

State of Iowa

# **Community Development Block Grant - Disaster Recovery (CDBG-DR)**

Combined Policies and Procedures Manual

P.L. 116-20 – 2019 Floods

P.L. 117-43 – 2020 Derecho

November 20, 2024



**STATE OF IOWA**  
**CDBG-DR**  
**POLICY AND PROCEDURES/MANAGEMENT GUIDE**  
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## PURPOSE

The Iowa Economic Development Authority's (IEDA) Accounting and Community Development teams are committed to the effective financial management of the Community Development Block Grant Disaster Recovery (CDBG-DR) award. The purpose of this policy and procedures document is to establish and communicate guidelines for the IEDA Disaster Recovery, Accounting, and Federal Programs teams related to cash management, reporting, budgeting, and internal controls. This document will be updated periodically to incorporate policy and procedure changes in the CDBG-DR program.

This full CDBG-DR Policy and Procedures Manual contains both State specific policies and procedures as well as policies passed on to Subrecipients through the CDBG Management Guide, originally developed for CDBG funded projects. For additional guidance, the CDBG Management Guide is posted on IEDA's website under Community Infrastructure: CDBG Resources: <https://www.iowaeda.com/cdbg/management-guide/>

Text colored in **blue** in this document references specific language that is required by and certified by the U.S. Department of Housing and Urban Development (HUD) in accordance with **Public Law 116-20 (2019 Floods CDBG-DR)** and its associated published Federal Register Notices.

Text colored in **brown** in this document references specific language that is required by and certified by the U.S. Department of Housing and Urban Development (HUD) in accordance with **Public Law 117-43 (2020 Derecho CDBG-DR)** and its associated published Federal Register Notices.

No changes or modifications to said certified text is allowed without prior HUD approval.

## POLICY AND PROCEDURE HIERARCHY/STRUCTURE

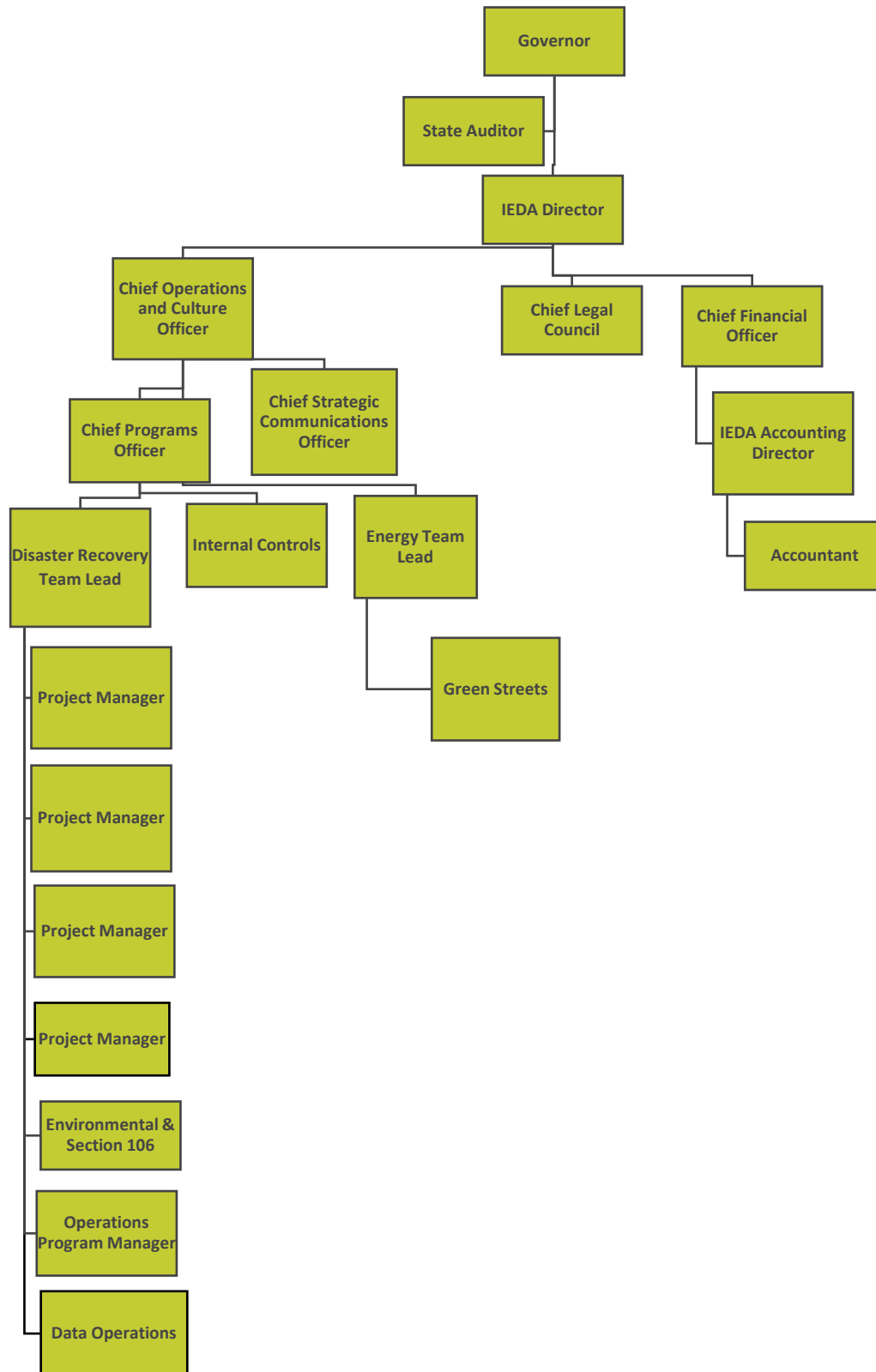
This CDBG-DR Combined Policy and Procedures Manual contains the policy and processes for broad grant management. The policies and procedures specific to the programs are referred to as the Program Guidelines and posted to the CDBG-DR independently of this manual but are considered part of the manual. Where not otherwise noted in the Combined Policies and Procedures Manual and the program guidelines, the Action Plan for the specific disaster event will be referenced. If not within the Combined Policies and Procedures Manual and program guidelines, or Action Plan for the specific disaster event, the policy and procedure will be derived from the IEDA CDBG Management Guide as published and managed by the state's regular CDBG program.

The superiority structure is as follows for any inconsistencies: Action Plan, Combined Policies and Procedures Manual, Program Guidelines, CDBG Management Guide for the Regular CDBG program.



# IEDA ADMINISTRATIVE STRUCTURE

## *Iowa CDBG-DR Management Organizational Chart*







## IEDA DISASTER RECOVERY STAFF ASSIGNMENTS:

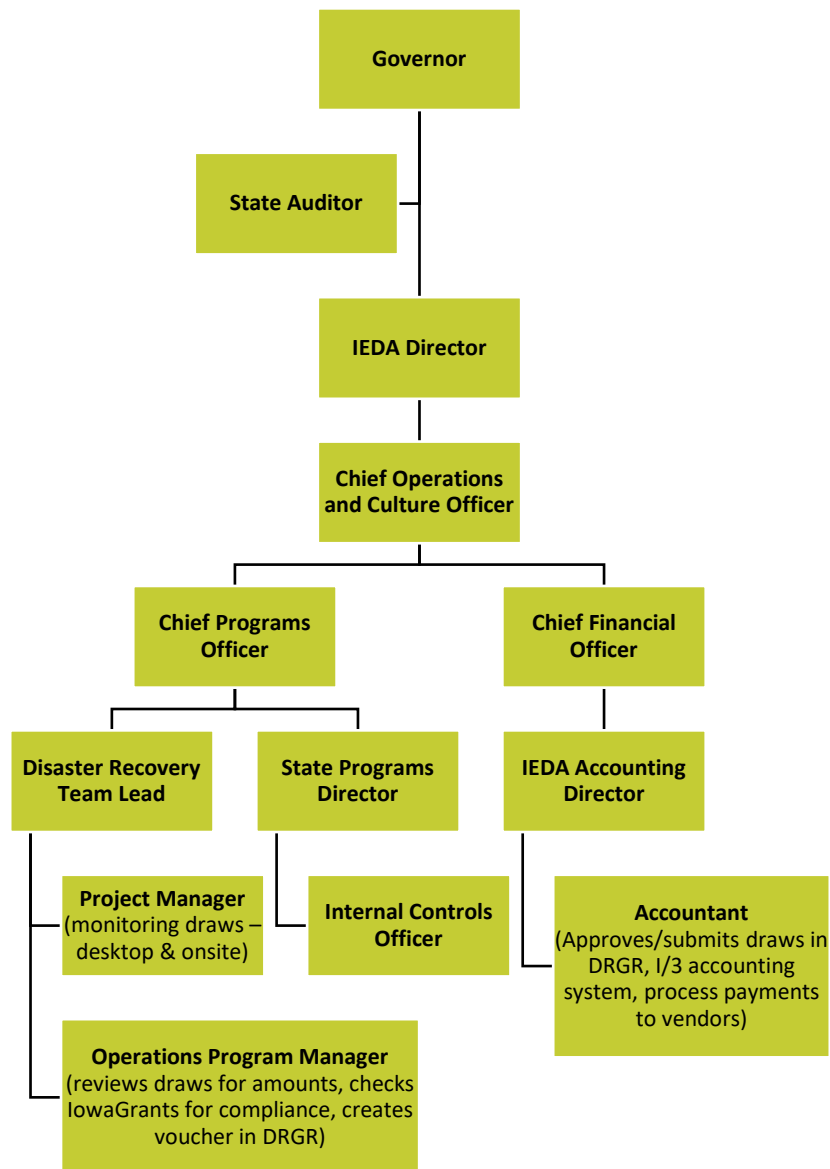
Disaster Recovery (DR) & Federal Programs (FP): Team members split their time between the State’s regular CDBG program and the State’s CDBG-DR program. Current as of **May 2023**.

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## CLAIMS PROCESS ORGANIZATIONAL CHART

**Claim Process Overview:** Contractors create invoices for work incurred. Invoices are sent to CDBG grant administrator (hired by subrecipient to administer all federal requirements). The Grant administrator reviews the invoices for eligibility, creates GAX (Iowa claim voucher), submits GAX package to the subrecipient. The subrecipient holds a City/County/Tribe council meeting to approve GAX package. Once approved, the grant administrator submits the GAX in IowaGrants (IEDA grant management system). GAX is reviewed for financial accuracy and eligibility by the Operations Program Manager, who then creates a voucher in DRGR. GAX documentation is forwarded to accounting in fiscal. Accounting reviews the GAX and voucher and then approves the voucher in DRGR. Once LOCS payment is received at the Department of Revenue, the 1/3 system (state accounting database) is updated and electronic payments are sent to subrecipients. Payment documentation is forwarded to the Operations Program Manager, who then updates IowaGrants with date the payment was sent to the subrecipient.





