

Subpart D--Youthbuild Implementation Grants

Sec. 585.301 Purpose.

HUD will award Youthbuild implementation grants to eligible applicants for the purpose of carrying out Youthbuild programs in accordance with subtitle D of title IV of the National Affordable Housing Act. Applications will be selected in a national competition in accordance with the selection process described in the current NOFA.

Sec. 585.302 Award limits.

Maximum awards. The maximum award for a Youthbuild implementation grant will be defined in the NOFA for each competition and may vary by competition. HUD may for good cause approve a grant in a higher amount than the specified limit.

Sec. 585.303 Grant term.

Funds awarded for implementation grants are expected to be used within 30 months of the effective date of the implementation grant agreement.

Sec. 585.304 Locational considerations.

Each application for an implementation grant may only include activities to carry out one Youthbuild program, i.e., to start a new Youthbuild program or to fund new classes of Youthbuild participants for an existing program. The same applicant organization may submit more than one application in the current competition if the proposed programs are in different jurisdictions. HUD will not approve multiple applications for implementation grants in the same jurisdiction unless it determines that the jurisdiction is sufficiently large to justify approval of more than one application.

Sec. 585.305 Eligible activities.

Implementation grant activities to conduct a Youthbuild program may include:

- a. Acquisition of housing and related facilities to be used for the purposes of providing homeownership, residential rental housing, or transitional housing for the homeless and low- and very low-income persons and families;
- b. Architectural and engineering work associated with Youthbuild housing;
- c. Construction of housing and related facilities to be used for the purposes of providing homeownership, residential rental housing, or transitional housing for the homeless and low- and very low-income persons and families;
- d. Rehabilitation of housing and related facilities to be used for the purposes of providing homeownership, residential rental housing, or transitional housing for the homeless and low- and very low-income persons and families, including lead-based paint activities; in accordance with part 35 of this title;
- e. Operating expenses and replacement reserves for the housing assisted in the Youthbuild program;
- f. Relocation payments and other assistance required to comply with Sec. 585.308, legal fees, and construction management;

- g. Outreach and recruitment activities, emphasizing special outreach efforts to be undertaken to recruit eligible young women (including young women with dependent children);
- h. Education and job training services and activities including work experience, basic skills instruction and remedial education, bilingual education; secondary education leading to the attainment of a high school diploma or its equivalent; counseling and assistance in attaining post-secondary education and required financial aid;
- i. Wages, benefits and need-based stipends provided to participants;
- j. Leadership development, counseling, support services, and development of employment skills;
- k. Defraying costs for the ongoing training and technical assistance needs of the recipient that are related to developing and carrying out a Youthbuild program;
- l. Job placement (including entrepreneurial training and business development), counseling, and support services for a period not to exceed 12 months after completion of training to assist participants; and
- m. Administration. Youthbuild funds for administrative costs may not exceed 15 percent of the total amount of Youthbuild program and project costs or such higher percentage as HUD determines is necessary to support capacity development by a private nonprofit organization.

[60 FR 9737, Feb. 21, 1995, as amended at 64 FR 50226, Sept. 15, 1999]

Effective Date Note: At 64 FR 50226, Sept. 15, 1999, Sec. 585.305 was amended by revising paragraph (d), effective Sept. 15, 2000. For the convenience of the user, the superseded text is set forth as follows:

Sec. 585.305 Eligible activities.

* * * * *

- d. Rehabilitation of housing and related facilities to be used for the purposes of providing homeownership, residential rental housing, or transitional housing for the homeless and low- and very low-income persons and families;

* * * * *

Sec. 585.306 Designation of costs.

The following budget items are to be considered training or other costs under the Youthbuild implementation grant and should not be considered costs associated with acquisition, rehabilitation, or new construction for the purposes of Secs. 585.307, 585.309, 585.310, and 585.311.

- a. Trainees' tools and clothing.
- b. Participant stipends and wages.
- c. On-site trainee supervisors.
- d. Construction management.
- e. Relocation costs.

- f. Legal fees.
- g. Clearance and demolition.

Sec. 585.307 Environmental procedures and standards.

