

**SUPPLEMENTAL AGREEMENT FOR THE USE OF
2025-2026 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

This Supplemental Agreement (“Agreement”) is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, herein called, "COUNTY," and the CITY OF BEAUMONT, herein called "CITY." COUNTY and CITY are collectively referred to as “Parties” and individually as “Party.”

The COUNTY and CITY mutually agree as follows:

1. GENERAL. COUNTY and CITY have executed a Cooperation Agreement, dated August 1, 2023 (“Cooperation Agreement”), whereby CITY elected to participate with COUNTY, which has qualified as an "Urban County" for purposes of receiving Community Development Block Grant (CDBG) funds (“CDBG”), and to assist and undertake essential community development and housing assistance activities pursuant to the Housing and Community Development Act of 1974, Title 1, as amended, Public Law 93-383 hereinafter referred to as "Act." Said Cooperation Agreement, is incorporated herein by reference and made a part of this Agreement as if each and every provision was set forth herein.

2. PURPOSE. CITY has been allocated \$147,685 in CDBG Entitlement funds for the 2025-2026 CDBG program year. CITY promises and agrees to undertake and assist with the community development activities (Public Service Activities), within its jurisdiction, by utilizing the sum of \$12,650 CDBG Entitlement Funds, as specifically identified in Exhibit(s) A, B, and C, attached hereto, and are incorporated herein by this reference, for the following project(s) (collectively, the “Projects”):

A) 5.BEA.53-25 Camp Kids \$12,650

CITY has allocated \$10,000 from its 2025-2026 CDBG allocation to certain activities identified below, hereinafter referred to as “County-wide Activities,” (Public Service Activities) that will be directly administered by COUNTY:

B) 0.282-25 Court Appointed Special Advocate (CASA) Program, \$10,000.

CITY promises and agrees to undertake and assist with the community development activities (Public Facility Activities) with the remaining \$125,035 from its 2025-2026 CDBG allocation to

1 activities identified below, hereinafter referred to as Public Facility Activities, specifically identified in
2 Exhibit(s) A, B, and C, attached hereto, and are incorporated herein by this reference, for the following
3 project(s):

4 **C) 5.BEA.52-25 Pedestrian Sidewalk Safety Improvement Project Phase III, \$125,035.**

5 3. TERMS OF AGREEMENT. The terms of this Agreement for the implementation of the
6 (Public Service Activities) Project(s) shall be for a period of one (1) year from July 1, 2025, to
7 termination on June 30, 2026 for Exhibits and whereas the term of this Agreement for the implementation
8 of the (Public Facility Activities) Project(s) shall be for a period of two (2) years from July 1, 2025, to
9 June 30, 2027.

10 4. COMPLETION SCHEDULE. CITY shall proceed consistent with the completion
11 schedule set forth in Exhibit(s) A, B, and C, attached hereto and incorporated herein.

12 5. EXTENSION OF TIME. In the event the Project(s) are not substantially completed by the
13 time set forth in the applicable completion schedule(s) due to a force majeure event (See Section 40
14 below), the COUNTY may consider extending the schedule for the completion of the project(s). Times
15 of performance for other activities may also be extended in writing by COUNTY. If substantial progress
16 toward completion in conformance with the completion schedule, as determined by COUNTY in its
17 discretion, of the project(s) not made during the term of this Supplemental Agreement, COUNTY may
18 suspend or terminate this Supplemental Agreement pursuant to the termination procedures set forth in
19 the section titled "Termination," and the entitlement funds associated with the Project(s) may be
20 reprogrammed by the COUNTY after appropriate notice is provided to the City.

21 6. LETTER TO PROCEED. CITY shall not initiate nor incur expenses for the CDBG-
22 funded Projects or activities covered under the terms of this Supplemental Agreement as set forth in
23 Exhibit(s) A, B, and C, attached hereto, prior to receiving written authorization from COUNTY to
24 proceed.

25 7. NOTICES. Each notice, request, demand, consent, approval or other communication
26 (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which
27 the CITY or COUNTY is required or permitted to give to the other party pursuant to this Agreement
28 shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally
delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received

1 at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier)
2 designating early morning delivery (any notice so delivered shall be deemed to have been received on
3 the next Business Day following receipt by the courier); or (c) sent by United States registered or certified
4 mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States
5 Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the
6 United States), addressed to the respective parties as follows:

<u>COUNTY</u>	<u>CITY</u>
Heidi Marshall, Director	Elizabeth Gibbs, City Manager
Riverside County HWS	City of Beaumont
P.O. Box 1528	550 E. 6 th Street
Riverside, CA 92502	Beaumont, CA 92223

8. DISBURSEMENT OF FUNDS.

A. COUNTY's Board of Supervisors shall determine the final disposition and distribution of all funds received by COUNTY under the Act consistent with Sections 2 and 3 of this Supplemental Agreement. COUNTY, through its Department of Housing, and Workforce Solutions, shall make payment of the CDBG funds to CITY as set forth in the attached Exhibit(s) A, B, and C. It is the CITY's responsibility to monitor all project activities set forth in the attached Exhibit(s) A, B, and C, and to ensure compliance with applicable federal regulations and the terms of this Supplemental Agreement.

B. CITY shall comply with timely drawdown of CDBG Entitlement funding by expeditiously implementing and completing the COUNTY-approved, CDBG-funded Projects. CITY acknowledges that CITY's drawdown performance directly impacts the COUNTY's overall program drawdown rate. If the CITY's unobligated CDBG fund balance, as of January 31, 2026, exceeds one hundred and seventy-five percent (175%) of the CITY's 2025-2026 CDBG allocation, the COUNTY may, in its sole discretion, take the necessary administrative actions to reduce the CITY's CDBG fund balance. Necessary actions include, but are not limited to, reprogramming the excess CDBG fund balance to other eligible activities as selected by COUNTY. COUNTY may, in its sole and absolute discretion, authorize CITY in writing, prior to January 31, 2026, to exceed the CDBG fund balance

1 requirement.

2 C. CITY shall comply with timely drawdown of CDBG funds by submitting monthly
3 requests for reimbursement or other COUNTY approved reimbursement schedules. All disbursements
4 of CDBG funds will be on a reimbursement basis and made within thirty (30) days after the COUNTY
5 has received the CITY's reimbursement request including documentation supporting expenditures.

6 D. All authorized obligations incurred in the performance of the Supplemental
7 Agreement for projects eligible under the following CDBG regulations must be reported in writing to
8 COUNTY no later than June 1, 2027:

- 9 1. Acquisition [24 Code of Federal Regulations (CFR) 570.201 (a)]
- 10 2. Clearance Activities [24 CFR 570.201 (d)]
- 11 3. Interim Assistance [24 CFR 570.201 (f)]
- 12 4. Code Enforcement [24 CFR 570.202 (c)]

13 All public service activities [24 CFR 570.201 (e)] and other eligible activities under this
14 Supplemental Agreement must be implemented, completed, and obligations reported in writing to the
15 COUNTY by the CITY no later than the completion schedules set forth in the attached Exhibits to this
16 Supplemental Agreement. "CFR" as used herein refers to the Code of Federal Regulations.

17 9. RECORDS AND INSPECTIONS.

18 A. CITY shall establish and maintain financial, programmatic, statistical, and other
19 supporting records of its operations and financial activities in accordance with the Uniform
20 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part
21 200), and 24 CFR Section 570.502 (a), as they relate to the acceptance and use of federal funds under
22 this Agreement. Said records shall be retained for a period of four (4) years from the date that the activity
23 or program funded with the CDBG Grant is closed out by the COUNTY and reported as complete in the
24 Comprehensive Annual Performance and Evaluation Report (CAPER). Exceptions to the four (4) year
25 retention period requirement, pursuant to 2 CFR 200.333 include, but not limited to, the following:

- 26 i. if any litigation, claim, or audit is started prior to the expiration of the four
27 (4) year period;
- 28 ii. when the CITY is notified in writing by the COUNTY, HUD, or other
Federal agency to extend the retention period;

1 iii. records for real property and equipment acquired with CDBG funds must
2 be retained for four (4) years after final disposition;

3 iv. when the records are transferred by the CITY to the COUNTY, HUD, or
4 other Federal agency, the four (4) year period is not applicable.

5 B. CITY shall obtain an external audit in accordance with the Uniform
6 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR
7 Section 200.500). Audits shall usually be performed annually but not less frequently than every two
8 years. Nonprofit institutions and government agencies that expend less than \$750,000 a year in Federal
9 awards are exempt from Federal audit requirements, but records must be available for review by
10 appropriate officials of the Federal grantor agency or subgranting entity. The audit report shall be
11 submitted to the COUNTY within 180 days after the end of the COUNTY'S fiscal year.

12 C. CITY shall maintain a separate account for the CITY'S CDBG Entitlement funds
13 received as set forth in Exhibit(s) A, B, and C attached hereto.

14 D. Pursuant to 2 CFR 200.336, CITY shall, during the normal business hours, make
15 available to COUNTY, the U.S. Department of Housing and Urban Development (HUD), or other
16 authorized representative, for the examination and copying, all of its records and other materials with
17 respect to matters covered by this Agreement and provide reasonable access to CITY staff for the purpose
18 of interview and discussion related to the records and documents.