## CHAPTER 1: FINANCIAL MANAGEMENT

### In this Chapter:

- Fraud and Waste Policy
- Cash Management
  - I/3 Accounting System
  - IowaGrants
  - Budgeting
  - Allocations and Obligations
  - Request for Payment Process
  - Claim Reviews
  - State's Request for Federal Funds
  - Cash Management Improvement Act Agreement
  - Program Funds
  - Administrative Funds
  - Advance Payments
  - Collections & Improper Payments
  - Timesheet Approval
  - Period of Performance and Authorized Pre-Award Costs
  - Program Income and Recaptured Funds – Timing of Use
- Audits
- Reporting and Performance Review
  - Internal Control System
  - Agreed Upon Procedures with State Auditor
  - Internal Reporting
  - External Reporting
  - Reports Available to Public
- State Closeout Procedure and Deobligation of Funds with HUD
- Contingency Plan for Unsold SNFC Units





## FRAUD AND WASTE POLICY

**Responsible personnel or unit:** IEDA Management, Chief Programs Officer, Disaster Recovery Team Lead

The IEDA has zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action where warranted. All employees are responsible for reporting suspected instances of fraud, waste, and abuse in accordance with this policy.

Management is responsible for the effectiveness and efficiency of operations, including the protection of IEDA assets from fraud, waste, and abuse. Management has the responsibility for the implementation of internal controls to deter and detect fraud and are also responsible for assisting in the deterrence and detection of fraud, waste, and abuse in government by examining and evaluating the adequacy and the effectiveness of the Authority's systems of internal control, commensurate with the extent of the potential risk in the various segments of the organization. Management has primary responsibility for the request for investigation of fraudulent acts committed by or against the Authority.

### Scope

This policy applies to all employees. The provisions of this policy apply to any instance of fraud, waste, or abuse involving not only employees, but also external organizations doing business with the Authority and Authority-sponsored events.

### Commitment to Confidentiality and Anonymity

The IEDA will attempt to ensure that anonymity of the reporter is maintained. When you report, please remember the following concerning confidentiality and anonymity:

- Even if you report anonymously, once the report has been made and the investigation begins, your coworkers or others who are familiar with the situation you are reporting may still be able to guess your identity.
- Whether you report anonymously or not, the Authority will treat your report confidentially.
- It is not possible to guarantee absolute confidentiality in all circumstances. Disclosure to others inside or outside the Authority may be required by law in certain cases.

Please do not let these possibilities discourage you from reporting an incident.

### Protection

Retaliation against an employee who in good faith reports a violation of law or rule, mismanagement, a gross abuse of funds, an abuse of authority, or substantial and specific danger to public health or safety is a violation of state law per Iowa Code Chapter 70A.29. Please note that this section does not apply if the disclosure of the information is prohibited by statute. See also Code of Iowa 8A.417, 70A.28 and 685.

### Definitions

**Fraud** consists of an illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity). Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny – each with its own specific legal definition and required criteria – each of which can result in severe penalties and a criminal record.





**Waste** means the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Authority to the detriment or potential detriment of the Authority. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud”, but it could.

**Abuse** means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Authority; or extravagant or excessive use so as to abuse one’s position or authority. “Abuse” does not necessarily lead to an allegation of “fraud”, but it could.

Examples of fraud, waste, and abuse activities include, but are not limited to:

- Forgery or alteration of documents (checks, contracts, purchase orders, invoices, time sheets, leave records, etc.).
- Misrepresentation of information on documents (employment history, time sheets, leave records, travel reimbursement requests, financial records, etc.).
- Theft, unauthorized removal, or willful destruction of records, property, or the property of other persons (to include the property of employees, customers, or visitors).
- Misappropriation of funds, equipment, supplies, or any other asset.
- Improprieties in the handling and reporting of financial transactions.
- Serious abuse of Authority time such as unauthorized time away from work, falsification of work hours reported, or excessive use of Authority time for personal business.
- Authorizing or receiving payments for goods not received or services not performed.
- Vendor kickbacks.
- Authorizing or receiving payment for hours not worked.
- Misuse of authority for personal gain.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes.
- Inappropriate use of Authority owned electronic devices such as computers, PDAs, cell phones, pagers, or e-mail.

## Responsibilities

Any employee who has knowledge of fraud, waste, or abuse, or who has good reason to suspect that such conduct has occurred, shall adhere to the procedures outlined below.

When suspected fraudulent activity, waste, or abuse is observed by, or made known to, an employee, the employee shall immediately report the activity to their direct supervisor. If the employee believes that the supervisor is involved with the activity, they shall immediately report the activity to the CFO or Director’s Office. If the employee believes that the CFO or Director’s Office (or staff of) may be involved with the activity, the employee shall report the activity to the State Auditor’s Office.

The employee shall not make any attempt to investigate the suspected activity prior to reporting it. The CFO or Director’s Office shall coordinate investigations of fraud, waste, or abuse with the State Auditor’s Office, Federal Oversight Agency or State Ombudsman’s Office.

An employee shall not destroy, or allow to be destroyed, any document or record of any kind that the employee knows may be relevant to a past, present, or future investigation





The Authority cannot compel citizens and customers (non-employees) to report suspected instances of fraud, waste, or abuse. However, the Authority strongly encourages them to do so.

## Fraud Training & Hotline

IEDA staff, as well as disaster recovery recipients, will attend HUD OIG fraud training. The HUD OIG Fraud hotline and email will be shared as a reporting mechanism for instances of fraud, waste and abuse with recipients and the public: HUD OIG Fraud Hotline (Phone: 1-800-347-3735 or Email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)) as a reporting mechanism for instances of fraud, waste and abuse. All instances of fraud, waste, and abuse will be referred to the HUD OIG Fraud Hotline.

## Contractor Fraud

IEDA staff will make CDBG-DR beneficiaries aware of the risks of contractor fraud and other potentially fraudulent activities that can occur in communities recovering from a natural disaster. The Iowa Attorney General Consumer Protection Division's checklist will be provided to subrecipients and published on IEDA's 2020 CDBG-DR disaster recovery webpage. This checklist provides information on how individuals can detect possibly fraudulent contractors. Information on how to report to the Iowa Attorney General Office's Consumer Protection Division, will also be provided with the checklist. All subrecipients, contractors, and beneficiaries will be required to affirm that they have reviewed the checklist. If a CDBG-DR beneficiary experiences contractor or other fraud, it will be referred to the Iowa Attorney General's office.

If a CDBG-DR beneficiary is eligible for additional assistance as a result of fraudulent activity and the creation of remaining unmet needs, the additional assistance could be provided if additional funds are available in CDBG-DR programs; however, once all legal remedies are exhausted and if the beneficiary receives the previously allocated funds back through the legal process, the beneficiary will be required to return those funds to the State, which will be treated as program income.

A copy of the Iowa Attorney General's contractor fraud checklist is provided in the Appendix.





## CASH MANAGEMENT

**Responsible personnel or unit:** Accounting Team & Disaster Recovery Team

The State of Iowa has an active Cash Management Improvement Act Agreement between The State of Iowa and the Secretary of the Treasury (CMIA) For FY 2020 – See appendix C

Cash management includes requests for payments from subrecipients and direct payments to vendors as well as management of funds drawn down on the CDBG-DR grants from the U.S. Department of Housing and Urban Development (HUD) while remaining in compliance with 2 CFR 200.305 and 31 CFR 205 and the Treasury-State Agreement (if applicable).

The Iowa Economic Development Authority follows the language of Chapter 8.38 of the Code of Iowa for all funds (not only appropriations as noted in the Code section).

No state department, institution, or agency, or any board member, commissioner, director, manager, or other person connected with any such department, institution, or agency, shall expend funds or approve claims in excess of the funds received, nor expend funds for any purpose other than that for which the money was appropriated or awarded, except as otherwise provided by law.

Both the Disaster Recovery team and the accounting team are responsible for review and approval of the funds requested and for properly entering those transactions into the Disaster Recovery Grant Reporting System (DRGR), the State of Iowa's accounting system, I/3, and IEDA's grants management system IowaGrants.

### I/3 Accounting System

Integrated Information for Iowa (I/3) is the State of Iowa's Enterprise Resource Planning system. I/3 supports the State's financial processes such as Accounts Payable, Accounts Receivable, Procurement, General Accounting, Fixed Assets, and Budget Preparation. I/3 and Iowa's Department of Administrative Services (DAS) strive to provide a stable, reliable and accurate system through implementing improvements, upgrades and the development of tracking and accounting monitoring tools.

Informational website: <https://das.iowa.gov/state-accounting/i3>

### IowaGrants

IowaGrants is a 100% web-based, full lifecycle grants-management system that complies with all Federal and State security and accessibility regulations. This system allows for tracking, maintenance, and reporting of all financial information for both the State Grantee and the State's awarded subrecipients and vendors, including allocation, award, payment, and reimbursement information. In addition, IowaGrants tracks information about grant announcements, applications, application review score sheets, contracts, progress reports, contract amendments, site visits, and other oversight information. IEDA's Data Operations Manager sets up all new allocations in IowaGrants and references the applicable CFDA title and number, Federal award detail, allocation year, etc.

IEDA disaster recovery project managers will utilize IowaGrants for day-to-day management of DR contracts. Project managers will be able to review submitted information, run reports on financial activity or inactivity of the grant subrecipient, evaluate steps taken by the subrecipient to





ensure compliance with applicable laws and executive orders, and have access to overall contract information in order to manage grants and provide technical assistance. Per 2 CFR 200.309, this process ensures IEDA will charge to HUD only allowable costs incurred during the period of performance and authorized pre-award costs.

## Budgeting

The state fiscal year runs from July 1 to June 30. Accounting is responsible for determining the CDBG budgetary needs for inclusion in the overall IEDA budget. The IEDA budget is coordinated with the Department of Management and is ultimately approved or denied by the State Legislature.

Budget categories are: salaries and fringe, travel, supplies, postage, phone, rent, utilities, professional services, outside services, transfers, reimbursement to other agencies, equipment, indirect costs, refunds, and state aid.