- a. Environmental procedures. Applicants are encouraged to select hazard-free and problem-free properties for their Youthbuild projects. Environmental procedures apply to HUD approval of implementation grants when the applicant proposes to use Youthbuild funds to cover any costs for the lease, acquisition, rehabilitation, or new construction of real property that is proposed for housing project development. Environmental procedures do not apply to HUD approval of implementation grants when applicants propose to use their Youthbuild funds solely to cover any costs for classroom and/or on-the-job construction training and supportive services. For those applicants that propose to use their Youthbuild funds to cover any costs of the lease, acquisition, rehabilitation, or new construction of real property, the applicant shall submit all relevant environmental information in its application to support HUD decision-making in accordance with the following environmental procedures and standards.
 - 1. Before any Youthbuild implementation application that requests funds for acquisition, rehabilitation, or construction can be selected for funding, HUD shall determine whether any environmental thresholds are exceeded in accordance with 24 CFR part 50, which implements the National Environmental Policy Act (NEPA) and the related Federal environmental laws and authorities listed under 24 CFR 50.4.
 - i. If HUD determines that one or more of the thresholds are exceeded, HUD shall conduct a compliance review of the issue and, if appropriate, establish mitigating measures that the applicant shall carry out for the property;
 - ii. In performing its review, HUD may use previously issued environmental reviews prepared by local, State, or other Federal agencies for the proposed property;
 - iii.
 - A. The application for the Youthbuild implementation grant shall provide HUD with:
 - 1. Applicant documentation for environmental threshold review; and
 - 2. Any previously issued environmental reviews prepared by local, State, or other Federal agencies for the proposed property.
 - B. The applicant is encouraged to contact the local community development agency to obtain any previously issued environmental reviews for the proposed property as well as for other relevant information that can be used in the applicant documentation for the environmental threshold review. In using previous reviews by other sources, HUD must, however, conduct the environmental analysis and prepare the environmental review and be responsible for any required environmental findings.

2. HUD reserves the right to disqualify any application where one or more environmental thresholds are exceeded if HUD determines that the compliance review cannot be conducted and satisfactorily completed within the HUD review period for applications.
 3. If Youthbuild funds are requested for acquisition, rehabilitation, or construction, applicants are prohibited from committing or expending State, local or other funds to undertake property acquisition (including lease), rehabilitation or construction under this program until notification of grant award.
- b. Environmental thresholds. HUD shall determine whether a NEPA environmental assessment is required. Also, HUD shall determine whether the proposed property triggers thresholds for the applicable Federal environmental laws and authorities listed under 24 CFR 50.4 as follows:
1. For minor rehabilitation of a building and any property acquisition (including lease), Federal environmental laws and authorities may apply when the property is:
 - i. Located within designated coastal barrier resources;
 - ii. Contaminated by toxic chemicals or radioactive materials;
 - iii. Located within a floodplain;
 - iv. A building for which flood insurance protection is required;
 - v. Located within a runway clear zone at a civil airport or within a clear zone or accident potential zone at a military airfield; or
 - vi. Listed on, or eligible for listing on, the National Register of Historic Places; located within, or adjacent to, an historic district, or is a property whose area of potential effects includes a historic district or property.
 2. For major rehabilitation of a building and also for substantial improvement in floodplains, in addition to paragraphs (b)(1)(i) through (vi) of this section, other Federal environmental laws and authorities may apply when the property:
 - i. Has significant impact to the human environment;
 - ii. Is a project involving five or more dwelling units severely noise-impacted; or
 - iii. Affects coastal zone management.
 3. For new construction, conversion or increase in dwelling unit density, in addition to paragraphs (b)(1)(i) through (vi) and paragraphs (b)(2)(i) through (iii) of this section, other Federal environmental laws and authorities may apply when the property:
 - i. Is located near hazardous industrial operations handling fuels or chemicals of an explosive or flammable nature;
 - ii. Affects a sole source aquifer;
 - iii. Affects endangered species; or
 - iv. Is located within a designated wetland.

