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I. INTRODUCTION

The State of Iowa was awarded \$96,741,000 in Community Development Block Grant - Disaster Recovery (CDBG-DR) from the U.S. Department of Housing and Urban Development (HUD) from funds appropriated under Public Law 116-20 in response to 2019 floods.

The CDBG-DR program requires that grantees, such as the State of Iowa, ensure that a Duplication of Benefits (DOB) does not occur in the use of CDBG-DR funds. Preventing DOB generally means that grantees may not use CDBG-DR funds for eligible costs funded by other sources and used for the same purpose. In other words, if a recipient of CDBG-DR funds (e.g., a homeowner affected by the 2019 floods) already received assistance from another source in response to the flooding, the recipient cannot also receive CDBG-DR funds for the same purpose, thus resulting in a DOB.

This manual establishes the policies and procedures to prevent DOB within the State of Iowa's CDBG-DR program and is applicable to all of the State's CDBG-DR funded activities in response to the 2019 floods. In doing so, the State aims to also prevent fraud, waste, and abuse of the State's CDBG-DR award. This Manual may be updated periodically to incorporate applicable changes in the CDBG-DR program as required by HUD and/or determined necessary by the State.

II. APPLICABLE REQUIREMENTS

PUBLIC LAW 116-20

Public Law 116-20 ("Appropriations Act) appropriated funds to HUD for CDBG-DR activities related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas resulting from a major disaster that occurred in 2018 or 2019. In addition, Public Law 116-20 required that, prior to awarding CDBG-DR funds to grantees, HUD must receive from the grantee information that allows HUD to certify that the grantee has established

adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155) (“Stafford Act”).

FEDERAL REGISTER NOTICER 85 FR 4681

[Federal Register Notice 85 FR 4681](#) (“Allocation Notice”) allocated CDBG-DR funds to the State of Iowa in response to the 2019 floods and requires prevention of DOB. The Allocation Notice also includes the requirements from Public Law 116-20 that the grantees establish adequate procedures to prevent any duplication of benefits.

STAFFORD ACT

DOB is regulated by the [Stafford Act](#), as amended. The Stafford Act prohibits recipients of federal disaster grants from receiving financial assistance under any other program, or from insurance or any other source, for the same disaster loss.

FEDERAL REGISTER NOTICE 84 FR 28836

[Federal Register Notice 84 FR 28836](#) (“2019 HUD DOB Updates Notice”) requires grantees to establish and adhere to adequate procedures to prevent any duplication of benefits as required by the Stafford Act, as amended, and the Disaster Recovery Reform Act of 2018 (DRRA). The Stafford Act states that grantees must analyze assistance to prevent a federal grant from paying costs that have already been paid for, or will be paid for, by another Federal program, insurance, or other sources.

PUBLIC LAW 115-254 (DRRA)

[The Disaster Recovery Reform Act of 2018 \(DRRA\) Public Law No: 115-254](#) amends certain Stafford Act requirements for disasters occurring between 2016 and 2021 by allowing certain flexibility associated with the calculation of duplication of benefits with respect to subsidized loans. The 2019 Iowa floods are covered by the DRRA and are incorporated into this manual.

UNIFORM ADMINISTRATIVE REQUIREMENTS AT 2 CFR 200

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR Part 200](#) requires that costs of federal grants, including CDBG-DR funds, must “be **necessary** and **reasonable**”. These requirements (“Cost Principles”) prohibit using a federal grant for costs that have already been or will be paid from another source, and that the costs are considered reasonable if they do not “exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.”

Cost Principles are made applicable to states by 24 CFR 570.489(p). State grantees are also subject to 24 CFR 570.489(d), which requires states to have fiscal and administrative requirements to ensure that grant funds are used “for reasonable and necessary costs of operating programs.”

Grantees’ DOB policies and procedures must describe how CDBG-DR funding will be verified as non-duplicative, and that costs are both accurate and within a market-rate or practical standard for specific work or products. When evaluating costs, grantees should consider questions such as, “Is there a need for the assistance? Is the cost necessary for an eligible activity? Does it meet program standards?”