## Allocations and Obligations

*Certified in both 2019 & 2020*

### Tracking and Documenting Grantee Expenditures

Per 2 CFR 200.302(b)(3) records that identify the CDBG-DR allocation, authorizations, obligations and unobligated funds are recorded in IowaGrants.gov, the Allocation Summary, and DRGR. Each grant from HUD is recorded in IowaGrants.gov and funding opportunities are funded in accordance with the HUD approved CDBG-DR Public Action Plan for eligible activities. Eligible Activities are submitted to IEDA through IowaGrants.gov by units of local government. Only projects that demonstrate through application that they are to fund activities that meet the requirements of the program specific guidelines included in this document, are in compliance with all applicable statutory and regulatory provisions, and are cost reasonable and necessary as supported by application documents such as engineering or contractor estimates will be awarded. No projects will be funded for the general expenses to carry out responsibilities of State or local government. IEDA Disaster Recovery Project Managers and the Disaster Recovery Team Lead review applications and make determinations of award or decline.

For each contract for an awarded project, the activities are setup in IowaGrants.gov in accordance with the awarded application (and any conditions by IEDA) and the contract budgets. In addition to IowaGrants.gov, the IEDA maintains an Allocation Summary in Jasper for the CDBG-DR grant. As contracts are executed with recipients, contract award totals and administration amounts are recorded in this spreadsheet, as well as final costs. This log provides a cross check of the amount of money available in each program area, and the obligations of those funds. Each quarter, the amounts recorded in both the IowaGrants.gov and the ALOG are reconciled with the Quarterly Performance Reports (QPR) and the DRGR budget per 2 CFR 200.302(b)(2). Amendments to contract budgets are also recorded. At contract closeout, amounts remaining undisbursed in each activity and the contract are deobligated, returning the funds to the program and making them available for other eligible activities. [The Allocation Summary Report is in Appendix A.](#)

### Project Expenditures (2020 Certified)

Projected expenditures and outcomes will be submitted with the public action plan for each program. These projections will be based on each quarter's expected performance, beginning with the first quarter funds are available to the State of Iowa and continuing each quarter until all funds are expended within 6 years of the date HUD signs the grant agreement. The State will use DRGR's upload feature to include projections and accomplishments for each program created.







### Tracking and Documenting Subrecipient Expenditures (2020 Certified)

The IEDA Project Manager will track annual spending for each partner and compare this to the projected annual spending in the project contract. Deviation from the projected spending is anticipated, however, as the project nears completion the percent variation should decline.

Allowable discrepancy limits are established in the table below. If the spending differential is greater than the limit shown, the Project Manager will determine the reason for the spending discrepancy. The Project Manager will review current reporting narratives or metrics to determine if spending is reasonable in regards to the status of tasks and deliverables. The Project Manager may request additional information from the partner in order to complete this assessment.

#### The Project Year Budget Discrepancy Limit

1 -2	60%
2 - 3	50%
3 - 4	40%
4 -5	30%
5 - 6	20%
6 - 12	10%

The Project Manager will also determine if delays in spending or the completion of deliverables/tasks can potentially result in a negative impact to the project. If the discrepancy in spending or progress is deemed reasonable, the Project Manager will continue to monitor expenditures. The annotations function of IowaGrants.gov will be used to note the findings of the status review. If the Project Manager has concerns about the spending discrepancy or the status of project deliverables/tasks OR the recipient has reported a spending discrepancy for 2 consecutive years, the Project Manager will confer with IEDA management. One of the following action items will result:

- Annual Spending Projections will be amended.
- Project Manager will continue to monitor the project status;
- A meeting with partner management will be held. Partner will submit revised quarterly budget projection and/or a plan to overcome progress delay;
- Terminate the agreement. IEDA will repurpose funds with HUD approval. Correspondence related to quarterly budget discussions will be documented in the correspondence feature of iowagrants.gov. Notes regarding project status will be documented using the annotations function.

Also, when claims are submitted in IowaGrants, each recipient must fill out a progress report. Claims are due every 6 months if not sooner. The report shows a percentage of project completion and requires a brief project update.

### Request for Payment Process

Subrecipients must submit a claim form through IowaGrants and include a General Accounting Expenditure (GAX) form submitted to IEDA through IowaGrants. Direct payments to vendors are





paid from submitted invoices through IowaGrants. All claims are reviewed and approved in accordance with the following responsibilities:

## Subrecipient Requests

The claim form is created by the subrecipient in IowaGrants for both administrative and program funds. The electronic version of the General Accounting Expenditure (GAX) form is submitted, along with a claim form, as funds are needed by subrecipients to make payment. The following are considered allowable expenditures for which funds may be requested:

- An allowable CDBG expenditure which has been incurred (paid out) by the subrecipient.
- An allowable CDBG expenditure for which the subrecipient has a bill on hand. For example, if the subrecipient has an approved award to an individual, the subrecipient may request the funds to pay out the award without first expending the funds.

The above applies to both program and administrative expenses. The IowaGrants claim form serves as the documentation of a cost incurred. Original receipts and original signed GAX forms are maintained by the subrecipient and reviewed at the time the project is monitored.

Subrecipients are also tasked with submitting requests for reimbursement at least every six months. If forms are to be signed by someone other than the individual(s) who signed the Grant Agreement, a "Signature Authorization for CEO Change" must be uploaded to IowaGrants prior to the request for payment. Additionally, if subrecipients wish to name an alternative signatory, a "Signature Authorization for Alternative Signatories" must be on uploaded to IowaGrants.

## Permission to Use Grant

### Subrecipient & Contracted Services Reimbursement:

Initial claims for projects in the 2020 Derecho CDBG-DR program and 2019 CDBG-DR program awarded after February 1, 2023 incorporate a "Permission to Use Grant" (PUG) prior to paying initial claims. This checklist affirms that the contractual and programmatic requirements have been met prior to reimbursing funds.





## Claim Reviews

### Subrecipient & Contracted Services Reimbursement:

Responsible Personnel or Unit: IEDA Project Managers, Operations Program Manager

### Claims Overview

The Action Plan, Policy and Procedure Manual, and the Program Guidelines all indicate that grants awarded under CDBG-DR programs are for the reimbursement of actually incurred and eligible costs. This policy and procedure, adopted November 3, 2023 and supplants the policy instituted on August 11, 2022 for projects that have not yet claimed substantial construction, clarifies the review process that will be undertaken by IEDA project managers when reviewing claims.

All claims will be reviewed first by the project manager assigned to the grant.

See the following sections for a more detailed review of the bulleted points indicated above:

#### **GAX**

IEDA project managers and the Operations Program Manager will review that the GAX amount matches the claim amount. The GAX should be signed (wet or electronically) by the elected official or an authorized alternative signatory as indicated on an IEDA Signature Authorization for Alternate Signatories uploaded to Electronic Documents in IowaGrants. See the CDBG Management Guide as prepared by the Federal Programs Team at IEDA for a template to use for this form (<https://www.iowaeda.com/cdbg/management-guide>)

#### **Source Documentation Supports the Claim**

IEDA project managers will review the source documentation included with the claim to verify that actual, eligible costs were incurred.

#### *Source Documentation for Construction, Demolition, Rehabilitation*

At a minimum, a schedule of values/pay application should be included. This document should allocate the entire sum of the contract for prime contractors, subcontractors, vendors, etc. assisting on construction projects. The form should include a cover sheet including the application and certificate for payment. This includes the original contract sum, net changes by change orders, contract sum to date, total completed & stored to date, retainage, total earned less retainage, less previous certificates for payment, current payment due, and the balance to finish including retainage. The certificate for payment should be signed by the contractor, third party engineer (infrastructure), third party trained building inspector (housing), or third party architect (housing) procured by the subrecipient city/county, and notarized. See the image below for an example of the cover sheet.





Housing

**AIA Document G702™ – 1992**  
**Application and Certificate for Payment**

TO OWNER: PROJECT: APPLICATION NO: PERIOD TO: **Distribution to:**  
 FROM CONTRACTOR: VIA ARCHITECT: CONTRACT FOR: ARCHITECT   
 CONTRACT DATE: CONTRACTOR   
 PROJECT NOS: FIELD   
 OTHER

**CONTRACTOR'S APPLICATION FOR PAYMENT**  
 Application is made for payment, as shown below, in connection with the Contract.  
 AIA Document G703™, Continuation Sheet, is attached.

1. ORIGINAL CONTRACT SUM \$ \_\_\_\_\_  
 2. NET CHANGE BY CHANGE ORDERS \$ \_\_\_\_\_  
 3. CONTRACT SUM TO DATE (Line 1 + 2) \$ \_\_\_\_\_  
 4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ \_\_\_\_\_

5. RETAINAGE:  
 a. % of Completed Work (Columns D + E on G703) \$ \_\_\_\_\_  
 b. % of Stored Material (Column F on G703) \$ \_\_\_\_\_  
 Total Retainage (Lines 5a + 5b, or Total in Column I of G703) \$ \_\_\_\_\_

6. TOTAL EARNED LESS RETAINAGE \$ \_\_\_\_\_  
 (Line 4 minus Line 5 Total)  
 7. TOTAL PREVIOUS CERTIFICATES FOR PAYMENT \$ \_\_\_\_\_  
 (Line 6 from prior Certificate)  
 8. CURRENT PAYMENT DUE \$ \_\_\_\_\_  
 9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 minus Line 6) \$ \_\_\_\_\_

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$ _____	\$ _____
Total approved this month	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____
NET CHANGES by Change Order	\$ _____	\$ _____

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: \_\_\_\_\_ Date: \_\_\_\_\_  
 By: \_\_\_\_\_ State of: \_\_\_\_\_  
 Country of: \_\_\_\_\_  
 Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_  
 Notary Public:  
 My commission expires: \_\_\_\_\_

**ARCHITECT'S CERTIFICATE FOR PAYMENT**  
 In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ \_\_\_\_\_  
 (Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT: \_\_\_\_\_  
 By: \_\_\_\_\_ Date: \_\_\_\_\_

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

**CAUTION:** You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

AIA Document G702™ – 1992. Copyright © 1993, 1993, 1995, 1971, 1978, 1983 and 1992 by The American Institute of Architects. All rights reserved. WARNING: This AIA® Document is protected by U.S. Copyright Law and International Treaties. Unauthorized reproduction or distribution of this AIA® Document, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent possible under the law. Purchasers are permitted to reproduce ten (10) copies of this document when completed. To report copyright violations of AIA Contract Documents, e-mail: The American Institute of Architects' legal dept@aia.org, copyright@aia.org.