19 E. CITY shall not retain any program income as defined in 24 CFR 570.500. Said
20 program income shall be used only for the activities that are the subject of this Agreement. Further, all
21 provisions of this Agreement shall apply to such activities.

22 F. The CITY shall ensure that at least fifty-one percent (51%) of the persons
23 benefiting from all CDBG-funded activities or projects designated as serving limited clientele [24 CFR
24 570.208(a)(2)(i)] are of low and moderate-income and meet the applicable household income guidelines.
25 The CITY shall provide the required income certification and direct benefit documentation, in writing,
26 to the COUNTY pursuant to the reporting requirement of each activity as set forth in Exhibit(s) A, B,
27 and C, attached hereto. In the event that CITY engages the services of a sub-contractor to implement
28 CDBG-funded activities, the CITY must collect, in writing, all required income certification and direct

1 benefit documentation from subcontractors prior to submittal to the COUNTY pursuant to the reporting
2 requirement of each activity as set forth in Exhibit(s) A, B, and C, attached hereto.

3 10. COMPLIANCE WITH LAWS. CITY shall comply with all applicable federal, state, and
4 local laws, regulations, and ordinances and any amendments thereto and the federal regulations and
5 guidelines now or hereafter enacted pursuant to the Act. More particularly, CITY is to comply with those
6 regulations found in the Uniform Administrative Requirements, Cost Principles, and Audit
7 Requirements for Federal Awards (2 CFR Part 200), and 24 CFR Part 570. CITY is to abide by the
8 provisions of the Community Development Block Grant Manual, prepared by COUNTY and cited in the
9 above-mentioned Cooperation Agreement. CITY shall comply, if applicable, with Section 3 of the
10 Housing & Urban Development Act of 1968 (12 U.S.C.A. Section 1701u), as amended, a copy of which
11 is attached hereto as Exhibit "S", and incorporated herein by this reference. CITY shall adhere to the
12 regulations as set forth in Exhibit "R", attached hereto and incorporated herein by this reference,
13 pertaining to inherently religious activities. CITY shall comply with the Additional Federal
14 Requirements, if applicable, attached hereto as Exhibit "AFR", and incorporated herein by this reference.

15 11. COOPERATION WITH HOUSING ACTIVITIES. CITY shall cooperate with
16 COUNTY in undertaking essential community development and housing assistance activities,
17 specifically urban renewal and public assistance housing, and shall assist COUNTY in implementing
18 and undertaking the goals and strategies identified in the 2024-2029 Five Year Consolidated Plan,
19 pursuant to 24 CFR Part 91 and other requirements of the Community Development Block Grant
20 Program.

21 12. LEAD AGENCY FOR COMPLIANCE WITH THE CALIFORNIA
22 ENVIRONMENTAL QUALITY ACT (CEQA). Pursuant to Title 14 CCR Section 1501(d), the CITY
23 is designated as the lead agency for the projects that are the subject matter of this Supplemental
24 Agreement.

25 13. HOLD HARMLESS AND INDEMNIFICATION. In contemplation of the provisions of
26 Section 895.2 of the California Government Code imposing certain tort liability jointly upon public
27 entities solely by reason of such entities being parties to an agreement as defined by Section 895 of the
28 Code, the Parties hereto, pursuant to the authorization contained in Section 895.4 and 895.6 of the Code,

1 agree that each Party shall be liable for any damages including, but not limited to, claims, demands,
2 losses, liabilities, costs and expenses including reasonable attorneys' fees, resulting from the negligent
3 or wrongful acts or omissions of their employees or agents in the performance of this Agreement, and
4 each Party shall indemnify, defend and hold harmless the other Parties from such claims, demands,
5 damages, losses or liabilities for their negligence.

6 The hold harmless and indemnification obligations set forth herein shall survive the termination
7 and expiration of this Agreement. In the event there is conflict between this clause and California Civil
8 Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation
9 shall not relieve the CITY from indemnifying the Indemnitees to the fullest extent allowed by law.

10 14. INSURANCE. Without limiting or diminishing the CITY's obligation to indemnify or
11 hold the COUNTY harmless, CITY shall procure and maintain or cause to be maintained, at its sole cost
12 and expense, the following insurance coverage's during the term of this Agreement. As respects to the
13 insurance section only, the COUNTY herein refers to the County of Riverside, its Agencies, Districts,
14 Special Districts, and Departments, their respective directors, officers, Board of COUNTY OF
15 RIVERSIDE Supervisors, employees, elected or appointed officials, agents, or representatives as
16 Additional Insureds

17 a. Workers' Compensation:

18 If the CITY has employees as defined by the State of California, the CITY shall maintain
19 statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of
20 California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with
21 limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive
22 subrogation in favor of the County of Riverside.

23 b. Commercial General Liability:

24 Commercial General Liability insurance coverage, including but not limited to, premises
25 liability, contractual liability, products and completed operations liability, personal and
26 advertising injury, and cross liability coverage, covering claims which may arise from or out of
27 CITY'S performance of its obligations hereunder. Policy shall name the County of Riverside as
28 Additional Insured. Policy's limit of liability shall not be less than \$2,000,000 per occurrence
combined single limit. If such insurance contains a general aggregate limit, it shall apply

1 separately to this agreement or be no less than two (2) times the occurrence limit.b.1

2 Sexual Abuse or Molestation (SAM) Liability:

3 If the work will include contact with minors, and the Commercial General Liability policy
4 is not endorsed to include affirmative coverage for sexual abuse or molestation, CITY shall obtain and
5 maintain a policy covering Sexual Abuse and Molestation with a limit no less than \$2,000,000 per
6 occurrence or claim.

7 c. Vehicle Liability:

8 If vehicles or mobile equipment are used in the performance of the obligations under this
9 Agreement, then CITY shall maintain liability insurance for all owned, non-owned or hired vehicles so
10 used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance
11 contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2)
12 times the occurrence limit. Policy shall name the County of Riverside as Additional Insured.

13 d. General Insurance Provisions - All lines:

14 (i). Any insurance carrier providing insurance coverage hereunder shall be
15 admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless
16 such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager
17 waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only
18 for one policy term.

19 (ii). The CITY must declare its insurance self-insured retentions. If such self-
20 insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent
21 of the County Risk Manager before the commencement of operations under this Agreement. Upon
22 notification of self-insured retention unacceptable to the COUNTY, and at the election of the County's
23 Risk Manager, CITY'S carriers shall either; 1) reduce or eliminate such self-insured retention as respects
24 this Agreement with the COUNTY, or 2) procure a bond which guarantees payment of losses and related
25 investigations, claims administration, and defense costs and expenses.

26 (iii). CITY shall cause CITY'S insurance carrier(s) to furnish the County of
27 Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original
28 copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in

1 writing by the County Risk Manager, provide original Certified copies of policies including all
2 Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further,
3 said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that
4 thirty (30) days written notice shall be given to the County of Riverside prior to any material
5 modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a
6 material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate
7 forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed
8 original Certificate of Insurance and original copies of endorsements or certified original policies,
9 including all endorsements and attachments thereto evidencing coverage's set forth herein and the
10 insurance required herein is in full force and effect. CITY shall not commence operations until the
11 COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of
12 endorsements and if requested, certified original policies of insurance including all endorsements and
13 any and all other attachments as required in this Section. An individual authorized by the insurance
14 carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of
15 Insurance.

16
17 (iv). It is understood and agreed to by the parties hereto that the CITY'S
18 insurance shall be construed as primary insurance, and the COUNTY'S insurance and/or deductibles
19 and/or self-insured retention's or self-insured programs shall not be construed as contributory.

20 (v). If, during the term of this Agreement or any extension thereof, there is a
21 material change in the scope of services; or, there is a material change in the equipment to be used in the
22 performance of the scope of or, the term of this Agreement, including any extensions thereof, exceeds
23 five (5) years, the COUNTY reserves the right to adjust the types of insurance required under this
24 Agreement and the monetary limits of liability for the insurance coverage's currently required herein, if;
25 in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the CITY
26 has become inadequate.

27 (vi). CITY shall pass down the insurance obligations contained herein to all
28 tiers of subcontractors working under this Agreement.

1 (vii). The insurance requirements contained in this Agreement may be met with
2 a program(s) of self-insurance acceptable to the COUNTY.

3 (viii). CITY agrees to notify COUNTY of any claim by a third party or any
4 incident or event that may give rise to a claim arising from the performance of this Agreement.

5 15. INDEPENDENT CONTRACTOR. The CITY is, for purposes relating to this
6 Supplemental Agreement, an independent contractor and shall not be deemed an employee of the
7 COUNTY. It is expressly understood and agreed that the CITY (including its employees, agents and
8 subcontractor's) shall in no event be entitled to any benefits to which the COUNTY employees are
9 entitled, including but not limited to overtime, any retirement benefits, worker's compensation benefits,
10 and injury leave or other leave benefits. There shall be no employer-employee relationship between the
11 parties; and the CITY shall hold the COUNTY harmless from any and all claims that may be made
12 against the COUNTY based upon any contention by a third party that an employer-employee relationship
13 exists by reason of this Supplemental Agreement. It is further understood and agreed by the parties that
14 the CITY in the performance of this Supplemental Agreement is subject to the control or direction of the
15 COUNTY merely as to the results to be accomplished and not as to the means and methods for
16 accomplishing the results.

