

**§511.34**

project set-ups or other remedial action imposed by HUD under this part.

[61 FR 7062, Feb. 23, 1996]

**§511.34 [Reserved]**

**Subpart E [Reserved]**

**Subpart F—State Program**

**§511.50 State election to administer a rental rehabilitation program.**

(a) State allocations may be used to carry out eligible rehabilitation activities in accordance with the requirements of this part in units of general local government that do not receive allocations under subpart D and in cities and urban counties whose allocations are below the minimum amount specified in §511.31, but may not be used in areas that are eligible for assistance under title V of the Housing Act of 1949, except as specified in paragraph (b) of this section.

(b) For Fiscal Years 1988 through 1991, uncommitted prior year funds may be used by State grantees, by units of general local government receiving funds from State grantees and by units of general local government participating in a HUD-administered State Program in areas eligible for assistance under title V of the Housing Act of 1949. This authority to enter into commitments with owners for projects in title V-eligible areas expires on September 30, 1991.

(Approved by the Office of Management and Budget under control number 2506-0080)

[55 FR 20050, May 14, 1990, as amended at 55 FR 36612, Sept. 6, 1990; 61 FR 7062, Feb. 23, 1996]

**§511.51 State-administered program.**

(a) *Type of program.* A State may, in its discretion, use all or part of its rental rehabilitation grant amounts either:

(1) To carry out its own Rental Rehabilitation Program without the active participation of units of general local government;

(2) To distribute grant amounts to State recipients which independently select, enter into commitments with owners for, and manage projects; or

(3) To carry out mixed programs in which both the State and all or some units of general local government each perform specified program functions.

(b) *Sharing grant amounts for administration.* In programs under paragraphs (a)(2) and (a)(3) of this section, a State must share its grant amounts which are available for administrative costs with units of general local government administering the program with the State, under a written agreement as required by §511.71.

(c) *State Program requirements.* State grantees shall be responsible for administering their rental rehabilitation grant amounts in accordance with all requirements of this part and other applicable laws, notwithstanding their use of units of general local governments to perform program functions under paragraph (a)(2) or (a)(3) of this section. In addition, States that use units of general local government to perform program functions shall:

(1) Ensure that units of general local government carry out their Rental Rehabilitation Program in accordance with requirements of this part and other applicable laws. States shall include in their agreements with their units of general local government such additional provisions as may be appropriate to ensure such compliance and to enable the State to carry out its responsibilities under this part, including the withdrawal and reallocation of rental rehabilitation grant amounts based on unit of general local government noncompliance (including State recipient failure to meet the schedule submitted by the State under §511.20(b)(8)); and

(2) Conduct such reviews and audits of their units of general local government as may be appropriate to determine whether units of general local government, including State recipients, have carried out their programs in accordance with the requirements of this part, whether they have done so in a timely manner, and whether they have a continuing capacity to do so in a timely manner.

(Approved by the Office of Management and Budget under control number 2506-0080)

[55 FR 20050, May 14, 1990, as amended at 61 FR 7062, Feb. 23, 1996]