III. ROLES AND RESPONSIBILITIES

IOWA ECONOMIC DEVELOPMENT AUTHORITY (IEDA)

The Iowa Economic Development Authority (IEDA), also referred to as “the State”, is the recipient of CDBG-DR funding from HUD. The structure and process of the distribution of CDBG-DR funds to localities within the State is summarized in the State’s [Action Plan for Disaster Recovery](#).

IEDA is responsible for ensuring that subgrantees comply with these DOB Policies and Procedures in their role of supporting potential beneficiaries to seek, apply for, and receive CDBG-DR assistance. IEDA is responsible for reviewing applications submitted by subgrantees and requests for assistance to determine and document that no DOB occurs. IEDA is ALSO responsible for the coordination of data-sharing agreements with state and federal partners as needed.

SUBGRANTEES

Eligible localities apply to IEDA for CDBG-DR funding via the [Iowa Grants](#) management portal. Funding for subgrantees may be administered by the region’s Council of Government (COG) or a qualified entity as determined by IEDA. Subgrantees, in their role of reviewing and submitting applications, are responsible for ensuring that all required data is uploaded and submitted via **Iowa Grants** to enable IEDA to validate DOB.

APPLICANT

An applicant may be a subgrantee or a household/family applying for funds through the subgrantee, depending on the CDBG-DR activity. The applicant is the subject of a DOB review, as they are the ones receiving CDBG-DR funds.

BENEFICIARIES

Beneficiaries are those that benefit from CDBG-DR funds and may be individuals or households/families. If the subgrantee is the applicant, then the beneficiaries are individuals that benefit from the CDBG-DR funds. If the applicant is a household/family, then the household/family is also the beneficiary.

IV. DOB KEY TERMS

CDBG-DR ACTIVITY

As described in the State’s [Action Plan for Disaster Recovery](#) the following activities are funded by the State’s CDBG-DR award:

- **Buyouts (FEMA Match Program).** Buyouts are the acquisition of properties located in a floodway and floodplain that is intended to reduce risk from future flooding and the acquisition of properties in Disaster Risk Reduction Areas designated by Iowa. Eligible activities include acquisition/buyout of residential real property, clearance, and demolition. CDBG-DR funding will be used to cover the 25% State and Local Match requirements for properties also funded by FEMA’s Hazard Mitigation Grant Program (HMGP) and Public Assistance (PA) program.
- **Buyouts (CDBG-DR Only).** In very few circumstances, HMGP funds may not be available to for buyouts. In these instances, Subgrantees may apply for CDBG-DR funding of these properties in order to improve stormwater management for the overall community.

- **Housing New Construction.** Housing New Construction is the construction of single-family and multi-family housing units on vacant lots within existing neighborhoods, or in new neighborhoods for residential purposes. This approach is used to create more affordable housing, while promoting community revitalization.
- **Downpayment Assistance.** Downpayment assistance includes the required down payment, based on lender requirements and credit assessment of the buyer, plus closing costs; and is available to applicants purchasing a newly constructed housing unit funded by CDBG-DR funds.
- **Storm Water Management Infrastructure.** Improve stormwater management in order to make disaster affected communities more resilient to flood water impacts and prevent future flood disaster events.

DUPLICATION OF BENEFITS (DOB)

A DOB occurs when Federal financial assistance is provided to a person or entity through a program to address losses resulting from a Presidentially declared disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source.

In other words, a DOB occurs when:

- A Beneficiary receives assistance or anticipates receiving assistance; and
- The assistance is from multiple sources (i.e., FEMA, SBA, nonprofits, private insurance, SBA, PPP, City, State, etc.); and
- The assistance amount exceeds the total need for a specific purpose.