17 16. NONDISCRIMINATION. CITY shall abide by 24 CFR Sections 570.601 and 570.602
18 of Title 24 of the Code of Federal Regulations which requires that no person in the United States shall
19 on the grounds of race, color, national origin, sex, sexual orientation, gender identity, or veterans status
20 be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any
21 program or activity funded in whole or in part with Community Development funds.

22 CITY shall abide by and include in any subcontracts to perform work under this Supplemental
23 Agreement, the following clause:

24 "During the performance of this Supplemental Agreement, CITY and its subcontractors shall not
25 unlawfully discriminate against any employee or applicant for employment because of race,
26 religion, color, national origin, ancestry, physical disability, medical condition, marital status,
27 veterans status, sexual orientation, gender identity, age (over 40) or sex. CITY and
28 subcontractors shall insure that the evaluation and treatment of their employees and applicants

1 for employment are free of such discrimination. CITY and subcontractors shall comply with the
2 provisions of the Fair Employment and Housing Act (California Government Code Section
3 12900 et seq.). The applicable regulations of the Fair Employment and Housing Commission
4 are implementing California Government Code Section 12990 et seq., set forth in Chapter 1 of
5 Division 4.1 of Title 2 of the California Administrative Code are incorporated into this
6 Agreement by reference and made a part hereof as if set forth in full. CITY and its subcontractors
7 shall give written notice of their obligations under this clause to labor organizations with which
8 they have a collective bargaining or other agreement."

9 17. PROHIBITION AGAINST CONFLICTS OF INTEREST

10 A. CITY and its assigns, employees, agents, consultants, officers and elected and
11 appointed officials shall become familiar with and shall comply with the Uniform Administrative
12 Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) and the
13 CDBG regulations prohibiting conflicts of interest contained in 24 CFR 570.611.

14 B. The Subrecipient shall maintain a written code or standards of conduct that shall
15 govern the performance of its officers, employees or agents engaged in the award and administration of
16 contracts supported by Federal funds.

17 C. No employee, officer or agent of the Subrecipient shall participate in the
18 selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of
19 interest, real or apparent, would be involved.

20 D. No covered persons who exercise or have exercised any functions or
21 responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a
22 decision-making process or gain inside information with regard to such activities, may obtain a financial
23 interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect
24 to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either
25 for themselves or those with whom they have business or immediate family ties, during their tenure or
26 for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any
27 person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the
28 Subrecipient, or any designated public agency.

E. CITY understands and agrees that no waiver of exception can be granted to the

1 prohibition against conflict of interest except upon written approval of HUD pursuant to 24 CFR
2 570.611(d). Any request by CITY for an exception shall first be reviewed by COUNTY to determine
3 whether such request is appropriate for submission to HUD in the COUNTY'S sole and absolute
4 discretion. In determining whether such request is appropriate for submission to HUD, COUNTY will
5 consider the factors listed in 24 CFR 570.611(d)(2).

6 F. Prior to the distribution of any CDBG funding under this Supplemental
7 Agreement, CITY shall provide COUNTY, in writing, a list of all employees, agents, consultants,
8 officers and elected and appointed officials who are in a position to participate in a decision making
9 process, exercise any functions or responsibilities, or gain inside information with respect to the CDBG
10 activities funded under this Agreement. CITY shall also promptly disclose to COUNTY any potential
11 conflict, including even the appearance of conflict that may arise with respect to the CDBG activities
12 funded under this Supplemental Agreement.

13 G. Any violation of this Section 17 shall be deemed a material breach of this
14 Supplemental Agreement, and the Supplemental Agreement shall be immediately terminated by the
15 COUNTY.

16 18. LOBBYING. CITY certifies to the best of its knowledge and belief, that:

17 a. No federally-appropriated funds have been paid or will be paid, by or on behalf
18 of the CITY, to any person for influencing or attempting to influence an officer or employee of any
19 agency, a member of Congress, an officer or employee of Congress, or an employee of a member of
20 Congress in connection with the awarding of any federal contract, the making of any federal grant, the
21 making of any federal loan, the entering into of any cooperative agreement, and the extension,
22 continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative
23 agreement.

24 b. If any funds other than federally-appropriated funds have been paid or will be paid
25 to any person for influencing or attempting to influence an officer or employee of any agency, a member
26 of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection
27 with this federal contract, grant, loan, or cooperative agreement, the CITY shall complete and submit
28 Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

c. CITY shall require that the language of this certification be included in the award

1 documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants,
2 loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.
3 This certification is a material representation of fact upon which reliance was placed when this
4 transaction was made or entered into.

5 19. TERMINATION.

6 A. CITY. CITY may not terminate this Agreement except upon express written
7 consent of COUNTY, pursuant to 2 CFR 200.339 (a)(3).

8 B. COUNTY. Notwithstanding the provisions of Paragraph 19a above, COUNTY
9 may suspend or terminate this Supplemental Agreement upon a ten (10) day written notice to CITY of
10 action being taken and the reason for such action including, but not limited to, the following reasons:

11 (1) In the event CITY fails to perform the covenants herein contained at such
12 times and in such manner as provided in this Supplemental Agreement; and

13 (2) In the event there is a conflict with any federal, state or local law,
14 ordinance, regulation or rule rendering any of the provisions of this Supplemental Agreement invalid or
15 untenable; or

16 (3) In the event the funding from the Department of Housing and Urban
17 Development referred to in Sections 1 and 2 above is terminated or otherwise becomes unavailable.

18 C. This Agreement may be terminated and/or funding suspended, in whole or in part,
19 for cause in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit
20 Requirements for Federal Awards (2 CFR 200.339). Cause shall be based on the failure of the CITY to
21 materially comply with either the terms or conditions of this Agreement. Upon suspension of funding,
22 the CITY agrees not to incur any costs related thereto, or connected with, any area of conflict from which
23 the COUNTY has determined that suspension of funds is necessary. CITY acknowledges that failure to
24 comply with Federal statutes, regulations, or the terms and conditions of this Agreement may be
25 considered by the COUNTY in evaluating future CDBG and non-CDBG funding applications submitted
26 by CITY.

27 D. Upon suspension or termination of this Supplemental Agreement, CITY shall
28 return any unencumbered funds which it has been provided by COUNTY. In accepting said funds,
COUNTY does not waive any claim or cause of action it may have against CITY for breach of this

1 Supplemental Agreement.

2 E. Reversion of Assets

3 1. Upon expiration or termination of this Supplemental Agreement, the
4 CITY shall transfer to the COUNTY any CDBG funds on hand at the time of expiration of the
5 Supplemental Agreement as well as any accounts receivable held by CITY which are attributable to the
6 use of CDBG funds awarded pursuant to this Supplemental Agreement.

7 2. Any real property under the CITY'S control that was acquired or improved
8 in whole or in part with CDBG funds (including CDBG funds provided to the CITY in the form of a
9 loan) in excess of \$25,000 is either:

10 (i) Used to meet one of the National Objectives pursuant to 24 CFR
11 570.208 until five years after expiration of this agreement, or for such longer period of time as determined
12 to be appropriate by the COUNTY; or

13 (ii) Not used in accordance with Clause (i) above, in which event the
14 CITY shall pay the COUNTY an amount equal to the current market value of the property less any
15 portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or
16 improvement to, the property.

17 20. PUBLICITY. Any publicity generated by CITY for the Projects funded pursuant to this
18 Supplemental Agreement will make reference to the contribution of the COUNTY, the Department of
19 Housing, and Workforce Solutions, and the Community Development Block Grant Program in making
20 the project possible.

21 21. PROGRAM MONITORING AND EVALUATION. CITY and its subcontractors shall
22 be monitored and evaluated in terms of its effectiveness and timely compliance with the provisions of
23 this Supplemental Agreement and the effective and efficient achievement of the CDBG National
24 Objectives as set forth in Exhibit(s) A, B, and C, attached hereto. Quarterly reports shall be due on the
25 last day of the month immediately following the end of the quarter being reported. The quarterly written
26 reports shall include, but shall not be limited to, the following data elements:

27 A. Title of program, listing of components, description of activities/operations.

28 B. The projected goals, indicated numerically, and also the goals achieved (for each
report period). In addition, identify by percentage and description, the progress achieved towards

1 meeting the specified goals and identify any problems encountered in meeting goals.

2 C. If the CDBG-funded activity meets a National Objective under 24 CFR 570.208
3 (a)(2)(i), CITY will report the following:

4 1) Total number of direct beneficiaries (clientele served) with household
5 incomes at:

- 6 • Above 80% MHI
- 7 • Between 50% and 80% MHI (Low-Income)
- 8 • Between 30% and 50% MHI (Very Low-Income)
- 9 • Less than 30% MHI (Extremely Low-Income)

10 2) Total number and percent (%) of the clientele served that have household
11 incomes at or below 80% MHI

12 3) Racial ethnicity of clientele

13 4) Number of Female-Headed Households

14 D. CITY shall report, in writing, and cause its subcontractors to report, in writing,
15 beneficiary statistics monthly to Housing and Workforce Solutions (HWS) on the pre-approved *Direct*
16 *Benefit Form* and *Self-Certification Form* (certifying income, family size, and racial ethnicity) as
17 required by HUD. Updated forms are to be provided to CITY by HWS should HUD implement changes
18 during the term of this Supplemental Agreement. CITY and subcontractors will collect and provide all
19 necessary data required by HUD pertaining to the Specific Outcome Indicators as identified in HUD's
20 Community Planning and Development (CPD) Outcome Performance Measurement System.