Infrastructure

Contractor's Application for Payment

Owner: _____ Engineer: _____ Contractor: _____ Project: _____ Contract: _____	Owner's Project No.: _____ Engineer's Project No.: _____ Contractor's Project No.: _____
Application No.: _____ Application Date: _____ Application Period: From _____ to _____	
1. Original Contract Price 2. Net change by Change Orders 3. Current Contract Price (Line 1 + Line 2) 4. Total Work completed and materials stored to date (Sum of Column G Lump Sum Total and Column J Unit Price Total) 5. Retainage a. <u>0%</u> X \$ _____ Work Completed b. <u>0%</u> X \$ _____ Stored Materials c. Total Retainage (Line 5.a + Line 5.b) 6. Amount eligible to date (Line 4 - Line 5.c) 7. Less previous payments (Line 6 from prior application) 8. Amount due this application 9. Balance to finish, including retainage (Line 3 - Line 4)	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____
<b>Contractor's Certification</b> The undersigned Contractor certifies, to the best of its knowledge, the following: (1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment; (2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such liens, security interest, or encumbrances); and (3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.	
Contractor: _____ Signature: _____ Date: _____	
<b>Recommended by Engineer</b> By: _____ Title: _____ Date: _____	<b>Approved by Owner</b> By: _____ Title: _____ Date: _____
<b>Approved by Funding Agency</b> By: _____ Title: _____ Date: _____	



The pay application/schedule of values should include a continuation sheet which itemizes the sections of the work included on the contract. This needs to be detailed enough so that IEDA can assess whether the work is eligible under the national objective for the activity. Descriptions of the work may include but are not limited to demolition, drywall, electrical, basements, sewer installation, water lines, etc. and include the corresponding scheduled value. Additional columns detailing the amounts of completed work covered by previous pay applications, the amount under the current pay application, the value of stored materials, total completed and stored to date, balance to finish, retainage, etc. should also be included. See the image below for a template.

This is a simple example of a completed schedule of values:

Schedule of Values									
Project Name:					Application #:				
Project #:					Application Date:				
Contractor:					Period to:				
Item #	Description of Work	Scheduled Value	WORK COMPLETED		Stored Materials (not in Work Completed)	Total Completed Stored to Date	% Complete	Balance to Finish	Retainage*
			Previous Application	This Period					10%
9970	Demolition	\$ 3,000.00	\$ 2,000.00	\$ -	\$ -	\$ 2,000.00	67%	\$ 1,000.00	\$ 200.00
9955	Drywall & Carpentry	\$ 36,000.00	\$ 11,000.00	\$ 4,200.00	\$ 1,800.00	\$ 17,000.00	47%	\$ 19,000.00	\$ 1,700.00
9940	Doors & Hardware	\$ 1,000.00	\$ -	\$ 500.00	\$ -	\$ 500.00	50%	\$ 500.00	\$ 50.00
9943	Electrical	\$ 7,000.00	\$ 1,000.00	\$ 3,000.00	\$ 850.00	\$ 4,850.00	69%	\$ 2,150.00	\$ 485.00
<b>Totals</b>		<b>\$ 47,000.00</b>	<b>\$ 14,000.00</b>	<b>\$ 7,700.00</b>	<b>\$ 2,650.00</b>	<b>\$ 24,350.00</b>	<b>52%</b>	<b>\$ 22,650.00</b>	<b>\$ 2,435.00</b>

Supporting documentation for the pay application/schedule of values should be submitted with the pay application. This includes invoices from subcontractors, receipts, etc.

Proof of payment should be provided to indicate that the subcontractors, vendors, suppliers, etc. have been paid and that reimbursement is being requested from the developer/contractor/city/county. This can take the form of a cancelled check, bank statement, etc.

**Source Documentation for Professional Services/Project Delivery/Administration**

At minimum, an invoice should be submitted. This include should include the invoice date and period of performance.

For time performed, this should include as applicable:

- Position and Name of Employee
- Rate
- Hours incurred in the period of performance
- Date and hours incurred during the period of performance
- Task/scope of work for the hours
- Cost allocation plan for indirect costs

For a product or service, this should include:

- Description of the service
- Number of units, products, etc.
- Price per unit, product, etc.
- Location of service if on a project site





Proof of payment should be provided to indicate that the subcontractors, vendors, suppliers, etc. have been paid and that reimbursement is being requested from the developer/contractor/city/county. This can take the form of a cancelled check, bank statement, etc. If the vendor is under contract with IEDA and not with a subrecipient or their vendor, there will be no proof of payment.

#### **Source Documentation for Other Types of Projects**

For projects that do not fit under the above mentioned categories for source documentation, IEDA will work with the subrecipient to determine a method to demonstrate the eligibility of actual costs incurred for reimbursement.

#### **Eligibility of Claim**

IEDA project managers will review the eligibility of items requested for reimbursement. Eligibility will be based upon the parameters of the program rules, program guidelines, 24 CFR Part 570, and applicable *Federal Register* notices and waivers for disaster recovery.

It is important to note that new construction is allowed under the 2019 and 2020 CDBG-DR grants whereas it is normally prohibited with regular CDBG funds.

#### **Expense Documentation Section Completed**

IEDA project managers will complete their applicable section of the Expense Documentation section of the IowaGrants claim. This section includes the following questions:

#### **Has the Expense Documentation Been Reviewed by an IEDA Project Manager? Project Manager Name.**

All claims should be reviewed by the IEDA project manager assigned to the project. In the absence of the assigned project manager, the Disaster Recovery Team Lead or a project manager designated by the Disaster Recovery Team Lead may complete this section.

#### **Are there any issues with the claim? Project Manager Comments.**

If there were issues with the claim, the IEDA project manager should select yes and type in what those issues were. This will help explain the context and timeliness of the claim.

#### **Was the claim submitted by a Certified Grant Administrator?**

All claims should be submitted by staff who are certified under the IEDA Certified Grant Administrator Program, which is managed by the Regular CDBG program at IEDA. This does not apply to entitlement communities who manage their regular CDBG funding directly from HUD.

#### **Are all contractors in the claim cleared?**

All contractors and subcontractors working on a project should be cleared in the Contractor Clearance process.

Next, IEDA's Operations Program Manager reviews all submitted claims and completes a Claim Review Checklist prior to approving each claim request. First and foremost, this process ensures that only allowable costs are incurred by the subrecipient or IEDA contractor. This checklist verifies that those activities included in the draw match the contract, that balances are sufficient for a claim, the GAX documents the period in which the claims were included and verifies those are within the contract's period of performance, and the following are reviewed:

- Duplication of Benefits has been completed
- The draw(s) does not exceed the award (Need minus DOB)





The Disaster Recovery Team is responsible for the maintenance of data in all financial tools (IowaGrants, I/3, Allocation Summary, and DRGR). Each claim is recorded by activity. IowaGrants documents budget amounts, current draw activity, cumulative draws, and remaining funds. IowaGrants allows contracts to be suspended which would prevent claim creation.

After the review and approval of the submitted GAX and claim form by IEDA's Operations Program Manager, the Operations Program Manager initiates the claim in DRGR, and for separation of duties, sends the claim to the accountant within IEDA's Fiscal Team. The GAX submitted to the accounting team is the GAX of record, and subject to audit by State and Federal auditors.

The accountant receives the GAX and validates that it has been authorized in accordance with the procedures noted above and reviews the funds requested for compliance with period of availability (contract in full force and effect) and budget restrictions. The GAX is also compared to the prior request and the contract to verify the vendor's name, vendor code, request number, original grant amount, prior balance, and that remaining balance is adequate for the current request.

The GAX is entered into the State's accounting system (I/3) after it has been reviewed and approved by both the Community Development Division and Accounting staff and payment is issued. The State of Iowa uses fund C500 (for 2019 CDBG-DR) and C525 for 2020 CDBG-DR to account for administrative costs and fund C500 (for 2019 CDBG-DR) and C525 (for 2020 CDBG-DR) for subrecipient payment for CDBG-DR funds. The Fiscal team then transfers the funds from the State to the subrecipient. The fiscal team sends the subrecipient the state warrant or separate notification that a direct deposit is occurring.

#### **IEDA Incurred Costs:**

IEDA receives invoices for such items as newspaper publishing charges, room rental, and meeting supplies. These items are purchased as needed.

When an invoice is received, it is received by the person who ordered the item/requested the work and a GAX form is completed. The GAX form and invoice are forwarded to the Disaster Recovery Team Lead or Chief Programs Officer for their review and approval as evidenced by their signature on the GAX. The form is then forwarded to the accountant on the Accounting Team for their review and approval, as evidenced by their initials. The GAX form is reviewed by the accountant for allowability and appropriate coding. The GAX is then entered into the I/3 by the Accounting Tech and payment is processed/issued.

In addition to the items noted above, office supplies and furniture may also be purchased. These items are purchased through the Master Contract the State of Iowa has with Office Max or through Iowa Prison Industries (for office furniture) after a request is made by a member of the Community Development team. This request can be made via email or by paper form completed by the person requesting the item. Furniture purchases must be approved by the Chief Programs Officer or Disaster Recovery Team Lead. When the item is received, the accounting team ensures that the item ordered is what was received and payment is processed. Payment approval by the Accountant is evidenced on I/3 via electronic approval.

#### **State's Request for Federal Funds**

The Accounting Team is responsible for drawing down funds on CDBG-DR from HUD in compliance the standards below that meet the requirements of subpart B of 31 CFR Part 205. The major requirements of subpart B of 31 CFR Part 205 are:







- A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes.
- A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accordance with the actual, immediate cash requirements of the State in carrying out a federal assistance program or project.
- The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.
- States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).

### **Cash Management Improvement Act Agreement (CMIA)**

IEDA has a CMIA agreement to implement Section 5 of the Cash Management Act of 1990, as amended. IEDA will apply the cash management rules that apply to IEDA's Community Development Block Grant Funding (CFDA #14.228) which is subject to the State of Iowa Treasury-State agreement to the Disaster Community Development Block Grant Funding (CFDA #14.228). These rules require that funds received from the federal government be expended within three business days and that funds requested by IEDA are the minimum amounts needed by the State and are in accordance with the actual, immediate cash requirements of the State in carrying out the Disaster Recovery Community Development Block Grant Funding. The timing and amount of funds requested will be as close to the State's actual cash outlay for program and administrative costs as feasibly possible.