TYPES OF ASSISTANCE

There are a variety of funding sources that may be considered a DOB depending on the funding source, purpose, and use. Assistance considered to be a potential DOB includes:

- Other disaster recovery funding (e.g., FEMA, Army Corp, SBA)
- Cash awards
- Insurance proceeds
- Grants
- Subsidized loans received by or available to each CDBG-DR applicant
- Awards or assistance under local, state, and private or nonprofit organizations
- Other HUD grants (e.g., HOME, CDBG)

Assistance not considered to be a potential DOB includes:

- Personal assets such as money in a checking or savings account (excluding insurance proceeds or other assistance deposited into the applicant's account)
- Declined or cancelled subsidized loans (including SBA loans)

- Private loans
- Government-subsidized loans, including subsidized loans, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency.
- Unemployment benefits
- Retirement accounts
- Credit cards and lines of credit
- In-kind donations (although these non-cash contributions known to the grantee reduce total need)
- Assistance provided for a different purpose than the CDBG-eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”) and not used for the same purpose
- Funds received for a different disaster declaration other than the coronavirus pandemic
- Funds not available to the applicant, like when insurance funds must be used for a forced mortgage payoff

Private Loans: A loan that is not provided by or guaranteed by a governmental entity, and that requires the CDBG-DR applicant (the borrower) to repay the full amount of the loan (principal and interest) under typical commercial lending terms, e.g., the loan is not forgivable.

Subsidized Loans: Loans other than private loans, including forgivable loans. Both SBA and FEMA provide subsidized loans for disaster recovery.

Declined Loans: Loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the applicant, meaning the applicant never signed loan documents to receive the loan proceeds.

Cancelled Loans: The borrower has entered a loan agreement, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the applicant. (Must document that the loan is no longer available). The loan cancellation may be due to default, agreement by both parties to cancel the undisbursed portion of the loan, or expiration of the term for which the loan was available for disbursement.

FUNDS FOR A DIFFERENT PURPOSE

Any assistance provided for a different purpose than the CDBG-DR eligible activity, or a general, nonspecific purpose (e.g., “disaster relief/recovery”) and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB.

V. DOB PROCEDURES

INFORMATION SHARING

IEDA will establish data-sharing agreements as necessary with federal, state, and other entities, to ensure ongoing exchange to access data files. The agreements will allow information access for previous benefits paid to the applicant from FEMA, SBA, National Flood Insurance Program (NFIP), private insurance, and private or non-profit funding.

ORDER OF ASSISTANCE

Iowa must verify whether FEMA or Army Corps funds are available for an activity (i.e., the application period is open) or the costs are reimbursable by FEMA or Army Corps (i.e., the grantee will receive FEMA or Army Corps assistance to reimburse the costs of the activity) before awarding CDBG-DR assistance for costs of carrying out the same activity. If FEMA or Army Corps are accepting applications for the activity, the applicant must seek assistance from those sources before receiving CDBG-DR assistance.

THIRD PARTY VERIFICATION

Before CDBG-DR assistance is provided to any beneficiary, IEDA analyzes and documents that Subgrantees, assisted individuals or families, businesses, and other entities that receive CDBG-DR assistance have not previously received, or will not receive, duplicative assistance from another source.

IEDA and its Subgrantees will utilize a third-party verification process by sending a **Consent to Release Form** signed by the applicant to all agencies identified by an applicant as well as all known financial assistance resources to determine whether resources were received, this includes federal, state, and local, non-profit agencies and other organizations.

In the case of third-party verification and, in the absence of a non-response from agencies after three requests, the DOB Coordinator (in collaboration with the Subgrantee) will use information obtained from the applicant and through their own research efforts to acquire the needed data.

DOB DATA COLLECTION (APPLICATION)

Applications submitted via **Iowa Grants** require the applicant to list and provide documentation of other forms of assistance received to address the needs resulting from the disaster. Applicants must also sign and upload a **Consent to Release Form** allowing data to be shared for the purpose of DOB analysis.