21 22. PRIOR AUTHORIZATION. CITY shall obtain COUNTY's written approval from
22 HWS prior to implementing the following "high risk" activities funded with CDBG assistance:

- 23 A. Construction of public facilities (project plans and specifications);
- 24 B. Acquisition of real property;
- 25 C. Historic Preservation;
- 26 D. Relocation; and
- 27 F. Economic Development

1 23. PRIOR COUNTY APPROVAL (CONSTRUCTION ACTIVITIES). CITY shall obtain
2 COUNTY's written approval, through its HWS, of the project plans, specifications, and construction
3 documents prior to CITY'S construction of same for all projects consisting of CDBG-funded
4 construction activities . The COUNTY neither undertakes nor assumes nor will have any responsibility
5 or duty to CITY or to any third party to review, inspect, supervise, pass judgment upon or inform CITY
6 or any third party of any matter in connection with the development or construction of the
7 improvements, whether regarding the quality, adequacy or suitability of the plans, any labor, service,
8 equipment or material furnished to the property, any person furnishing the same, or otherwise. CITY
9 and all third parties shall rely upon its or their own judgment regarding such matters, and any review,
10 inspection, supervision, exercise of judgment or information supplied to CITY or to any third party by
11 the COUNTY in connection with such matter is for the public purpose of assisting with a community
12 development and housing activity pursuant to the Act, and neither CITY (except for the purposes set
13 forth in this Agreement) nor any third party is entitled to rely thereon. The COUNTY shall not be
14 responsible for any of the work of construction, improvement, or development of the property.

15 It is the responsibility of CITY, without cost to COUNTY, to ensure that all applicable local
16 jurisdiction land use requirements will permit development of the property and construction of the
17 improvements and the use, operation, and maintenance of such Improvements in accordance with the
18 provisions of this Agreement. Nothing contained herein shall be deemed to entitle Sponsor to any
19 local jurisdiction or County permit or other local jurisdiction or County approval necessary for the
20 development of the Property, or waive any applicable local jurisdiction or County requirements
21 relating thereto. This Agreement does not (a) grant any land use entitlement to CITY, (b) supersede,
22 nullify, or amend any condition which may be imposed by the local jurisdiction in connection with
23 approval of the development described herein, (c) guarantee to CITY or any other party any profits
24 from the development of the Property, or (d) amend any local jurisdiction or County laws, codes or
25 rules.
26

27 City agrees and acknowledges that it is the responsibility of City to obtain a legal determination
28 at City's sole cost and expense, as to whether prevailing wages must be paid during construction of the

1 Project. If the Project is subject to prevailing wages, then City shall be solely responsible to pay its
2 contractors and subcontractors the required prevailing wage rate. City agrees to indemnify, defend,
3 and hold County harmless from and against any liability arising out of and related to City's failure to
4 comply with any and all Davis Bacon and or prevailing wage requirements.

5
6 24. PRIOR COUNTY APPROVAL (AQUISITION ACTIVITIES). CITY shall obtain
7 COUNTY's written approval and authorization to proceed, through HWS, of all CDBG-funded real
8 property acquisition activities.

9 25. REAL PROPERTY ACQUIRED OR PUBLIC FACILITY CONSTRUCTED WITH
10 CDBG FUNDS. When CDBG funds are used, in whole or in part, by CITY to acquire real property or
11 to construct a public facility, CITY will comply with the Uniform Administrative Requirements, Cost
12 Principles, and Audit Requirements for Federal Awards (2 CFR Section 200.311); National
13 Environmental Policy Act of 1969 (42 U.S.C.A. §4321, et seq.); the California Environmental Quality
14 Act (Cal. Pub. Resources Code §21000, et seq.); the Uniform Relocation Assistance and Real Property
15 Acquisition Policies Act of 1970, as amended (42 U.S.C.A. §4630, et seq.); and the COUNTY's Five
16 Year Consolidated Plan. In addition, the following is to occur:

17 a. Title to the real property shall vest in CITY;
18 b. The real property will be held by CITY, or the constructed facility will be
19 maintained by the CITY, for a minimum period of five (5) years from the date the CDBG-funded
20 activity is closed-out and reported as complete by the COUNTY through the Comprehensive Annual
21 Performance and Evaluation Report (CAPER);

22 c. While held by CITY, the real property or the constructed facility is to be used
23 exclusively for the purposes for which acquisition or construction was originally approved by
24 COUNTY;

25 d. Written approval from COUNTY must be secured if the property or the facility is
26 to be put to an alternate use that is consistent with the COUNTY'S Five Year Consolidated Plan or the
27 applicable federal regulations governing CDBG funds;
28

1 e. Should CITY desire to use the real property or the constructed facility, prior to
2 the completion of the mandatory five-year period, for a purpose not consistent with applicable federal
3 regulations governing CDBG funds or to sell the real property or facility, then:

4 (1) If CITY desires to retain title, CITY will reimburse COUNTY the amount
5 that represents the percentage of current fair market value that is identical to the percentage that CDBG
6 funds initially comprised of monies paid to acquire the property or construct the facility; or

7 (2) If CITY sells the property or facility or is required to sell the property or
8 facility, CITY shall reimburse COUNTY the amount that represents the percentage of proceeds
9 realized by the sale that is identical to the percentage that CDBG funds initially comprised of monies
10 paid to acquire the property or construct the facility. This percentage amount will be calculated after
11 deducting all actual and reasonable cost of sale from the sale proceeds.

12 26. PURCHASE, USE AND REVERSION OF PERSONAL PROPERTY ASSETS

13 For organizations using CDBG funds for equipment, the following principles apply:

14 Acquisition (2 CFR 200.313(a)): Title to equipment acquired with CDBG funds is vested in your
15 organization, subject to the conditions described in the following section.

16 Use (2 CFR 200.313(c)): Your organization must use equipment purchased with CDBG funds
17 for the CDBG program or project as long as needed, whether or not the program or project continues to
18 be supported by Federal funds.

19 During the time that your organization or its designee is using equipment for the CDBG funded
20 program, you must also make the equipment available for use on other Federally funded projects or
21 programs, provided that such use does not interfere with work on the CDBG funded program (2 CFR
22 200.313(c)(2)).

23 When no longer needed for the CDBG funded program, other Federally- supported agencies may
24 use the equipment, in the following order of priority: (i) Activities under a Federal award from HUD,
25 then (ii) Activities under Federal awards from other Federal agencies. This includes consolidated
26 equipment for information technology systems (2 CFR 200.313(c)(i)(ii)).

27 HUD prohibits your organization from using CDBG-acquired equipment to provide services for
28 a fee that competes unfairly with private companies that provide equivalent services unless specifically

1 authorized by Federal statute (2 CFR 200.313(c)(3)).

2 With the approval of the grantee, you may trade in equipment acquired with CDBG funds for
3 updated equipment (2 CFR 200.313(c)(4)).

4 Disposition (2 CFR 200.313(e)): When original or replacement equipment acquired with CDBG
5 funds is no longer needed for the original program or other activities currently or previously assisted
6 with Federal funds, the following rules of disposition will apply:

7 (1) Equipment with a current fair market value of \$10,000 or less (per unit) may be retained,
8 sold, or otherwise disposed of with no further responsibility to the Federal agency or pass-through entity.

9 (2) Except as provided in § 200.312(b), or if the Federal agency or pass-through entity fails to
10 provide requested disposition instructions within 120 days, items of equipment with a current fair market
11 value in excess of \$10,000 (per unit) may be retained or sold by the recipient or subrecipient. However,
12 the Federal agency is entitled to an amount calculated by multiplying the percentage of the Federal
13 agency's contribution towards the original purchase by the current market value or proceeds from the
14 sale. If the equipment is sold, the Federal agency or pass-through entity may permit the recipient or
15 subrecipient to retain, from the Federal share, \$1,000 of the proceeds to cover expenses associated with
16 the selling and handling of the equipment.

17 (3) The recipient or subrecipient may transfer title to the property to the Federal Government or
18 to an eligible third party provided that the recipient or subrecipient must be entitled to compensation for
19 its attributable percentage of the current fair market value of the property.

20 (4) In cases where a recipient or subrecipient fails to take appropriate disposition actions, the
21 Federal agency or pass-through entity may direct the recipient or subrecipient to take disposition actions.

22 PERSONAL PROPERTY – SUPPLIES.

23 (2 CFR 200.3.14) Title to supplies will vest in your organization upon acquisition, subject to the
24 following conditions:

25 If there is a residual inventory of unused supplies exceeding \$10,000 upon completion of the
26 program and the supplies are not needed for any other Federal award, you may keep the supplies for use
27 in other activities or sell them when the CDBG award or agreement ends. But in either case, you must
28 compensate the grantee for its share. The amount of compensation must be computed in the same manner
as for equipment (see 2 CFR 200.313(e)(2)).