- c. Qualified data sources. The environmental threshold information provided by applicants must be from qualified data sources. A qualified data source means any Federal, State, or local agency with expertise or experience in environmental protection (e.g., the local community development agency; the local planning agency; the State environmental protection agency; the State Historic Preservation Officer) or any other source qualified to provide reliable information on the particular property.
- d. Minor rehabilitation means proposed fixing and repairs:
 - 1. Whose estimated cost is less than 75 percent of the property value after completion;
 - 2. That does not involve changes in land use from residential to nonresidential, or from nonresidential to residential;
 - 3. That does not involve the demolition of one or more buildings, or parts of a building, containing the primary use served by the property; and
 - 4. That does not increase unit density more than 20 percent.

Sec. 585.308 Relocation assistance and real property acquisition.

The Youthbuild program is subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and implementing regulations at 49 CFR part 24.

HUD Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition, available from the Relocation and Real Estate Division at the address listed in this section, describes these policies and procedures. Any occupied property used in a Youthbuild program is subject to the URA regardless of the source of the property or construction funds. The URA requires recipients to provide relocation assistance to persons (families, individuals, businesses, and nonprofit organizations) that are displaced as a direct result of acquisition, rehabilitation or demolition for an assisted project. Property occupants who are not displaced also have certain rights. Therefore, if a proposed Youthbuild implementation program involves occupied property, before submitting the application the applicant should consult with staff of the Relocation and Real Estate Division, Office of Community Planning and Development, Department of Housing and Urban Development, Room 7154, 451 Seventh Street, SW, Washington, DC 20410; telephone: (202) 708-0336. TDD: (202) 708-1455. Fax: (202) 708-1744. (These are not toll-free numbers.)

Sec. 585.309 Project-related restrictions applicable to Youthbuild residential rental housing.

Where the award of a Youthbuild implementation grant includes the eligible activities of acquisition, architectural and engineering fees, construction, rehabilitation, operating costs or replacement reserves for residential rental units, and where the costs for these activities are to be funded, in whole or in part, from the Youthbuild grant award, the recipient shall be required to comply with the following Youthbuild project-related restrictions for a period of not less than 10 years:

- a. Occupancy by low- and very low-income families.

1. For the 10 year period of the residential rental Youthbuild project, the recipient or rightful owner will be required to maintain at least a 90 percent level of occupancy for individuals and families with incomes less than 60 percent of the area median income, adjusted for family size--` the 90 percent category." The recipient or rightful owner must offer each available rental unit to the 60 percent of area median income group for an advertising period of not less than 90 days upon each vacancy occurrence throughout the 10 year period. Community-wide advertisements for tenants of this income group must be conducted.
2. In order to maintain the financial stability of the project and to provide flexibility in averting long-term vacancies in the 90 percent category, the rightful owner is permitted, under certain circumstances described below, to execute temporary two year leases with individuals and families with incomes between 60 and 80 percent of the area median income. This temporary deviation is permitted when no qualifying tenant (with an income of 60 percent or less of median) leases the unit upon the end of the 90 day advertising period. The owner may then advertise the unit to individuals and families with incomes less than 80 percent of the area median income, adjusted for family size, for another advertisement period of 90 days. Temporary leases for tenants whose incomes are between 60 and 80 percent of the area median income (exclusive of the 10 percent allowance) shall be limited to two years. Temporary tenants are not covered by Youthbuild tenant protections regarding termination of tenancy (paragraph (b)(2) of this section), tenant selection plan (paragraph (b)(4) of this section) and tenant participation plan (paragraph (d) of this section).
3. The remaining 10 percent of the units must be made available to and occupied by low-income families--` the 10 percent category." The income test must be conducted for both the 90 percent and 10 percent categories only at time of entry for each unit available for occupancy.

b. Tenant protections. Upon submission of the implementation grant application, the applicant or rightful owner of the residential rental units covered under this paragraph shall certify to the following tenant protections:

1. Lease. As part of the Youthbuild implementation grant application, the applicant or rightful owner of the property shall provide a model lease containing terms and conditions acceptable to HUD. The model lease shall become an addendum to the executed grant agreement and shall remain in force for a period of 10 years. The lease between a tenant and the owner of residential rental housing shall be for a period of not less than one year, unless otherwise mutually agreed to by the tenant and the owner, and shall contain such terms and conditions as HUD determines to be appropriate. Any change to a lease must be approved by HUD.
2. Termination of tenancy. Upon submission of the implementation grant application, the applicant or other rightful owner of the property must certify that the following restrictions will be applied to all lease terminations initiated by the owner. The restrictions must state that an owner shall not terminate the tenancy or refuse to renew the lease of a tenant occupying a Youthbuild residential rental housing unit except

for serious or repeated violations of the terms and conditions of the lease, or for violation of applicable Federal, State, or local laws, or for other good cause. Any termination or refusal to renew the lease must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action. With regard to leases for tenants in units controlled by public housing authorities, 24 CFR part 966 shall take precedence over this provision.

3. Maintenance and replacements. Upon submission of the implementation grant application, the applicant or rightful owner of Youthbuild residential rental housing must certify that the premises will be maintained in compliance with all applicable housing quality standards and local code requirements for the 10 year period. HUD's section 8 housing quality standards apply when no other public assistance is involved other than the Youthbuild grant. In other cases, the applicable HUD or other Federal, State or local program guidelines shall apply.
 4. Tenant selection. The applicant or rightful owner of Youthbuild residential rental housing must develop and adopt a tenant selection plan containing selection policies and criteria that are consistent with HUD requirements. The tenant selection plan shall remain in force for the 10 year period. Upon submission of the implementation grant application, the applicant or owner of the property must certify that the plan complies with the following HUD requirements:
 - i. The plan is consistent with the purpose of providing housing for homeless and very low-income families and individuals;
 - ii. The plan is reasonably related to program eligibility and the applicant's or owner's ability to perform the obligations of the lease;
 - iii. The plan gives reasonable consideration to the housing needs of families that would qualify for a preference under section 6(c)(4)(A) of the United States Housing Act of 1937;
 - iv. The plan provides for the selection of tenants from a written waiting list in the chronological order of their application, to the extent practicable, and for the prompt notification in writing of any rejected applicant of the grounds for any rejection; and
 - v. The plan acknowledges that a family holding tenant-based assistance under section 8 of the United States Housing Act of 1937 will not be refused tenancy because of the status of the prospective tenant as a holder of such assistance.
- c. Limitation on rental payments. Upon submission of the implementation grant application, the applicant or other rightful owner of Youthbuild residential rental housing project involved in a Youthbuild program shall certify that tenants in each rental unit shall be not required to pay rent in excess of the amount provided under section 3(a) of the United States Housing Act of 1937.
- d. Tenant participation plan. The Youthbuild program shall require a tenant participation plan applicable to the rightful owner of Youthbuild residential rental housing, provided such owner is a nonprofit public or private organization. Upon submission of the implementation grant application, the nonprofit owner shall certify that the tenant participation plan is the plan to

- be adopted and followed for tenant participation in management decisions for the 10 year period.
- e. Limitations on profit. Youthbuild residential rental housing projects meeting the requirements of this section shall be restricted from producing profit in excess of the limitations set out in sections 455(c)(1) and (2) of NAHA.
 - f. Restrictions on conveyance. Conveyance restrictions apply to Youthbuild residential rental housing project(s) meeting the requirements of this section. Ownership of the property may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner for the balance of the 10 year period.
 - g. Ten year restriction. The restrictions listed in paragraphs (a) through (f) of this section shall remain in force for a period of not less than 10 years after construction completion and issuance of an occupancy permit for all Youthbuild residential rental housing projects receiving Youthbuild assistance.

(Approved by the Office of Management and Budget under control number 2506-0142)

[60 FR 9737, Feb. 21, 1995, as amended at 61 FR 52187, Oct. 4, 1996]

Sec. 585.310 Project-related restrictions applicable to Youthbuild transitional housing for the homeless.

