or activity receiving federal funding assistance. Specifically, Section 504 imposes requirements related to:

- Program accessibility;
- Communications;
- Accessible design and construction for certain housing and non-housing activities;
- Grantee self-evaluation of programs, services, and activities to ensure programmatic and physical accessibility to persons with disabilities; and
- Nondiscrimination in employment.

Program Accessibility

Existing housing and non-housing programs administered by the Grantee and its funded entities (e.g., subrecipients, developers) must be accessible to persons with disabilities. Program accessibility means that a program, when viewed in its entirety, is readily accessible to and usable by persons with disabilities. This means that persons with disabilities must:

1) have an equal opportunity to participate in and benefit from the program, and
2) be offered equitable choices and amenities as those offered to persons that do not have disabilities.

Grantees ensure that their programs and services are readily accessible to and usable by persons with disabilities to the maximum extent feasible. In other words, the Grantee must take steps to provide the necessary access to persons with disabilities, unless the actions would constitute an undue financial and administrative burden or require a fundamental alteration in the nature of the program.

Communication

Communication is an important component of program accessibility. Persons with impairments to hearing, vision, speech, mobility, or other disabilities may have special communication needs. To the maximum extent feasible, Grantees must provide program information in ways to ensure that persons with disabilities that impact communication are able to access and enjoy the benefits of any program or activity receiving CDBG funds.

The Grantee must ensure effective communication with persons with all types of disabilities in all activities, to the greatest extent feasible. Where the Grantee communicates with applicants and beneficiaries by phone, a TDD is required, or an equally equivalent system must be available. To be equally effective, aids, benefits, and services do not have to produce identical results, but must afford equal opportunity to obtain the same result in the most integrated setting appropriate (34 CFR §104.4(b)(2)).

The Communication Service for the Deaf in Sioux Falls has available the South Dakota relay service for hearing-impaired persons. This relay service is designed to enable a person using a TDD to communicate with another person who does not use a TDD.

The telephone numbers for the South Dakota Relay Service are:

1-800-877-1113 State Wide Toll-Free

1-605-339-6464 Sioux Falls area

1-605-339-6464 Outside of South Dakota

CDBG recipients must communicate in such a manner that people with disabilities may obtain the information they need regarding the recipient's programs. All public hearings must be held in locations accessible to people with disabilities. Recipients must provide a sign language interpreter or make reasonable accommodation for people with disabilities to participate in public hearings.

Grantees may require that persons with disabilities provide advance notice that they need a particular auxiliary aid or service. All communications must clearly outline the specific procedure, which must be followed if an individual with disabilities intends to request an auxiliary aid and/or service. If for some reason effective communication as requested by the individual cannot be provided, the recipient must notify the individual immediately of the specific reasons why their request cannot be granted, why the decision was made, and what alternative accommodation could be made.

Self-Evaluation and Transition Plan

HUD regulations require each recipient of CDBG funds to conduct a self-evaluation and transition plan, when applicable. If a Grantee has not already performed a Section 504 self-evaluation of programs, services, and activities to determine if they are programmatically and physically accessible to people with disabilities, they must conduct such evaluation and document all needs. Assistance with self-evaluation and the creation of a transition plan can be found in the Department of Justice ADA Guide for Small Towns. GOED has provided a sample plan as Form 1-6.

If a Grantee has already performed a self-evaluation, a new one is not required, unless facilities have been altered.

NOTE: Grantees (municipalities) with 15 or more staff are required by law to have an identified ADA/Section 504 Coordinator. This person may already exist within your jurisdiction.

Anti-Displacement and Relocation Policy

Under Section 104 (d) of the Housing and Community Development Act of 1974, as amended, each Grantee is required to adopt, make public and certify that it is following a plan providing:

- √ One for one replacement of units; and
- √ Relocation assistance.

All Grantees are required to adopt a Residential Anti-Displacement and Relocation Assistance Plan and Certification before any funds can be dispersed to that grantee. More detailed information on HUD's Anti-Displacement and Relocation Assistance requirements can be found at 24 CFR 42.325.

Project Signage

If the Grantee intends to have signage at the project site (typically listing the project sponsors, architect, etc.), the HUD Fair Housing Logo **must** be included on the signage. The HUD Fair Housing logo may not be any smaller than 50% of the size of the largest logo displayed.

Conflict of Interest

The Grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of CDBG contracts.

Federal regulations at 2 CFR 200.319, 24 CFR §570.489(h), and 24 CFR §570.611 require that any conflicts of interest on CDBG projects must be avoided.

These requirements apply to:

- procurement of supplies, equipment, construction services and professional services,
- the acquisition or disposition of real property, and
- the provision of services or benefits.

Federal and state guidelines stipulate no employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the CDBG award. A conflict of interest includes when the employee, officer, agent, or board member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties listed above, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract. An employee, officer, agent, and board member of the recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors.

In certain circumstances, GOED may grant an exception to a conflict of interest, upon request, if specific criteria are met:

1. A disclosure of the nature of the conflict, including an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made.
2. A legal opinion (from local Counsel) is submitted stating that the potential for conflict of interest is minimal, and that the situation does not violate either local or state conflict statutes or rulings.
3. The person applying for the waiver meets other program requirements. For example, low/moderate income guidelines for housing rehabilitation.
4. The person applying for the waiver is not in a decision-making position in the CDBG Program, either with the local government or subrecipient.
5. The local government must certify the above and demonstrate that a system has been established to guarantee that no preferential treatment to the applicant has occurred. This might require a numbered and dated system for accepting and processing applications, for example.
6. Finally, the local government must submit a formal request to GOED seeking a waiver of conflict-of-interest requirements based on the above criteria. The waiver request should describe the circumstances for all five elements above. See Form 1-10: Request for Exception to Conflict of Interest .

After review of the supporting documentation, if GOED agrees that the potential for conflict of interest is minimal and if the applicant meets the above criteria for a waiver, GOED will issue an approval.

REVISION HISTORY

Revision	Date	Description of changes	Approved By
1.0	8/21/24	• Initial Release	S Deyo
2.0	5/22/26	• Updated General Requirements section to match CDBG Application • Updated links throughout document • Updated Conflict of Interest per revised 2 CFR 200.318	S Deyo