Applicants are also asked if they ever received federal assistance if the property is in the floodplain. A third-party verification must be conducted on all properties located in a floodplain. NFIP, local register of deeds offices, and other resources should be researched to determine whether the property ever received federal disaster assistance. If the home received previous federal assistance and did not maintain flood insurance the property is not eligible for CDBG-DR assistance.

Subgrantees, assisting applicants to prepare applications, are expected to ensure that all supporting documentation is included in the application prior to IEDA review.

SUBROGATION AGREEMENT

To address any potential duplication, the Allocation Notice requires beneficiaries to enter a signed agreement (“**Subrogation Agreement**”) to repay any assistance later received for the same purpose as the CDBG-DR funds. The agreement must also include the following language: “Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.”

The subgrantee is responsible to identify a method to monitor compliance with subrogation agreements. The subgrantee must maintain up-to-date records regarding subrogation agreements. A subgrantee must notify the State regarding any changes to such agreements for a reasonable period of time, the duration of the contract between the State and the subgrantee.

IEDA DOB REVIEW PROCESS

The DOB submission and review process follows one of two pathways depending on the CDBG-DR funded activity:

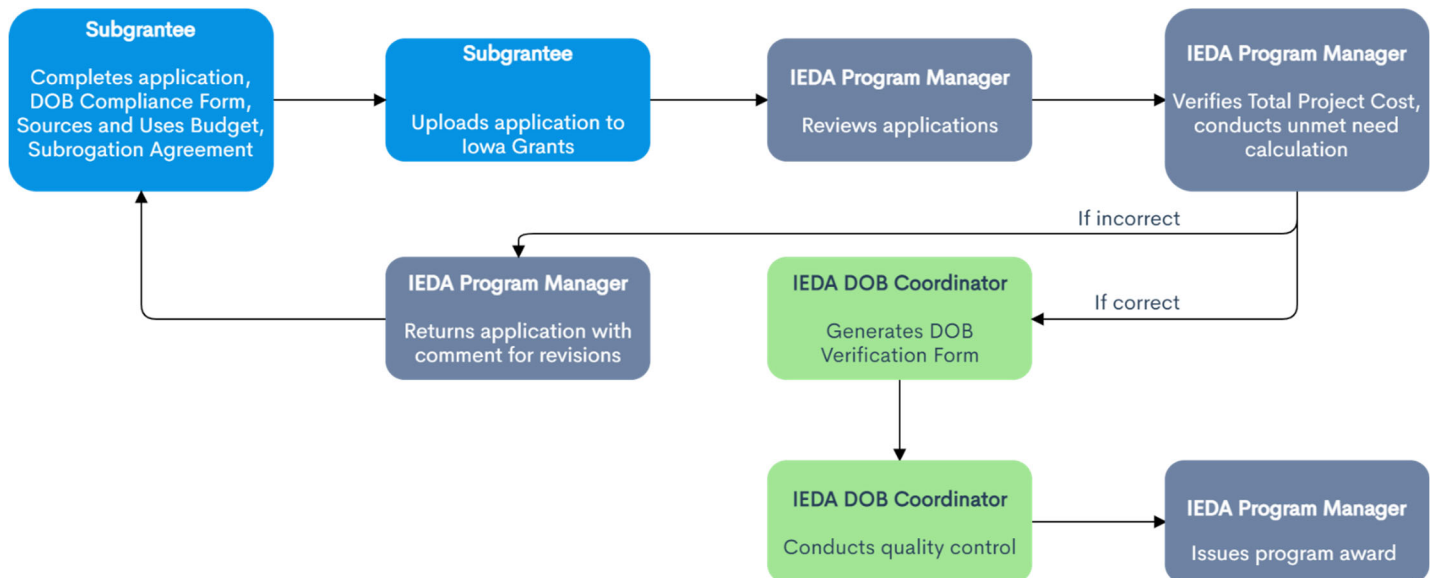
1. **Stormwater Management, Clearance, and Housing New Construction.** These are programs where the beneficiary(ies) and project budget are already known. The DOB Verification, including maximum award amount, can then be calculated based on the application for funding.