Program funds are receipted into and spent from fund C500 (for 2019 Floods CDBG-DR) and C525 for 2020 Derecho CDBG-DR. Administrative funds (including payroll) are receipted into and spent from accounting string fund C500 (for 2019 Floods CDBG-DR) and C525 for 2020 Derecho CDBG-DR. All funds are provided to subrecipients on a reimbursement basis.

The Additional Supplemental Appropriations for Disaster Relief Act, 2019 (Public Law 116-20) authorized special treatment for eligible administrative costs for grantees that received awards under Public Laws 114-113, 114-223, 114-254, 115-31, 115-56, 115-123, 115-254, 116-20 (State of Iowa 2019 CDBG-DR funds), or any future act. The Consolidated Notice for 2020 CDBG-DR funds (87 FR 31636) permits grantees to use eligible administrative funds (up to five percent of each grant award plus up to five percent of program income generated by the grant) for the cost of administering any of these grants awarded under the identified Public Laws (including future acts) without regard to the particular disaster appropriation from which such funds originated. The State of Iowa has ensured that it has appropriate financial controls to guarantee that the amount of grant administration expenditures for each of the aforementioned grants will not exceed five percent of the total grant award for each grant (plus five percent of program income generated by the grant).

IEDA accounts are administered at the Department of Administrative Services (DAS) via the Integrated Information Iowa (I/3), the State of Iowa's Enterprise Resource Planning system. I/3 supports the State's financial processes such as Accounts Payable, Accounts Receivable, Procurement, General Accounting, Fixed Assets, and Budget Preparation. I/3 and DAS strive to





provide a stable, reliable, and accurate system through implementing improvements, upgrades and the development of tracking and monitoring tools.

IEDA processes all payments through the I/3 system and in accordance with the CMIA agreement. IEDA's Accounting Department interacts with the 1/3 system based on the claims submitted by subrecipients and IEDA's costs incurred.

In Section 6.2 Description of Funding Techniques of the CMIA agreement it states:

**Post-Issuance:** The State shall request funds such that they are deposited in a State account after the State issues checks, but before the checks clear. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount of the disbursement.

**Pre-Issuance:** The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time.

Both DAS and IEDA Accounting provide a cross check on each system to ascertain that federal funds deposited are utilized in a manner to minimize the time elapsing between the receipt of funds from the Federal government and the transfer of funds to the subrecipients.

Once the funds are deposited by HUD, DAS transfers the funds via electronic funds transfer (EFT) into the subrecipient's bank account. The EFT form is required to be filled out and submitted as part of the award process to minimize the time elapsing between receipt of federal funds and the transfer of those funds to subrecipients.

## Program Funds

A claim is filled out and submitted in IowaGrants by the entity. A GAX form that is signed by the authorized official is uploaded with the claim. The Operations Program Manager reviews the claim submitted via IowaGrants. Once reviewed, the status is changed to approved. A screen print from IowaGrants and a PDF of the GAX form is saved for each claim. When a batch of claims is ready to voucher, a Claims to Fiscal Report is generated in Jasper.

Once approved, the Operations Program Manager creates a voucher in DRGR. A screen print of the DRGR is saved. The forms (Claims to Fiscal report, screen print from IowaGrants, signed GAX form and DRGR voucher) are then forwarded electronically to the accountant.

Once received, the accountant compares the amounts requested on the GAX to the budgeted amounts to make sure the Entity is not over their award amount, initials the GAX form and the Claim form from IowaGrants and verifies the input into DRGR was entered correctly and approves the draw. The accountant initials the "Draws-Disaster to Fiscal for DRGR" as the approver and attaches a screen print of the draw approval from DRGR. These documents are saved electronically in an accounting file. (DRGR-Disaster Recovery Grant Reporting System-Federal system implemented for draws by HUD)

The accountant then prepares a Cash Receipt on the State's Accounting system (I/3). The Cash Receipt is approved by the Accounting Tech 3 and forwarded to the State Treasurer's Office. When the funds from HUD reach the State's bank account, the cash receipt is approved by the State Treasurer's Office. The accountant then modifies the cash receipt to move the funds to the correct accounting string. The modified cash receipt is then approved by the accountant and





Accounting Tech 3. Another level of approval is done by the accountant or Accounting Director in the State's Accounting system (I/3). The Accounting Tech 3 prepares an "expenditure" I/3 document to pay the entity. The I/3 document is then approved by Accounting Director and forwarded electronically via I3 to State Accounting. State Accounting approves the document and payment is processed overnight by State Accounting. Within two days, the state warrant or EFT notice is received by the Accounting Tech 3 and forwarded to the Operations Program Manager. The Operations Program Manager then sends the warrant or EFT notice to the entity.

## Administration Funds

Administration accounts related to the FCDBG are reviewed on a bi-weekly basis by the accountant. The accountant must review all requests for payment that are processed through the administration account so that all costs that have been incurred during the two weeks have been deemed proper and allowable.

Every other Thursday, the accountant summarizes all activity in the FCDBG administration account and determines how many dollars to draw. This determination is based on prior history and approximate payroll costs. The accountant completes an "Administration Draw" form and sends it to the Operations Program Manager. The Operations Program Manager enters this information into DRGR and creates a voucher. Supporting documentation for this amount is retained on a spreadsheet summarized by fiscal year. The voucher number from DRGR is noted on the "Administration Draw" form, and/or email from Operations Program Manager, in addition to the date and the accountant's initials. The "Administration Draw" form and a screen print from DRGR are then forwarded to the accountant for approval of the draw. The accountant approves the voucher in the DRGR system. Upon approval, the accountant prepares a CR which follows the same process as the Program Funds.

All CBDG administrative funds (CDBG, CDBG-DR and CDBG-NDR) are drawn every other Thursday-Monday to comply with the Cash Management Improvement Act payroll warrant requirements regardless of if the program is subject to the Act.

## Advance Payments

The State will not seek advanced payments for any activities under this program. However, in the event that advance funds are received, the funds are received by the Treasurer of State and held per Code of Iowa Chapter 12C. Furthermore, all subrecipients will be required to include costs prior to requesting funds, as such no subrecipients will request or receive advance payments. Therefore, at the end of the subrecipient's project contract there will not be any re-payment of unspent funds necessary to collect.

## Collections & Improper Payments

If the Grantee discovers an improper payment was made, the Operations Program Manager will notify the subrecipient, and the improper payment will be corrected on the next claim form. The Operations Program Manager maintains a file of the Claim Review Checklists.

Improper payments will result in increased scrutiny for future claims. IEDA may require all claim support documentation including invoices or timesheets for all costs included to be submitted with GAX and claim forms. If improper claims are unable to be substantiated or remedied through the next claim, the articles of the subrecipient's contract related to "Default and Remedies," "Suspension" and/or "Termination" may be enforced by IEDA.





## Improper Payment Process at the Subrecipient Level

Each subrecipient will develop policies and procedures to address how subrecipient will audit disaster recovery awards, including detecting general over disbursement and eligibility of awards.

General Over Disbursement: Administrative entity disbursed more than the subrecipient was eligible to draw (disbursed more than the award/contract amount or award was calculated incorrectly; therefore, the administrative entity disbursed more funds than the subrecipient was eligible to draw).

Eligibility Over Disbursement: a) Administrative entity disbursed funds to a subrecipient that was not eligible to receive assistance (i.e. applicant is not an LMI household) or b) Eligible subrecipient did not provide required program documentation or meet contract terms of forgiveness requirements (i.e. did not sign subrogation agreement)

If it is detected that the subrecipient provided funds in excess of what the applicant was eligible to receive, the subrecipient must immediately repay the excess funds to the state.

The subrecipient must also document in the applicant's file detailing the reason for the over disbursement of funds. The applicant's file should clearly identify the name of the program through which the funds were provided to the applicant, the dollar amount provided and the portion of the funds deemed over disbursed.

If the Subrecipient determines the applicant did not meet contract or program eligibility requirements, the Subrecipient must recapture the funds using their established policy/procedures. The subrecipient's recapture policy/procedures must contain at a minimum the following:

- Documentation of reason(s) for recapture
- 30-day notice requiring repayment options and opportunity to cure:
- Repayment amount
- Partial repayment request for repayment plan (installments) – request is sent to IEDA for approval including financial supporting repayment plan).
- Appeal process, contesting repayment. An applicant may appeal to the subrecipient. Subrecipient gathers additional information regarding the appeal and makes a determination. Subrecipient forwards appealed determination to IEDA.
- If a notice is returned, the subrecipient will take action to locate the applicant.
- Subrecipient sends 15-day notice & demand for repayment with opportunity to cure if no response from 30-day notice.
- If fraud is suspected, the file is immediately turned over to IEDA.

If the subrecipient has not recaptured funds by locating applicants and sending notices, the subrecipient may make a formal request to IEDA to initiate collection and/or legal actions for specific applicants. (note: IEDA will only take assignment on an enforceable lien/contract). Subrecipient submits:

- A request to initiate collections and legal action for specific applicants, approved by the City Council/Board of Supervisors/Tribal Council;
- An "Assignment of Contract" signed by City/County/Tribe official
- Summary of reason(s) for recapture of funds and collection actions taken by the Subrecipient;
- Copy of applicant file including original signed contract between applicant and subrecipient, signed contract documents, applicant name, address and contact



information; demand notices sent to applicant and correspondence and/or results of notices; copy of bankruptcy notification if applicable.

Subrecipient sends repayment or the file (in the event the funds were uncollectable) to IEDA. Repayments are returned on a claim form accompanied by a completed Return of Funds Form.

## **IEDA process for Improper Payment of Disaster Funds**

### 1. IEDA monitoring of the Subrecipient recapture process.

The IEDA disaster recovery project manager will review the subrecipient's recapture policies and procedures through a desktop monitoring prior to the first construction draw.

### 2. IEDA Collections Manager follows IEDA collections process:

If the Subrecipient has notified IEDA of suspected fraud. IEDA will provide information to the Iowa Attorney General and HUD.

IEDA reviews the subrecipient's collection/attempts to collect over disbursed funds to ensure an attempt to contact the subrecipient has been made. Where applicable, IEDA may attempt to recoup or recover funds or assets.

IEDA reviews any requests for payment terms other than full and immediate repayment and request additional documents as applicable. IEDA may recommend a charge-off, if one of the following conditions occurs.

- Funds to be recaptured are less than \$100.
- Subrecipient of funds has very little or no means to repay with no assets that can be garnished.
- Costs of collection would exceed the payment due amount.
- Subrecipient cannot be located.