1 As long as the Federal Government retains an interest in the supplies, you must not use supplies
2 acquired under a Federal award to provide services to other organizations for a fee that is less than private
3 companies charge for equivalent services (2 CFR 200.314(b)).

4 • In all cases in which the residual inventory of supplies is sold, the proceeds are considered
5 program income.

6
7 27. ENTIRE AGREEMENT. This Supplemental Agreement, including any attachments or
8 exhibits hereto constitutes the entire Supplemental Agreement of the parties with respect to its subject
9 matter and supersedes all prior and contemporaneous representations, proposals, discussions and
10 communications, whether oral or in writing. No oral understanding or agreement not incorporated herein
11 shall be binding on any of the parties hereto. Each of the attachments and exhibits attached hereto is
12 incorporated herein by this reference.

13 28. SEVERABILITY. Each section, paragraph and provision of this Supplemental
14 Agreement is severable from each other provision, and if any provision or part thereof is declared invalid,
15 the remaining provisions shall remain in full force and effect.

16 29. EMPLOYMENT OPPORTUNITIES TO BE CAUSED BY PROJECT. CITY agrees to
17 notify in writing, and to cause any subcontractor implementing CDBG-funded Projects to notify, in
18 writing, the Riverside County Workforce Development Center of any and all job openings that are caused
19 by the CDBG-funded Projects under this Supplemental Agreement.

20 30. MINISTERIAL ACTS. The Director of Housing and Workforce Solutions or designee(s)
21 are authorized to take such ministerial actions as may be necessary or appropriate to implement the terms,
22 provisions, and conditions of this Supplemental Agreement as it may be amended from time-to-time by
23 COUNTY.

24 31. PROJECT ELIGIBILITY. As to CITY or its claimants, COUNTY shall bear no liability
25 for any later determination by the United States Government, the U.S. Department of Housing and Urban
26 Development, or any other person or entity that CITY is or is not eligible under 24 CFR Part 570 to
27 receive CDBG entitlement funds from the COUNTY.

1 32. SOURCE OF FUNDING. CITY acknowledges that the source of funding pursuant to this
2 Supplemental Agreement is Community Development Block Grant funds (CFDA 14.218), and the Grant
3 Award Number is B-25-UC-06-0506.

4 33. ASSIGNMENT. The CITY shall not make any assignment or transfer in any form with
5 respect to this Supplemental Agreement, without prior written approval of the COUNTY.

6 34. INTERPRETATION AND GOVERNING LAW. This Supplemental Agreement and any
7 dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State
8 of California. This Supplemental Agreement shall be construed as a whole according to its fair language
9 and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of
10 construction to the effect that ambiguities are to be resolved against the drafting party shall not be
11 employed in interpreting this Supplemental Agreement, all parties having been represented by counsel
12 in the negotiation and preparation hereof.

13 35. WAIVER. Failure by a party to insist upon the strict performance of any of the
14 provisions of this Supplemental Agreement by the other party, or the failure by a party to exercise its
15 rights upon the default of the other party, shall not constitute a waiver of such party's rights to insist and
16 demand strict compliance by the other party with the terms of this Supplemental Agreement thereafter.

17 36. JURISDICTION AND VENUE: Any action at law or in equity arising under this
18 Supplemental Agreement or brought by a party hereto for the purpose of enforcing, construing or
19 determining the validity of any provision of this Supplemental Agreement shall be filed only in the
20 Superior Court of the State of California, located in Riverside, California, and the parties hereto waive
21 all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction

22 37. USE OF PROPERTY. Whenever federal CDBG funds or program income are used, in
23 whole or in part, for the purchase of equipment or personal property, the property shall not be transferred
24 from its originally funded use, by CITY or the CITY'S subcontractor implementing the CDBG-funded
25 activity, for a period of five (5) years from the close-out date of the grant from which CDBG assistance
26 was provided. The CITY shall maintain a current inventory for COUNTY monitoring and review.

27 38. AUTHORITY TO EXECUTE. The persons executing this Supplemental Agreement or
28 exhibits attached hereto on behalf of the parties to this Supplemental Agreement hereby warrant and
represent that they have the authority to execute this Supplemental Agreement and warrant and represent

1 that they have the authority to bind the respective parties to this Supplemental Agreement to the
2 performance of its obligations hereunder.

3 39. EFFECTIVE DATE. The effective date of this Supplemental Agreement is the date the
4 parties sign the Supplemental Agreement. If the parties sign the Supplemental Agreement on more than
5 one date, then the last date the Supplemental Agreement is signed by a party shall be the effective date.

6 40. COUNTERPARTS. This Supplemental Agreement may be signed by the different
7 parties hereto in counterparts, each of which shall be an original but all of which together shall constitute
8 one and the same agreement.

9 41. FORCE MAJEURE.

10 A. Performance by either party hereunder shall not be deemed to be in default where
11 delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires,
12 casualties, acts of God, acts of the public enemy, epidemics, pandemic, quarantine restrictions, freight
13 embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe
14 weather, inability to secure necessary labor, material or tools, delays of any contractor, sub-contractor
15 or supplier, acts of the other party, acts or failure to act of a public or governmental agency or entity, or
16 any causes beyond the control or without the fault of the party claiming an extension of time to perform.

17 B. An extension of time for any such cause (a "Force Majeure Delay") shall be for
18 the period of the enforced delay and shall commence to run from the time of the commencement of the
19 cause, if notice by the party claiming such extension is sent to the other party within thirty (30) calendar
20 days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the
21 foregoing events shall constitute a Force Majeure Delay unless and until the party claiming such delay
22 and interference delivers to the other party written notice describing the event, its cause, when and how
23 such party obtained knowledge, the date the event commenced, and the estimated delay resulting
24 therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within thirty (30)
25 calendar days after it obtains knowledge of the event.

26 42. MODIFICATION OF AGREEMENT. This Supplemental Agreement may be modified
27 or amended only by a writing signed by the duly authorized and empowered representative of COUNTY
28 and CITY respectively.

1 IN WITNESS WHEREOF, the COUNTY and the CITY have executed this Agreement as of the
2 dates set forth below.

3
4 COUNTY OF RIVERSIDE,
5 a political subdivision of the
6 State of California

CITY OF BEAUMONT,
a general law city,

7 BY: _____
8 Juan Garcia,
9 Deputy Director

BY: _____
Name: Elizabeth Gibbs
Title: City Manager

10 Date: _____

Date: _____

11
12 APPROVED AS TO FORM:

ATTEST:

13
14 MINH C. TRAN

15 COUNTY COUNSEL

16 By: _____
17 Paula S. Salcido,
18 Deputy County Counsel

BY: _____
City Clerk

19 APPROVED AS TO FORM:

20
21 BY: _____
22 City Attorney

EXHIBIT "R"**24 C.F.R. § 5.109****Equal participation of faith-based organizations in
HUD programs and activities.****Effective: March 4, 2024**

(a) **Purpose.** Consistent with [Executive Order 13279](#), entitled “Equal Protection of the Laws for Faith-Based and Community Organizations,” as amended by [Executive Order 13559](#), entitled “Fundamental Principles and Policymaking Criteria for Partnerships With Faith-Based and Other Neighborhood Organizations,” and as amended by [Executive Order 14015](#), entitled “Establishment of the White House Office of Faith-Based and Neighborhood Partnerships,” this section describes requirements for ensuring the equal participation of faith-based organizations in [HUD](#) programs and activities. These requirements apply to all [HUD](#) programs and activities, including all of [HUD](#)'s Native American Programs, except as may be otherwise noted in the respective program regulations in title 24 of the Code of Federal Regulations (CFR), or unless inconsistent with certain [HUD](#) program authorizing statutes.

(b) **Definitions.** The following definitions apply to this section:

Direct Federal financial assistance means [Federal financial assistance](#) provided when a Federal Government agency or an [intermediary](#), as defined in this section, selects the provider and either purchases services from that provider (*i.e.*, via a contract) or awards funds to that provider to carry out an activity (*e.g.*, via grant, sub-grant, sub-award, or cooperative agreement). The recipients of sub-grants or sub-awards that receive [Federal financial assistance](#) through [State-administered programs](#) (*e.g.*, flow-through programs) are considered recipients of direct [Federal financial assistance](#). In general, [Federal financial assistance](#) shall be treated as direct, unless it meets the definition of [indirect Federal financial assistance](#).

Federal financial assistance means assistance that non-Federal entities receive or administer in the forms of grants, contracts, loans, loan guarantees, property, cooperative agreements, food commodities, direct appropriations, or other assistance, but does not include a tax credit, deduction, or exemption.

Indirect Federal financial assistance means [Federal financial assistance](#) provided when the choice of the provider is placed in the hands of the beneficiary, and the cost of that service is paid through a voucher, certificate, or other similar means of Government-funded payment. [Federal financial assistance](#) provided to an organization is considered indirect when the Government program through which the beneficiary receives the voucher, certificate, or other

similar means of Government-funded payment is neutral toward religion meaning that it is [available](#) to providers without regard to the religious or non-religious nature of the institution and there are no program incentives that deliberately skew for or against religious or secular providers; and the organization receives the assistance wholly as a result of a genuine and independent private choice of the beneficiary, not a choice of the Government. The availability of adequate secular alternatives is a significant factor in determining whether a program affords true private choice.