2. **Buyouts and Downpayment Assistance.** These are programs where IEDA will first provide a program award to the Subgrantee. Thereafter, the Subgrantee identifies and confirms eligible beneficiaries and assists with application submission via **Iowa Grants**. Upon submission, the DOB Verification will be completed per beneficiary through a **DOB Status Report**.

In both circumstances an **IEDA DOB Verification Form** will be generated and uploaded into **Iowa Grants**.

DOB PROCEDURES: STORM WATER MANAGEMENT, CLEARANCE, AND HOUSING NEW CONSTRUCTION

1. **Subgrantee** completes and submits application via **Iowa Grants** to IEDA for each individual project, including the following supporting documentation:
 - a. **Sources and Uses Budget.**
 - b. **DOB Certification.**
 - c. **Subrogation Agreement/Affidavit.**
2. **IEDA Program Manager** reviews application for accuracy and completeness.
3. **IEDA Program Manager** validates the applicant's **Total Unmet Need = Total Project Costs – Duplicative Assistance (if any)** and verifies the CDBG-DR cost share does not exceed Total Project Costs.
 - a. If the Application data is incorrect, **IEDA Program Manager** enters comments and changes **Application** to "Correcting" status for **Subgrantee** to edit and resubmit.
 - b. If the competitive round does not allow for Application modifications, the Application will be marked as "Ineligible".
4. During Application Review, **IEDA DOB Coordinator** conducts review of data provided in DOB Certification and generates **DOB Verification Form** and uploads to "Application Review" in **Iowa Grants**.
5. **IEDA DOB Coordinator** validates all potentially duplicative assistance (including outreach to third parties as necessary).
6. **IEDA Program Manager** issues award to Subgrantee based on the assessment of the Application, including the DOB, and proceeds with executing a Subrecipient Agreement.