Where the award of a Youthbuild implementation grant includes the eligible activities of acquisition, architectural and engineering fees, construction, rehabilitation, operating costs or replacement reserves of transitional housing units, and where the costs for these activities are funded, in whole or in part, with Youthbuild grant funds, the housing project shall be required to comply with the following Youthbuild project-related restrictions:

- a. Limitations on profit. Youthbuild residential rental housing projects meeting the requirements of this section shall be restricted from producing profit in excess of the limitations set out in sections 455(c)(1) and (2) of NAHA.
- b. Restrictions on conveyance. Conveyance restrictions apply to Youthbuild transitional housing projects meeting the requirements of this section. Ownership of the property may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner for the balance of the 10 year period.
- c. Program requirements for transitional housing.
 - 1. Youthbuild transitional housing projects meeting the requirements of this section shall adhere to the requirements regarding service delivery, housing standards and rent limitations applicable to comparable housing receiving assistance under the Transitional Housing component of the Supportive Housing Program (title IV of the **Stewart B. McKinney Homeless Assistance Act**).
 - 2. The Secretary may waive these requirements to permit the conversion of a Youthbuild transitional housing project to a permanent housing project only if such housing complies with the Youthbuild project-related restrictions for residential rental housing projects found in Sec. 585.309.

- d. Ten year restriction. The restrictions listed in paragraphs (a) through (c) of this section shall remain in force for a period of not less than 10 years after construction completion and issuance of an occupancy permit for a Youthbuild transitional housing project receiving Youthbuild assistance.

[60 FR 9737, Feb. 21, 1995, as amended at 61 FR 52187, Oct. 4, 1996]

Sec. 585.311 Project-related restrictions applicable to Youthbuild homeownership housing.

Where the award of a Youthbuild implementation grant includes the eligible activities of acquisition, architectural and engineering fees, construction, or rehabilitation of homeownership housing, and where the costs for these activities are to be funded, in whole or in part, with Youthbuild grant funds, the housing project shall be required to comply with the following Youthbuild project-related restrictions:

- a. Program compliance. Each homeownership project meeting the requirements of this section shall comply with the requirements of the HOPE II or HOPE III program authorized under subtitle B or C respectively of title IV of the National Affordable Housing Act.
- b. Restrictions on conveyance. Conveyance restrictions apply to Youthbuild homeownership housing projects meeting the requirements of this part. Ownership of the property may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner for the balance of the 10 year period.
- c. Ten year restriction. The restrictions listed in paragraphs (a) and (b) of this section shall remain in force for a period of not less than 10 years after construction completion and issuance of an occupancy permit for Youthbuild homeownership housing projects meeting the requirements of this part.

Sec. 585.312 Wages, labor standards, and nondiscrimination.

Applicable provisions are stated in section 456(e) of NAHA.

[61 FR 52187, Oct. 4, 1996]

Sec. 585.313 Labor standards.

- a. Trainees. Davis-Bacon prevailing wage rate requirements are not applicable to trainees on housing projects or in training programs assisted by Youthbuild grant funds, regardless of whether other Federal assistance is involved. However, where the trainees' performance of public and Indian housing work is subject to HUD-determined prevailing wage rates under section 12 of the United States Housing Act of 1937, trainees must be paid HUD-determined wage rates; as a matter of policy, the wage rates determined by HUD to apply to Youthbuild trainees will be the trainee wage rates rather than journeyperson rates.
- b. Laborers and mechanics other than Youthbuild Trainees.

1. All laborers and mechanics (other than Youthbuild trainees) employed by contractors or subcontractors in any construction, alteration or repair, including painting and decorating, of housing that is assisted by a Youthbuild grant shall be paid at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a through 276a-5). The employment of such laborers and mechanics on assisted housing shall be subject to the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 through 333). Where these requirements are applicable, recipients, sponsors, owners, contractors and subcontractors must comply with all related Department of Labor and HUD rules, regulations and requirements.
2. The labor standards requirements in paragraph (b)(1) of this section do not apply where a Youthbuild grant is provided solely for classroom and/or on-the-job training and supportive services for Youthbuild trainees, and the grant does not include costs for housing project development involving acquisition (including lease), rehabilitation or new construction of real properties; however, if other Federal programs provide assistance to the housing project, labor standards apply to laborers and mechanics other than Youthbuild trainees to the extent required by the other Federal programs. Applicants need to review applicable Federal regulations to determine which relevant requirements apply to their individual situations.