Intermediary means an entity, including a nongovernmental organization, [acting](#) under a contract, grant, or other agreement with the Federal Government or with a [State](#), tribal or local government that accepts [Federal financial assistance](#) and distributes that assistance to other entities that, in turn, carry out activities under [HUD](#) programs.

Religious exercise has the meaning given to the term in [42 U.S.C. 2000cc-5\(7\)\(A\)](#).

(c) Equal participation of faith-based organizations in HUD programs and activities.

(1) Faith-based organizations are eligible, on the same basis as any other organization, to participate in any [HUD](#) program or activity for which they are otherwise eligible. Neither the Federal Government, nor a [State](#), Tribal, or local government, nor any other entity that administers any [HUD](#) program or activity, shall discriminate for or against an organization on the basis of the organization's religious character, motives, or affiliation, or lack thereof, or on the basis of conduct that would not be considered grounds to favor or disfavor a similarly situated secular organization.

(2) Nothing in this section shall be construed to preclude [HUD](#) from making an accommodation, including for religious exercise, with respect to one or more program requirements on a case-by-case basis in accordance with the Constitution and laws of the United States.

(3) [HUD](#) shall not disqualify an organization from participating in any [HUD](#) program for which it is eligible on the basis of the organization's indication that it may request an accommodation with respect to one or more program requirements, unless the organization has made clear that the accommodation is necessary to its participation and, in accordance with the Constitution and laws of the United States, [HUD](#) has determined that it would deny the accommodation.

(4) In addition, decisions about awards of [Federal financial assistance](#) must be free from political interference or even the appearance of such interference and must be made on the basis of merit, not based on the organization's religious character, affiliation, or lack thereof, or based on the organization's religious exercise. Notices of funding opportunity, grant agreements, and cooperative agreements shall include language substantially similar to that in appendix A to this subpart, where faith-based organizations are eligible for such opportunities.

(d) Independence and identity of faith-based organizations.

(1) A faith-based organization that applies for, or participates in, a [HUD](#) program or activity supported with [Federal financial assistance](#) retains its autonomy, right of expression, religious character, authority over its governance, and independence, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs; provided that, it does not use direct [Federal financial assistance](#), whether received through a prime award or sub-award, to support or engage in any explicitly religious activities, including

activities that involve overt religious content such as worship, religious instruction, or proselytization.

(2) A faith-based organization that receives direct [Federal financial assistance](#) may use space (including a sanctuary, chapel, prayer hall, or other space) in its facilities (including a temple, synagogue, church, mosque, or other place of worship) to carry out activities under a [HUD](#) program without concealing, altering, or removing religious art, icons, scriptures, or other religious symbols. In addition, a faith-based organization participating in a [HUD](#) program or activity retains its authority over its internal governance, and may retain religious terms in its organization's name, select its board members on the basis of their acceptance of or adherence to the religious tenets of the organization consistent with [paragraph \(i\)](#) of this section, and include religious references in its organization's mission statements and other governing documents.

(e) ***Explicitly religious activities.*** If an organization engages in explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization), the explicitly religious activities must be offered separately, in time or location, from the programs or activities supported by direct [Federal financial assistance](#) and participation must be voluntary for the beneficiaries of the programs or activities that receive direct [Federal financial assistance](#). The use of [indirect Federal financial assistance](#) is not subject to this restriction. Nothing in this part restricts [HUD](#)'s authority under applicable Federal law to fund activities, that can be directly funded by the Government consistent with the Establishment Clause of the U.S. Constitution.

(f) ***Intermediary responsibilities to ensure equal participation of faith-based organizations in HUD programs.*** If an intermediary—acting under a contract, grant, or other agreement with the Federal Government or with a [State](#), tribal or local government that is administering a program supported by Federal financial assistance—is given the authority to select a nongovernmental organization to receive [Federal financial assistance](#) under a contract, grant, sub-grant, sub-award, or cooperative agreement, the [intermediary](#) must ensure that such organization complies with the requirements of this section. If the [intermediary](#) is a nongovernmental organization, it retains all other rights of a nongovernmental organization under the program's statutory and regulatory provisions.

(g) ***Nondiscrimination and beneficiary notice requirements***—(1) ***Nondiscrimination.*** Any organization that receives [Federal financial assistance](#) under a [HUD](#) program or activity shall not, in providing services supported in whole or in part with [Federal financial assistance](#), or in their outreach activities related to such services, discriminate against a beneficiary or prospective beneficiary on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice. However, an organization that participates in a program funded by [indirect Federal financial assistance](#) need not modify its program or activities to accommodate a beneficiary who chooses to expend the indirect aid on the organization's program.

(2) ***Beneficiary notice.***

(i) An organization providing services under a program supported by direct [Federal financial assistance](#) from [HUD](#), or an entity that administers [indirect Federal financial assistance](#) from [HUD](#), must give written notice to beneficiaries and prospective beneficiaries of certain protections in a manner and form prescribed by [HUD](#), including by incorporating

the notice into materials that are otherwise provided to beneficiaries. The required language for this written notice to beneficiaries is set forth in appendix C to this subpart.

(ii) For the Housing Choice Voucher (HCV), Project-Based Voucher (PBV), and Section 8 Moderate Rehabilitation programs, the respective recipient (*i.e.*, Public Housing Agency) is required to provide the written beneficiary notice. For the Housing Opportunities for Persons with AIDS (HOPWA) program, the grantee or project sponsor that is responsible for making eligibility determinations is required to provide the written beneficiary notice. For the Continuum of Care (CoC) and Emergency Solutions Grants (ESG) programs, the recipient or subrecipient that is responsible for determining the eligibility of each family or individual is required to provide the written beneficiary notice. The participating or prospective providers (landlords) are not responsible for providing the written beneficiary notice for indirect aid recipients. The notice must include the following information:

(A) Nondiscrimination requirements of paragraph (g)(1) of this section;

(B) Notification that a beneficiary or prospective beneficiary may report an organization's violation of these protections, including any denials of services or benefits by an organization, by contacting or filing a written complaint with the Center for Faith-Based and Neighborhood Partnerships or the intermediary that awarded funds to the organization; and

(C) For direct Federal financial assistance only, prohibitions with respect to explicitly religious activities as set forth in paragraph (e) of this section.

(3) **Notice timing.** The written notice described in paragraph (g)(2) of this section must be given to a prospective beneficiary prior to the time the prospective beneficiary enrolls in the program or receives services from the program. When the nature of the service provided or exigent circumstances make it impracticable to provide such written notice in advance of the actual service, an organization must advise beneficiaries of their protections at the earliest available opportunity.

(4) **Alternative option information.** HUD may determine that the notice described in paragraph (g)(2) of this section must inform each beneficiary or prospective beneficiary about how to obtain information from HUD, or a State agency or other entity administering the applicable program, about other federally funded service providers in their area that provide the services available under the applicable program.

(h) **No additional assurances from faith-based organizations.** A faith-based organization is not rendered ineligible by its religious nature to access and participate in HUD programs. Absent regulatory or statutory authority, no notice of funding opportunity, grant agreement, cooperative agreement, covenant, memorandum of understanding, policy, or regulation that is used by HUD or a recipient or intermediary in administering Federal financial assistance from HUD shall require otherwise eligible faith-based organizations to provide assurances or notices where they are not required of similarly situated secular organizations. All organizations that participate in HUD programs or activities, including organizations with religious character, motives, or affiliation, must carry out eligible activities in accordance with all program requirements, including those prohibiting the use of direct financial assistance to engage in explicitly religious activities, subject to any accommodations that are granted to organizations on a case-by-case basis in accordance with the Constitution and laws of the United

States. No notice of funding opportunity, grant agreement, cooperative agreement, covenant, memorandum of understanding, policy, or regulation that is used by [HUD](#) or a recipient or [intermediary](#) in administering financial assistance from [HUD](#) shall disqualify otherwise eligible faith-based organizations from participating in [HUD](#)'s programs or activities on the basis of the organization's religious character, motives, or affiliation, or lack thereof, or on the basis of conduct that would not be considered grounds to disqualify a similarly situated secular organization.

(i) *Exemption from Title VII employment discrimination requirements.* A religious organization's exemption from the Federal prohibition on employment discrimination on the basis of religion, set forth in section 702(a) of the [Civil Rights Act of 1964 \(42 U.S.C. 2000e-1\)](#), is not forfeited when the organization participates in a [HUD](#) program. Some [HUD](#) programs, however, contain independent statutory provisions that impose certain nondiscrimination requirements on all [grantees](#). Accordingly, [grantees](#) should consult with the appropriate [HUD](#) program office to determine the scope of applicable requirements.

(j) *Acquisition, construction, and rehabilitation of structures.* Direct [Federal financial assistance](#) may be used for the [acquisition, construction](#), or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under a [HUD](#) program or activity. Where a structure is used for both eligible and explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization), direct [Federal financial assistance](#) may not exceed the cost of the share of [acquisition, construction](#), or rehabilitation attributable to eligible activities in accordance with the cost accounting requirements applicable to the [HUD](#) program or activity.