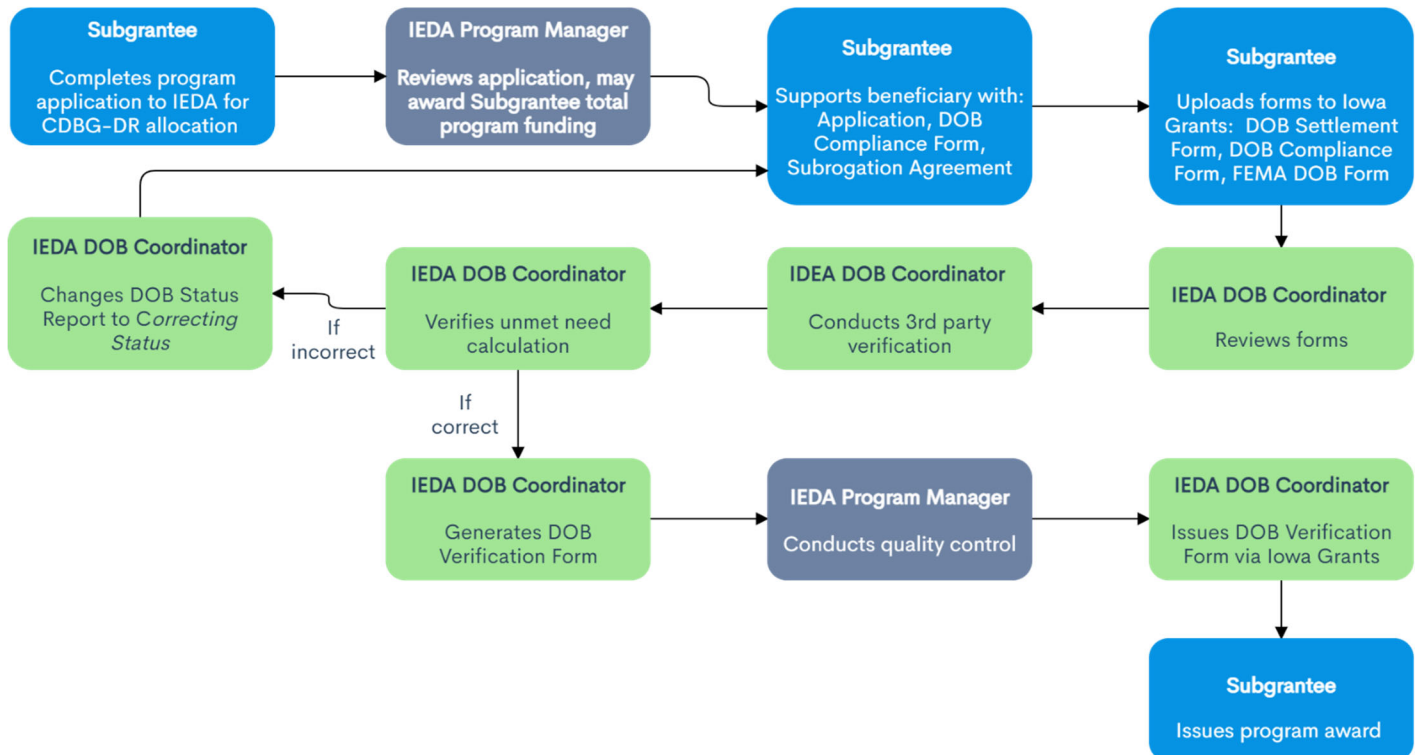


DOB PROCEDURES: BUYOUTS AND DOWNPAYMENT ASSISTANCE

1. **Subgrantee** completes and submits application via Iowa Grants to IEDA for the amount of funds needed for the program, up to the program allocation amount.
2. **IEDA Program Manager** reviews the application and supporting documentation, and if approved makes an award (Subrecipient Agreement) to the Subgrantee for the amount of funds needed for the program, up to the program allocation amount.
3. **Subgrantee** works with applicant to finalize and sign all beneficiary and address specific documentation, including the following (however in some cases FEMA forms may be used instead of these):
 - a. Consent to Release Form.
 - b. DOB Certification.
 - c. Subrogation Agreement.
4. **Subgrantee** uploads completed forms into the **DOB Status Report**, including total unmet need and awards from other programs that may be considered a duplication.
5. **IEDA DOB Coordinator** reviews **DOB Status Report** for completeness regarding DOB, including supporting documentation.
6. **IEDA DOB Coordinator** validates all potentially duplicative assistance (including outreach to third parties as necessary). When another federal agency has conducted DOB for a match program the prior verification information will be used for IEDA's verification process.
7. **IEDA DOB Coordinator** identifies other assistance not to be duplicative because funds are used for a different purpose or the funds that are not considered to be duplicative.
8. **IEDA DOB Coordinator** validates the applicant's **Total Unmet Need = Total Project Costs – Duplicative Assistance**, (up to the program cap).
9. **IEDA DOB Coordinator** confirms that the Application DOB data aligns with the DOB calculation.

- a. If the Application data is incorrect or the supporting documentation does not match the third-party verification, IEDA DOB Coordinator changes DOB Status Report to “Correcting” status for Subgrantee to edit and resubmit.
- b. If the Application data is correct, IEDA DOB Coordinator changes DOB Status Report to “Approved” status and generates DOB Verification Form. This form clearly shows the beneficiary’s award amount based on DOB calculation.

10. IEDA Program Manager conducts quality control review of DOB Verification Form and uploads to IowaGrants where it can be accessed by the subgrantee and provided to the applicant/beneficiary.



VI. ATTACHMENTS

- Consent to Release Form
- DOB Certification
- Subrogation Agreement
- DOB Verification
- Sources and Uses Budget
- Subrogation Agreement/Affidavit

VII. RESOURCES

[*HUD Duplication of Benefits Webinar \(2019\)*](#)

[2019 DR DOB Forms on Sharepoint](#)