If legal action is required, IEDA Director approves prior to forwarding to collection attorneys. IEDA documents resolution of all State-handled collection cases.

## **Timesheet Approval- IEDA Employees**

Timesheets are completed bi-weekly by each employee and show the breakdown of time spent by an employee on disaster related activities. Employees must sign/certify their timesheet and submit to the supervisor for approval. The timesheets are forwarded to the Human Resource Associate where they undergo review and employee leave balances, etc., are monitored and updated.

## **Period of Performance and Authorized Pre-award Costs**

IEDA will ensure it will charge to HUD only allowable costs (except as described in 200.461, Publication and Printing costs) incurred during the period of performance and authorized pre-award costs per 2 CFR 200.309.

In addition, IEDA follows 2 CFR 200.458 which states pre-award costs incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.





IEDA will limit all pre-award costs to those costs incurred and paid by the State only. Such costs include administrative time for IEDA staff for the establishment of CDBG-DR programs, and costs associated with three technical services contracts:

1. Duplication of Benefits (DOB) technical assistance to develop necessary compliance requirements for program guidelines, and;
2. Design Consultation technical assistance to provide high performance building and storm water management design services to CDBG-DR applicants, and;
3. Home Energy Rating System (HERS) rater consultant to assist with early design concepts for high performance housing construction.

IEDA ensures that only allowable costs are charged to HUD in a variety of ways.

## **Program Income and Recaptured Funds – Timing of Use**

*Certified in both 2019 & 2020*

### **Program Income**

All funds are provided to Recipients on a reimbursement basis. Although no revenue-generating activities are anticipated to be undertaken with CDBG-DR funds, the IowaGrants.gov management system is set up to track program income. Should this occur, program funds are not allowed to be drawn until all program income has been expended. Recapture of funds (funds returned to the State as a requirement of a Term of Affordability, after a National Objective has been met) will be treated in the same manner as program income.

When funds are returned to the State through repayment, recapture or insurance proceeds, and current incoming draws are not anticipated in the short-term, in order to comply with all first-in, first-out policies, the funds will be receipted as Program income, to be re-obligated to future eligible projects.

The IEDA does not anticipate gross income earned by the subrecipient that is directly generated by a supported activity or earned as a result of the CDBG-DR Award during the period of performance. If the situation arises the following steps will be taken to ensure reconciliation of program income with all accounting systems;

#### **If the activity is still open in IowaGrants and DRGR:**

- Subrecipient will report, via IowaGrant's normal claim process, the amount of program income earned.
- Subrecipient will disburse and report through IowaGrants, funds available from program income prior to drawing additional program funds.
- IEDA will not approve claims in IowaGrants that do not take into account the first the expenditure of reported program income.
- Presumably at the end of the contract there will be an amount of un-drawn funds equal to the amount of Program Income received. This will be deobligated by the State at the activity closeout.

#### **If the activity is closed in IowaGrants and DRGR, but the HUD Grant with the State is still open:**

- The Subrecipient will mail the payment to IEDA with the contract and Activity number in the Memo Line
- IEDA will deposit the funds and enter program income into DRGR





- The State will expend the funds on the first CDBG-DR eligible claim in IowaGrants and DRGR
- As Activities close, if there is a remaining balance resulting from the use of Program Income, this will be deobligated by the State at the activity closeout.

#### **If the HUD Grant with the State is closed**

- The Subrecipient will mail the payment to IEDA with the contract and Activity number in the Memo Line
- The funds will be deposited by IEDA, and recorded into IDIS as Program Income from CDBG-DR to be applied to the State's annual CDBG program.
- Program Income funds will be expended first to eligible annual CDBG claims in IowaGrants and IDIS.
- As Activities close, if there is a remaining balance resulting from the use of Program Income, this will be deobligated by the State at the activity closeout.

### **Contingency Plan for Unsold SFNC Units**

Should a housing unit or multiple housing units constructed under the Single-Family New Construction programs not sell by the end of IEDA's contract with the subrecipient, the State will explore contingency plans with the subrecipient to see if there is another way to ensure the housing units benefit persons of low to moderate income.

The IEDA project manager will schedule a meeting with the subrecipient and developer to discuss the sale process and establish a contingency plan to prevent the need to recapture the CDBG-DR funds due to failing to meet a national objective. Determination of the contingency plan will be made by the Disaster Recovery Team lead upon advice of the IEDA project manager.

The following options may be taken individually or multiple selections may be made. Documentation of the contingency plan will be included within applicable contract amendments in IowaGrants. Multiple contingency plans may be taken.

#### **Option 1: Extend the Contract**

Should the subrecipient and developer believe the SFNC housing units will be sold within 3 months, and sufficient time remains in IEDA's grant agreement with HUD, the contract between IEDA and the subrecipient may be extended by 3 months. The developer agreement will need to be extended prior to IEDA's approval of the contract amendment.

#### **Option 2: Increase the Housing Construction Offset to Reduce the Sales Price**

Should the subrecipient and developer indicate that the sales price is too high to be sold to LMI households within 3 months, sufficient time remains in IEDA's grant agreement with HUD, and sufficient CDBG-DR funds are unobligated, IEDA may increase the per-unit housing construction offset in conjunction with the reduction in sales price from the program maximum. The contract will also be extended. The developer agreement will need to be extended prior to IEDA's approval of the contract amendment.

#### **Option 3: Convert into a Rental**

Should the subrecipient and developer indicate that the unit/s will not be sold within a timely manner, and should sufficient time remains in IEDA's grant agreement with HUD, IEDA may allow for the unsold unit/s to be converted into a rental project. The IEDA contract will be amended to add the rental activity and provide for a time extension not exceeding 6 months. The subrecipient will need to sign a new development agreement for the rental activity. Rental covenants and the





assignment of leases and rents will need to be recorded for the new rental units. As allowable under the Public Action Plan, IEDA will allow for an increase of the MFNC construction offset to match what has awarded as a SNFC housing construction offset. The DRGR Action Plan will be updated, including the performance metrics such as total projected and total accomplishments, along with a detailed justification of the changes. No more than 4 units may be transitioned into rental housing without the approval of the Director.

**Option 5: Recapture of Funds**

If the project will not result in the sale of new housing units to LMI buyers, and if the rental option cannot be attempted, the State will recapture the funds expended on the SNFC housing activity in accordance with the contract with the subrecipient and developer agreement as no national objective will have been met.

**Option 6: Other Method**

Should another method become available, such as selling the home to an organization such as Habitat for Humanity that serves LMI households, the method will be detailed specifically as an added option to the contingency plan.







## AUDITS

**Responsible personnel or unit:** Internal Controls Project Manager, Audit Coordinator, and Accounting Team

### Local Governments/Nonprofit Organizations

For subrecipients of \$750,000 or more in federal funds received from more than one source of federal funding in a fiscal year, an organization-wide audit must be performed. Auditees submit copies of audits to the Federal Audit Clearinghouse (FAC) to publish online where it is available for public inspection (200.512(b)(2)).

For subrecipients of \$750,000 or more in federal funds received from a single source of funding in a fiscal year, a project audit, targeting only transactions dealing specifically with the project may be performed in lieu of an organization-wide audit.

Subrecipients of less than \$750,000 in federal funds within a year are exempt from federal audit requirements.

IEDA reserves the right to request additional information as needed.

### Pre-Award Audit

A Pre-Award Audit may be required of all for-profit and non-profit direct subrecipients of grant funds that exceed \$150,000. Pre-Award Audits will be initiated by IEDA following awards. Completion of the Pre-Award Audit survey including satisfactory results or remedies must occur prior to contract execution and transfer of funds from IEDA.

### Audit Process

#### Making Audits Publicly Available

Auditees submit copies of audits to the Federal Audit Clearinghouse (FAC) to publish on the Web where it is available for public inspection (200.512(b)(2)).

#### IEDA Audit Process

IEDA utilizes the State Auditors to meet single audit requirements which are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) (200.514(a)). The Iowa Economic Development Authority is billed for only single audit work performed by the Iowa Auditor of State and specific internal auditor functions they provide related to the CDBG-DR funds. Single Audit bills are allocated to major programs based on prior fiscal year expenditures. If the federal funds are not selected as a major program of the state, no audit costs are charged. The specific internal auditor functions provided by the Iowa Auditor of State will be billed, in entirety to the CDBG-DR program as no other programs are reviewed as part of the internal audit function.

In addition to regular audits, IEDA's programmatic and financial oversight of activities will be completed by the Office of the Auditor of State in an agreed upon procedure document. They will also be responsible for detecting fraud, waste, and abuse through their audits as well as our compliance team leader. All incidents of fraud, waste, and abuse will be submitted to HUD.

The agreed upon procedures will involve the evaluation and inspection of IEDA's (and its subrecipients) files, and policies/processes to determine compliance with requirements outlined in the Uniform Guidance related to:





- Activities allowed/or unallowed
- Allowable costs/Cost principles
- Eligibility
- Subrecipient monitoring
- Compliance with Duplication of Benefit provisions

It is anticipated IEDA will have the following program areas within 2019 Floods CDBG-DR:

1. Housing- FEMA Match Buyouts
2. Infrastructure- Stormwater Infrastructure

It is anticipated IEDA will have the following program areas within 2020 Derecho CDBG-DR:

1. Housing – New Housing Construction for sale and for rent
2. Housing - Owner-Occupied Rehabilitation
3. Infrastructure -Tree Canopy Restoration
4. Infrastructure- Generators for Critical Facilities

### **Subrecipient Audit Process**

Set up in IowaGrants – If IEDA is awarding more than \$750,000 to a City/County, the Closeout/Audit section of IowaGrants is checked that an audit is required.

July of each Year: Operations Program Manager sends Appendix XI Compliance Supplement Audit letter and Single Audit Form (SF-SAC) to every subrecipient. The Single Audit Form must be returned to IEDA.

As audits are received, they are logged into the IowaGrants by contract.

- Date audit received
- Type of Audit (City, County)
- Audit Year

If the audit has findings or issues, the project manager assigned to the contract will follow up until resolution. Per 2 CFR 200.331(d)(3), IEDA will issue a management decision for audit findings that relate to the CDBG-DR awards made to Subrecipients.

Prior to closing a contract, Operations Program Manager:

- Verifies receipt of 2 CFR 200 Audit or Single Audit Form
- If not received, the subrecipient is contacted or auditor's website is checked to see if audit is available. If available, print, update IowaGrants, file copy of audit and close out contract.