However, [acquisition, construction](#), or rehabilitation of sanctuaries, chapels, or other rooms that a [HUD](#)-funded faith-based organization uses as its principal place of worship, may not be paid with direct [Federal financial assistance](#). Disposition of real property by a faith-based organization after its use for an authorized purpose, or any change in use of the property from an authorized purpose, is subject to Government-wide regulations governing real property disposition ([2 CFR part 200](#), subpart D) and the [HUD](#) program regulations, as directed by [HUD](#).

(k) *Commingling of Federal and State, tribal, and local funds.* If a [State](#), tribal, or local government voluntarily contributes its own funds to supplement direct [Federal financial assistance](#) for an activity, the [State](#), tribal or local government has the option to segregate those funds or commingle them with the direct [Federal financial assistance](#). However, if the funds are commingled, the requirements of this section apply to all of the commingled funds. Further, if a [State](#), tribal, or local government is required to contribute matching funds to supplement direct [Federal financial assistance](#) for an activity, the matching funds are considered commingled with the direct [Federal financial assistance](#) and, therefore, subject to the requirements of this section. Some [HUD](#) programs' requirements govern any activity assisted under those programs. Accordingly, recipients should consult with the appropriate [HUD](#) program office to determine the scope of applicable requirements.

(l) *Tax exempt organizations.* In general, [HUD](#) does not require that a recipient, including a faith-based organization, obtain tax-exempt status under section 501(c)(3) of the [Internal Revenue Code](#) to be eligible for funding under [HUD](#) programs. Many grant programs, however, do require an organization to be a nonprofit organization in order to be eligible for funding. Notices of funding availability that require organizations to have nonprofit status will

specifically so indicate in the eligibility section of the notice of funding availability. In addition, if any notice of funding availability requires an organization to maintain tax-exempt status, it will expressly state the statutory authority for requiring such status. Applicants should consult with the appropriate HUD program office to determine the scope of any applicable requirements. In HUD programs in which an applicant must show that it is a nonprofit organization but this is not statutorily defined, the applicant may do so by any of the following means:

(1) Proof that the Internal Revenue Service currently recognizes the applicant as an organization to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code;

(2) A statement from a State or other governmental taxing body or the State secretary of State certifying that—

(i) The organization is a nonprofit organization operating within the State; and

(ii) No part of its net earnings may benefit any private shareholder or individual;

(3) A certified copy of the applicant's certificate of incorporation or similar document that clearly establishes the nonprofit status of the applicant; or

(4) Any item described in paragraphs (1)(1) through (3) of this section, if that item applies to a State or national parent organization, together with a statement by the State or parent organization that the applicant is a local nonprofit affiliate.

(m) **Rule of construction.** Neither HUD nor any recipient or other intermediary receiving funds under any HUD program or activity shall construe these provisions in such a way as to advantage or disadvantage faith-based organizations affiliated with historic or well-established religions or sects in comparison with other religions or sects.

[69 FR 41717, July 9, 2004, as amended at 80 FR 75934, Dec. 7, 2015; 81 FR 19416, Apr. 4, 2016; 85 FR 82315, Dec. 17, 2020; 89 FR 15711, Mar. 4, 2024]

**Economic Opportunities for Low- and Very Low-Income Persons
CONTRACT REQUIREMENTS
24 CFR Part 75**

RIVERSIDE COUNTY

Section 75.1 Purpose

This part establishes the requirements to be followed to ensure the objectives of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) are met. The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

Section 75.3 Applicability

(a) General applicability. Section 3 applies to public housing financial assistance and Section 3 projects, as follows:

(1) Public housing financial assistance. Public housing financial assistance means:

(i) Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);

(ii) Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;

(iii) Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act; and

(iv) The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in paragraphs (a)(1)(i) through (iii) of this section.

(2) Section 3 projects. (i) Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

(ii) The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. When the Secretary finds it is warranted to ensure compliance with Section 3, the Secretary may adjust, regardless of the national construction cost factor, such thresholds through Federal Register notice, subject to public comment.

(iii) The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

(b) Contracts for materials. Section 3 requirements do not apply to material supply contracts.

(c) Indian and Tribal preferences. Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of this part.

(d) Other HUD assistance and other Federal assistance. Recipients that are not subject to Section 3 are encouraged to consider ways to support the purpose of Section 3.

Section 75.5 Definitions.

The terms HUD, Public housing, and Public Housing Agency (PHA) are defined in 24 CFR part 5. The following definitions also apply to this part:

1937 Act means the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.

Contractor means any entity entering into a contract with:

(1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or

(2) A subrecipient for work in connection with a Section 3 project.

Labor hours means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-income person means a person as defined in Section 3(b)(2) of the 1937 Act.

Material supply contracts means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Professional services means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial

consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Public housing financial assistance means assistance as defined in §75.3(a)(1).

Public housing project is defined in 24 CFR 905.108.

Recipient means any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 business concern means:

(1) A business concern meeting at least one of the following criteria, documented within the last six-month period:

- (i) It is at least 51 percent owned and controlled by low- or very low-income persons;
- (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

(2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

(3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 project means a project defined in §75.3(a)(2).

Section 3 worker means:

(1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

- (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
- (ii) The worker is employed by a Section 3 business concern.
- (iii) The worker is a YouthBuild participant.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

(3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Section 8-assisted housing refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

Service area or the neighborhood of the project means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Small PHA means a public housing authority that manages or operates fewer than 250 public housing units.

Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Subrecipient has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

Targeted Section 3 worker has the meanings provided in §§75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

Very low-income person means the definition for this term set forth in section 3(b)(2) of the 1937 Act.

YouthBuild programs refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

Subpart C—Additional Provisions for Housing and Community Development Financial Assistance

§75.19 Requirements.

(a) *Employment and training.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for opportunities and training described in paragraph (a)(1) of this section should be given to:

- (i) Section 3 workers residing within the service area or the neighborhood of the project, and
- (ii) Participants in YouthBuild programs.

(b) *Contracting.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for contracting opportunities described in paragraph (b)(1) of this section should be given to:

- (i) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and
- (ii) YouthBuild programs.

§75.21 Targeted Section 3 worker for housing and community development financial assistance.

(a) *Targeted Section 3 worker.* A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

- (1) A worker employed by a Section 3 business concern; or
- (2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (i) Living within the service area or the neighborhood of the project, as defined in §75.5; or
 - (ii) A YouthBuild participant.
- (b) [Reserved]

§75.23 Section 3 safe harbor.

(a) *General.* Recipients will be considered to have complied with requirements in this part, in the absence of evidence to the contrary if they:

- (1) Certify that they have followed the prioritization of effort in §75.19; and
- (2) Meet or exceed the applicable Section 3 benchmark as described in paragraph (b) of this section.

(b) *Establishing benchmarks.* (1) HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the FEDERAL REGISTER. HUD may establish a single nationwide benchmark for Section 3 workers and a single nationwide

benchmark for Targeted Section 3 workers, or may establish multiple benchmarks based on geography, the nature of the Section 3 project, or other variables. HUD will update the benchmarks through a document published in the FEDERAL REGISTER, subject to public comment, not less frequently than once every 3 years. Such notice shall include aggregate data on labor hours and the proportion of recipients meeting benchmarks, as well as other metrics reported pursuant to §75.25 as deemed appropriate by HUD, for the 3 most recent reporting years.

(2) In establishing the Section 3 benchmarks, HUD may consider the industry averages for labor hours worked by specific categories of workers or in different localities or regions; averages for labor hours worked by Section 3 workers and Targeted Section 3 workers as reported by recipients pursuant to this section; and any other factors HUD deems important. In establishing the Section 3 benchmarks, HUD will exclude professional services from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported per §75.25(a)(4).

(3) Section 3 benchmarks will consist of the following two ratios:

(i) The number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

(ii) The number of labor hours worked by Targeted Section 3 workers as defined in §75.21(a), divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

§75.25 Reporting.

(a) *Reporting of labor hours.* (1) For Section 3 projects, recipients must report in a manner prescribed by HUD:

(i) The total number of labor hours worked;

(ii) The total number of labor hours worked by Section 3 workers; and

(iii) The total number of labor hours worked by Targeted Section 3 workers.

(2) Section 3 workers' and Targeted Section 3 workers' labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established pursuant to §75.31.

(3) The labor hours reported under paragraph (a)(1) of this section must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors and subcontractors that the recipient is required, or elects pursuant to paragraph (a)(4) of this section, to report.

(4) Recipients reporting under this section, as well as subrecipients, contractors and subcontractors who report to recipients, may report labor hours by Section 3 workers, under paragraph (a)(1)(ii) of this section, and labor hours by Targeted Section 3 workers, under paragraph (a)(1)(iii) of this section, from professional services without including labor hours from professional services in the

total number of labor hours worked under paragraph (a)(1)(i) of this section. If a contract covers both professional services and other work and the recipient or contractor or subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.

(5) Recipients may report their own labor hours or that of a subrecipient, contractor, or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance-based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting.

(b) *Additional reporting if Section 3 benchmarks are not met.* If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in §75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

- (1) Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- (2) Provided training or apprenticeship opportunities.
- (3) Provided technical assistance to help Section 3 workers compete for jobs (*e.g.*, resume assistance, coaching).
- (4) Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- (5) Held one or more job fairs.
- (6) Provided or referred Section 3 workers to services supporting work readiness and retention (*e.g.*, work readiness activities, interview clothing, test fees, transportation, child care).
- (7) Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- (8) Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- (9) Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- (10) Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- (11) Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- (12) Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

(13) Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.

(14) Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

(c) *Reporting frequency.* Unless otherwise provided, recipients must report annually to HUD under paragraph (a) of this section, and, where required, under paragraph (b) of this section, on all projects completed within the reporting year in a manner consistent with reporting requirements for the applicable HUD program.

§75.27 Contract provisions.

(a) Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project.

(b) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the requirements of §75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

Subpart D—Provisions for Multiple Funding Sources, Recordkeeping, and Compliance

§75.29 Multiple funding sources.

(a) If a housing rehabilitation, housing construction or other public construction project is subject to Section 3 pursuant to §75.3(a)(1) and (2), the recipient must follow subpart B of this part for the public housing financial assistance and may follow either subpart B or C of this part for the housing and community development financial assistance. For such a project, the following applies:

(1) For housing and community development financial assistance, a Targeted Section 3 worker is any worker who meets the definition of a Targeted Section 3 worker in either subpart B or C of this part; and

(2) The recipients of both sources of funding shall report on the housing rehabilitation, housing construction, or other public construction project as a whole and shall identify the multiple associated recipients. PHAs and other recipients must report the following information:

(i) The total number of labor hours worked on the project;

(ii) The total number of labor hours worked by Section 3 workers on the project; and

(iii) The total number of labor hours worked by Targeted Section 3 workers on the project.

(b) If a housing rehabilitation, housing construction, or other public construction project is subject to Section 3 because the project is assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds in §75.3(a)(2), the recipient or recipients

must follow subpart C of this part, and must report to the applicable HUD program office, as prescribed by HUD.

§75.31 Recordkeeping.

(a) HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program by which the Section 3 project is governed, or the public housing financial assistance is provided or otherwise made available to the recipient, subrecipient, contractor, or subcontractor.

(b) Recipients must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period, as follows:

(1) For a worker to qualify as a Section 3 worker, one of the following must be maintained:

(i) A worker's self-certification that their income is below the income limit from the prior calendar year;

(ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

(iii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(iv) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or

(v) An employer's certification that the worker is employed by a Section 3 business concern.

(2) For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:

(i) For a worker to qualify as a Targeted Section 3 worker under subpart B of this part:

(A) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;

(B) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(C) An employer's certification that the worker is employed by a Section 3 business concern; or

(D) A worker's certification that the worker is a YouthBuild participant.

(ii) For a worker to qualify as a Targeted Section 3 worker under subpart C of this part:

(A) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

(B) An employer's certification that the worker is employed by a Section 3 business concern; or

(C) A worker's self-certification that the worker is a YouthBuild participant.

(c) The documentation described in paragraph (b) of this section must be maintained for the time period required for record retentions in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200.

(d) A PHA or recipient may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

§75.33 Compliance.

(a) *Records of compliance.* Each recipient shall maintain adequate records demonstrating compliance with this part, consistent with other recordkeeping requirements in 2 CFR part 200.

(b) *Complaints.* Complaints alleging failure of compliance with this part may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

(c) *Monitoring.* HUD will monitor compliance with the requirements of this part. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation was found.

Additional Federal Requirements (AFR)

Whereas, the work under this Agreement is subject to applicable Federal, State, and local laws and regulations, including but not limited to the regulations pertaining to the Community Development Block Grant program (24 CFR *Part 570*) and the Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (2 CFR *Part 200*). Contractor, sub-contractors, Consultants, and sub-consultants agree to comply with, and are subject to, all applicable requirements as follows:

1. ***Equal Employment Opportunity*** - Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity", as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR Part 60). The Contractor/Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, general identity or national origin. Contractor/Consultant will ensure that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex sexual orientation, general identity or national origin. The Contractor/Consultant will take affirmative action to ensure that applicants are employed and the employees are treated during employment, without regard to their race color, religion, sex, sexual orientation, general identity or national origin. Such actions shall include, but are not limited to, the following: employment, up-grading, demotion, or transfer; recruitment or recruitment advertising; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor/Consultant agrees to post in a conspicuous place, available to employees and applicants for employment, notices to be provided by the County setting forth the provisions of this non-discriminating clause.

2. ***Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C.A. Section 3145)***: All contracts and subgrants in excess of \$2,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to HUD.

3. ***Davis-Bacon Act, as amended (40 U.S.C.A. Section 3141-3148)***: When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. A. Section 3141-3148) and as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under the Davis Bacon Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the U.S. Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the U.S. Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to HUD.

4. ***Contract Work Hours and Safety Standards Act (40 U.S.C.A.. 32701 through 3708)***: Where applicable, all contracts awarded by recipients in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with the Contract Work Hours and Safety Standards (40 U.S.C.A. 32701–3708), as supplemented by Department of Labor Regulations (29 CFR Part 5). Under Section 40 U.S.C.A. 3702, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard workweek of 40 hours. Work in excess of the

standard workweek is permissible provided that the worker is compensated at a rate of not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. 40 U.S.C.A. 3704 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

5. ***Rights to Inventions Made Under a Contract or Agreement***— Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by HUD.

6. ***Rights to Data and Copyrights*** – Contractors and consultants agree to comply with all applicable provisions pertaining to the use of data and copyrights pursuant to 48 CFR Part 27.404-3, Federal Acquisition Regulations (FAR).

7. ***Air Pollution Prevention and Control (formally known as the Clean Air Act) (42 U.S.C.A. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C.A. Section 1251 et seq.), as amended:***—Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C.A. 1251 et seq.). Violations shall be reported to HUD and the Regional Office of the Environmental Protection Agency (EPA).

8. ***Byrd Anti-Lobbying Amendment (31 U.S.C.A. 1352)***— Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

9. ***Debarment and Suspension (Executive Orders (E.O. s) 12549 and 12689)***—No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.s 12549 and 12689, “Debarment and Suspension,” as set forth at 24 CFR part 2424. This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.

10. ***Drug-Free Workplace Requirements***— The Anti-Drug Abuse Act of 1988 (41 U.S.C.A. Section 8101-8103) requires grantees (including individuals) of federal agencies, as a prior condition of being awarded a grant, to certify that they will provide drug-free workplaces. Each potential recipient must certify that it will comply with drug-free workplace requirements in accordance with the Act and with HUD's rules at 24 CFR part 2425.

11. ***Access to Records and Records Retention:*** The Consultant or Contractor, and any sub-consultants or sub-contractors, shall allow all duly authorized Federal, State, and/or County officials or authorized representatives access to the work area, as well as all books, documents, materials, papers, and records of the Consultant or Contractor, and any sub-consultants or sub-contractors, that are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcriptions. The Consultant or Contractor, and any sub-consultants or sub-contractors, further agree to maintain and keep such books, documents, materials, papers, and records, on a current basis, recording all transactions pertaining to this agreement in a form in accordance with generally acceptable accounting principles. All such books and records shall be retained for such periods of time

as required by law, provided, however, notwithstanding any shorter periods of retention, all books, records, and supporting detail shall be retained for a period of at least four (4) years after the expiration of the term of this Agreement.

12. *Federal Employee Benefit Clause:* No member of or delegate to the congress of the United States, and no Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit to arise from the same.

13. *Energy Efficiency:* Mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94A 163, Dec. 22, 1975; 42 U.S.C.A. Section 6201, et. seq., 89 Stat. 871).

14. *Procurement of Recovered Materials (2 CFR 200.322.)* A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with 42 U.S.C. Section 6962 of the Solid Waste Disposal Act (42 U.S.C.A. Section 6901, et seq.), as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

15. *Build America, Buy America (BABA) Act:* The Grantee must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the Grantee's infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

16. *Violence Against Women Act (VAWA):* VAWA provides housing protections for survivors of domestic and dating violence, sexual assault and stalking ('domestic violence'). VAWA 2022 reauthorizes, amends, and strengthens the VAWA of 1994, as amended (Pub. L. 103-322, tit. IV, sec. 40001-40703; 34 U.S.C. 12291 et seq.) HUD's implementing regulations for VAWA'S protections, rights, and responsibilities are codified in 24 CFR part 5, subpart L, and related provisions in HUD's program regulations (HUD's VAWA regulations). VAWA 2022 amendments took effect on October 1, 2022 and 2022 VAWA's reauthorization includes new implementation requirements. Grantees, subrecipients and developers shall ensure compliance with all requirements of VAWA including but not limited to: (a) Assure domestic violence survivors are not denied assistance as an applicant, or evicted, or have assistance terminated as a tenant because applicant or tenant is or has been a victim of domestic violence; (b) Implement an emergency transfer plan allowing domestic violence survivor to move to another safe and available unit; (c) Provide protections against denial, terminations, and evictions that directly result from being a victim of domestic violence; (d) Implement a low barrier certification process and allow self-certification of domestic violence.