Check Federal Audit Clearinghouse (FAC) to verify audit has been received. Log date received into IowaGrants





## REPORTING AND PERFORMANCE REVIEW

**Responsible personnel or unit:** Disaster Recovery Team, Internal Controls Project Manager, Data Manager

### Internal Control System

IEDA has identified personnel within the Disaster Recovery and Federal Programs teams to oversee the data management, reimbursement and financial procedures, special programs, and contract closeout. While most of this Policies and Procedures document reflects IEDA's integration of internal controls into standard practices, this section will reflect IEDA's compliance with and reference to the *United States Government Accountability Office's Standards for Internal Control in the Federal Government, GAO-14-704G* ("the Green Book").

*Internal Auditing* - IEDA has established a separate Internal Controls Project Manager position and placed it within the Iowa Finance Authority (IFA) State Programs Team to provide an internal audit function. This position allows for separations of duties from the Disaster Recovery Team, whose primary work is to establish programs, make awards, and manage open grants, including conducting risk assessments and monitoring of awarded subrecipients. This position reports separately from the IEDA Disaster Recovery and Federal Programs teams to the IFA State Programs Director, who reports to the IEDA | IFA Chief Programs Officer. See the organizational chart for the reporting structure.

*Control Environment* – By empowering existing Disaster Recovery and Federal Programs staff to review and enforce compliance requirements, the IEDA has established an appropriate separation of duties. Ensuring that those writing, awarding and managing programs are not the same staff who are reviewing and processing financial claims, internal audits and grant close out.

*Risk Assessment* – Project Managers conduct an annual risk assessment of all subrecipients funded with CDBG-DR funds. These risk assessments take into consideration the subrecipient's risks in terms of financial risk, program management/capacity, quarterly progress, and completion of deliverables.

*Control Activities* – The Data Manager plays an active role in ensuring that the information collected through CDBG-DR funded grants accurately reflects the work being completed by the subrecipients. This data is also used to document compliance with federal and state laws and regulations. The Data Manager works with project managers to set up recurring custom reports that are sent directly to the project managers to assist in grant management.

*Information and Communication* – The information and data collected through the IowaGrants system and overseen by the Data Manager is used to clearly communicate progress, issues, and solutions to team members of agency management.

*Monitoring* – All CDBG-DR funded activities are managed by project managers in accordance with the monitoring policy of this document. Furthermore, IEDA's Internal Controls Project Manager conducts an annual assessment of the Disaster Recovery Team's practices in comparison to the policies and procedures outlined in this document. This annual assessment informs updates to policies.





## Agreed Upon Procedures

In addition to the above internal control components, the Office of the Auditor of the State of Iowa will provide audit and oversight of IEDA. Additionally, internal control will be reviewed through the audit function provided by the Office of the Auditor of the State of Iowa, per Agreed Upon Procedures for the CDBG-DR funds. The results of these audits/reviews are reported to IEDA Community Development personnel, the public, the IEDA board, HUD, and the IEDA director.

The Appendix includes:

- Copy of Article IV, Constitution of the State of Iowa, Section 22 – states the auditor of state is an elected official.
- Letter dated \_\_\_\_\_ from the Office of the Auditor of State regarding Agreed Upon Procedures for CDBG-DR Supplemental funds.

## Internal Reporting

### Monthly Reports to Department of Management

The Accounting Team is responsible for providing accurate and timely financial reports to the Department Management. The monthly budget vs. actual reports is prepared by the accountant to enable IEDA and the Department of Management to quickly analyze the financial position of the CDBG program. The report shows the current budgeted amount in the action plan for each program and the amounts disbursed both by program and region. Total disbursed funds by region are split between program and administrative costs to monitor compliance with the administration allocation.

## External Reporting

### Responsible personnel or unit: Operations Program Manager

The DRGR Action Plan and Quarterly Performance Report (QPR) are submitted to HUD each quarter through the Disaster Recovery Grant Reporting (DRGR) system by IEDA's Operations Program Manager, a member of the Disaster Recovery Team. HUD gathers information from the Iowa QPR and reports to the U.S. Congress.

The DRGR Action Plan is submitted to HUD through DRGR 15 days after the end of the quarter. The DRGR Action Plan lists all of the activities in the CDBG-DR grant, the activity description, the total CDBG-DR Grant Funds Budgeted for each activity and the expected performance measures. The budgeted totals for each program must not exceed the amount authorized in the DRGR system. After the DRGR Action Plan is updated in DRGR, it is then submitted to HUD to review and approve. Only after the DRGR Action Plan is approved can the QPR be submitted.

The Quarterly Performance Report must be submitted to HUD through DRGR 30 days after the end of the quarter. The QPR contains financial information, performance measures achieved, and an activity progress narrative for each activity. Actual amounts expended, drawn down (revenue) and obligated during the quarter are included in the financial information reported. The drawdown and obligated amounts are automatically updated from the DRGR drawdown module each quarter. However, the amounts expended must be manually entered into the QPR. After the QPR has been updated, it is then submitted by the Operations Program Manager to HUD to review and approve. HUD will review the QPR and submit data from the report to the U.S. Congress by the 19<sup>th</sup> of the following month. The table below outlines the target dates for Disaster Recovery Grant Reporting.



### Target Dates – Deadlines

	January 1- March 1 Report	Apr 1st to Jun 30th Report	Jul 1st to Sep 30th Report	Oct 1st to Dec 31st Report
Grantee to submit Action Plan changes with new or modified activities	March 30	June 30	September 30	December 31
HUD to review Action Plan changes - approve or reject for modification	April 15	July 15	October 15	January 15
Grantee to submit Quarterly Performance Report (QPR)	April 30	July 30	October 30	January 30
HUD to submit QPR data in Reports to Congress	May 19	August 19	November 19	February 19

### Reports Available to Public

IEDA’s Disaster Recovery staff ensures that all DRGR quarterly reports that have been reviewed and approved by HUD are posted on the IEDA website for public review.

## STATE CLOSEOUT PROCEDURE & DEOBLIGATION OF FUNDS WITH HUD

**Responsible personnel or unit:** Disaster Recovery Team Lead, Operations Program Manager

IEDA will follow closeout procedures for subrecipient agreements as contracts are completed, as stated in the previous section Financial Procedures, IowaGrants Management System Process, Subrecipient Closeout Procedures. Upon the closeout of all subrecipient agreements, IEDA will begin the closeout procedure for the CDBG-DR award. IEDA’s role in the closeout procedure includes the following steps, or as determined by HUD closeout guidance.

- Expend all grant funds in accordance with needs or return funds
- Update accomplishments data to reflect all activities completed (or canceled)
- Update the performance measures for actual versus proposed
- Review final QPR
- Resolve all audit and monitoring issues
- Complete closeout certification and checklist as provided by HUD
- Complete closeout agreement

If a CDBG-DR funded project results in return of funds during or after the HUD closeout procedure, the funds will be held by IEDA and treated as program income. The funds will be expended through IEDA’s annual CDGB program prior to the expenditure of additional regular program funds.





## CHAPTER 2: CONTRACTING & PROCUREMENT

### In this Chapter:

- Contracting
  - Contracts (Minor Amendment, Major Amendment, IEDA-initiated Amendment)
  - Subrecipient Closeout Procedures with State
- CDBG-DR Procurement Policy
- Required Contract Provisions
- State CDBG-DR Code of Conduct
- Contractor Clearance Policy



## CONTRACTING

**Responsible personnel or unit:** IEDA Chief Legal Counsel & Disaster Recovery Team

The IEDA will utilize written and executed contracts for the award of all funds administered by the IEDA under this federal grant program. All contracts will stipulate the subrecipient entity, the budget, the eligible activities, and the performance targets. Additionally, contracts stipulate articles including but not limited to those regarding definitions, funding, terms of grant, performance target achievement, use of funds, conditions to disbursement of funds, default and remedies, etc. A sample contract is included as Appendix B to this document.

### Contracts

The IEDA will utilize contracts for services both directly procured by the IEDA and as subrecipient agreements with grantees to administer programs at the local level. As such, terms and stipulations of contracts may vary based on applicability. IEDA Chief Legal Council will review and approve contracts.

Contracts will be sent electronically to subrecipients for signature. Signed contracts will be returned to IEDA for signature and full execution. Once contracts are executed, they are scanned and uploaded into IowaGrants.

If changes to a contract are required within the contracts period of performance, the following steps will be taken to successfully amend a contract.

#### Minor Amendment

- Subrecipient submits a request to revise contract and uploads a letter requesting change with supporting documentation through IowaGrants.
- Project Manager receives notice of request through IowaGrants.
- Project Manager notes the reason for the amendment in the comments section and approves or disapproves Subrecipient request.
- Project Manager then notifies Disaster Recovery Team Lead via IowaGrants.
- Disaster Recovery Team Lead approves or disapproves request and notifies Operations Program Manager.
- Operations Program Manager revises IowaGrants DRGR, the Allocation Summary, and then approves request. Dates are entered under the “Internal Use Only” section.
- IowaGrants notifies Subrecipient of final Action.

#### Major Amendment

- Subrecipient submits a request to revise “Budget Activity” or “Project Description” including either/or federal budget, direct leverage, or supporting leverage amount. Subrecipient uploads a letter requesting change with supporting documentation through IowaGrants.
- Project Manager receives notice of request through IowaGrants.
- Project Manager notes the reason for the amendment in the comments section and approves or disapproves Subrecipient request.
- Project Manager then notifies Disaster Recovery Team Lead via IowaGrants.
- Disaster Recovery Team Lead approves or disapproves request and notifies Operations Program Manager.





- Operations Program Manager emails amendment to Accounting Director for approval. The approval email is uploaded under the Management Approval Document.
- Operations Program Manager revises IowaGrants, DRGR, the Alog and then approves request. Dates are entered under the “Internal Use Only” section.
- IowaGrants notifies Subrecipient of final Action.

### **IEDA-Initiated Amendment**

- Reasons for an amendment include a Unilateral Modification to accommodate any change in the applicable Act, Federal, State or local laws, regulations, rules or policies. These may be a minor or major amendment. A unilateral modification will be given to the Subrecipient as an amendment.
- Project Manager may initiate either a minor or major amendment and amendments will be processed similar to the subrecipient initiated amendment process.
- A minor amendment could be for reasons such as an update to the guidelines, citation changes, clarification received from HUD, a revision or addendum to guidelines or Project Description, etc.
- An example of a major amendment would be for a change to the contract such as adding or removing language incorporating guidelines, conditions, or attachments. These may or may not require a signature by both parties. Changes will be appended to the original contract found in IowaGrants.
- IEDA major amendments require same sign-off as Subrecipient initiated major amendment.
- Any other requests for changes outside of the state will be made through IowaGrants in consultation with IEDA’s management. The IEDA contract specialist can provide a detailed list of the steps required for data entry in IowaGrants.

### **Subrecipient Closeout Procedures with State**

When a contract reaches the established end date or upon notification by the project manager, the Operations Program Manager generates the Final Project Closeout Checklist. The checklist assesses total expenditures, satisfactory compliance with contract terms, and the contract status for audit compliance. The Operations Program Manager completes the first part of the checklist by verifying the contract award and spent amount in IowaGrants and DRGR. The coordinator also notes if any funds will be de-obligated. The checklist is then forwarded to the project manager that verifies satisfactory compliance and that the contract has been monitored and that all monitoring findings have been cleared. The project manager returns the form to the Operations Program Manager, who ensures the activities associated with the contract are then closed in IowaGrants, the action plan and DRGR. The Operations Program Manager then issues the Contract Completion letter to the subrecipient and uploads the signed form into IowaGrants. The Operations Program Manager also ensures the Allocation Log records the final amount spent, date contract was closed, and de-obligates any unspent funds so that the balances of the allocation can be updated. This gives IEDA the ability to know how many funds are available for future awards to subrecipients.

As allowable within the project timeline, funds deobligated by a subrecipient will be made available to other subrecipients to further support efforts directly related to existing project goals and deliverables.







## STATE PROCUREMENT POLICY

*Certified in both 2019 & 2020*

### Community Development Block Grant Disaster Recovery Procurement Policies and Procedures

2 CFR 200.317 provides that subrecipients of a state that is administering federal funds will follow sections 200.318 General procurement standards through 200.326 Contract provisions. However, 24 CFR 570.489(g), set out in full below, enables states that administer Community Development Block Grant funds to adopt procurement standards other than those set out in 2 CFR Part 200 for units of local government that are subrecipients of CDBG funds.

*24 CFR 570.489 (g) Procurement:* When procuring property or services to be paid for in whole or in part with CDBG funds, the State shall follow its procurement policies and procedures. The State shall establish requirements for procurement policies and procedures for units of general local government, based on full and open competition. Methods of procurement (e.g., small purchase, sealed bids/formal advertising, competitive proposals, and noncompetitive proposals) and their applicability shall be specified by the State. Cost plus a percentage of cost and percentage of construction costs methods of contracting shall not be used. The policies and procedures shall also include standards of conduct governing employees engaged in the award or administration of contracts. (Other conflicts of interest are covered by § 570.489(h).) The State shall ensure that all purchase orders and contracts include any clauses required by Federal statutes, Executive orders, and implementing regulations. The State shall make subrecipient and contractor determinations in accordance with the standards in 2 CFR 200.330.

The regulation also allows the State to follow its own procurement policies and procedures to govern state-initiated procurement. The Code of Iowa 11.117 & 11.118 pertain to procurement standards by state agencies. Specifically, IAC 11.117.1(2) and 11.118.2(8A) states that Department and agencies shall follow procurement policies regardless of the funding source supporting the procurement (if allowable). Iowa Code 11.117 and 11.118 are found in the appendix to this Policy and Procedure Manual.

The State of Iowa, in its administration of the CDBG-DR grant, hereby establishes the following procurement standards for subrecipients of CDBG-DR funding that are units of local government.

IEDA Project Managers are responsible for compliance of sub-recipients to the procurement policy. IEDA project managers are listed in the IEDA Organizational Structure section of this policy and procedure manual.

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#### Procurement Standards

##### General (Replaces 2 CFR 200.318)

Subrecipients of the CDBG-DR program must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

The subrecipient alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising





out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the subrecipient of any contractual responsibilities under its contracts.

Responsible unit: IEDA disaster project managers verified via monitoring.

**Conflicts of interest in awarding contracts** (Replaces 2 CFR 200.318)

The subrecipient must maintain written standards of conduct covering and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

If the subrecipient has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the subrecipient must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the subrecipient is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

IEDA may terminate contracts with any CDBG-DR subrecipient that violates this policy and may require full repayment of funds issued to the subrecipient.

Responsible unit: IEDA disaster project managers verified via monitoring.

**Best Cost** (Replaces 2 CFR 200.318)

The subrecipient's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. The subrecipient is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

Responsible Unit: IEDA disaster project managers verified via monitoring and/or state auditor.

**Responsible Contractors** (Replaces 2 CFR 200.318)

The subrecipient must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Awards must not be made to parties listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System in





SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

The subrecipient must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following:

rationale for the method of procurement

selection of contract type

contractor selection or rejection

the basis for the contract price.

Responsible Unit: IEDA disaster project managers verified via monitoring and/or state auditor. SAM verification checked by IEDA Audit Coordinator via submitted IowaGrants form.

### **Competition** (Replaces 2 CFR 200.319)

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals shall be excluded from competing for such procurements. IEDA will consider requests for waivers of this provision. The subrecipient must make a sufficient showing that the number of contractors that provide the goods or services is insufficient that it is necessary to not exclude contractors that developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals.

Examples restrictions on competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equivalent” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

The subrecipient must conduct procurement in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal or State of Iowa law expressly mandates or encourages geographic preference. Nothing in this section preempts state licensing laws.

When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion, provided that an appropriate number of qualified firms remain, given the nature and size of the project, to compete for the contract.

The subrecipient must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of





the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided. When it is impractical or not reasonably feasible to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

Responsible Unit: IEDA disaster project managers verified via monitoring and/or state auditor

### **Types of Procurement** (Replaces 2 CFR 200.320)( based on Iowa Code section 11.118)

**Small:** Estimated annual value does not exceed \$5,000 and does not exceed \$15,000 for multiyear contracts: For supplies and services only. The subrecipient does not need to solicit competitive quotations if the subrecipient considers the price to be reasonable. To the extent practicable, the subrecipient must distribute such procurement equitably among qualified suppliers.

**Simple:** Estimated annual value exceeds \$5,000 but less than \$50,000 per year and does not exceed \$150,000 for multiyear contracts: For non-engineering and architectural services and supplies only. The subrecipient may use an informal competitive selection process to engage a service provider. Informal selection means price or rate quotations must be obtained from an adequate number of qualified sources. The subrecipient may contact the prospective service providers in person, by telephone, fax, email or letter. The subrecipient should solicit at least three prospective service providers. The subrecipient must justify, to IEDA’s satisfaction, contacting fewer than three service providers. The justification shall be included in the contract file.

**Professional:** Estimated annual value exceeds \$50,000 per year and exceeds \$150,000 for multiyear contracts: For supplies and services and ALL engineering and architectural services, a subrecipient shall use a formal *competitive selection* process to procure the goods or services.

**Sealed bids:** (formal advertising): The sealed bid method is the preferred method for procuring construction. Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price. A complete, adequate, and realistic specification or purchase description will be developed before bidding.

The following requirements apply:

Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, and the invitation for bids must be publicly advertised (not required for nonprofit entities);

The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;





All bids will be opened at the time and place prescribed in the invitation for bids, and the bids must be opened publicly;

The subrecipient shall enter into a firm fixed price contract award with the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

Any or all bids may be rejected if there is a sound documented reason.

Competitive Selection Process: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when a sealed bidding process is not appropriate. If this method is used, the following requirements apply:

Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

Proposals must be solicited from an adequate number of qualified sources;

The subrecipient must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

The subrecipient may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Noncompetitive proposals: Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

(1) The item is available only from a single source. This type of procurement is referred to as sole-source procurement;

(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or

(4) After solicitation of a number of sources, competition is determined inadequate. This type of procurement is referred to as single-source procurement.





Responsible unit: IEDA disaster project managers verified via monitoring and/or state auditor

**Targeted Small Businesses – Minority, Disabled, and Woman Owned Businesses** (Replaces 2 CFR 200.321)

The subrecipient must take all necessary affirmative steps to ensure that minority businesses, women's business enterprises, businesses owned by disabled persons, and labor surplus area firms are used when possible.

Affirmative steps must include:

(1) Placing qualified small and minority businesses, small women's business enterprises, and small businesses owned by disabled persons on solicitation lists. Link to a directory of Targeted Small Businesses in Iowa: <https://iowaeda.microsoftcrmportals.com/tsb-search/>;

(2) Ensuring that Targeted Small Businesses are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by Targeted Small Businesses;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by Targeted Small Businesses.

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration, the Minority Business Development Agency of the Department of Commerce and the Iowa Economic Development Targeted Small Business Program <https://www.iowaeda.com/small-business/targeted-small-business/> and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

Responsible unit: IEDA disaster project managers verified via monitoring

**Recycled Content and Products** (Replaces 2 CFR 200.322)

When appropriate, specifications shall include requirements for the use of recovered materials and products.

The specifications shall not restrict the use of alternative materials, exclude recovered materials, or require performance standards that exclude products containing recovered materials unless the subrecipient seeking the product can document that the use of recovered materials will impede the intended use of the product.

Responsible unit: IEDA disaster project managers verified via monitoring.

**Cost Analysis and Contract Price** (Replaces 2 CFR 200.323)

The subrecipient must perform a cost or price analysis in connection with every procurement action in excess of the small, simple and professional acquisition thresholds, including contract modifications. The method and degree of analysis is dependent on the facts surrounding the





particular procurement situation, but as a starting point, the subrecipient must make independent estimates before receiving bids or proposals.

The subrecipient must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the subrecipient under 2 CFR 200.402 - 406.

The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

Responsible unit: IEDA disaster project managers verified via monitoring and/or state auditor.

### **Review of Procurement Documents and Procurement System** (Replaces 2 CFR 200.324)

The subrecipient must make available upon request pre-procurement review; procurement documents, such as requests for proposals or invitations for bids; or independent cost estimates, when:

- Requested by IEDA;
- The procurement is expected to exceed the small, simple and professional acquisition thresholds and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
- The procurement, which is expected to exceed the small, simple and professional acquisition thresholds, specifies a “brand name” product;

IEDA Certification: The subrecipient may request that IEDA certify that its procurement system meets these standards.

Self-certification: The subrecipient may self-certify its procurement system. Such self-certification shall not limit IEDA’s right to review and survey the system. If a subrecipient self-certifies its procurement system, the IEDA may rely on written assurances from the subrecipient that it is complying with these standards. The subrecipient must cite specific policies, procedures, regulations, or standards as compliant with these requirements and make its system available for review.

Responsible unit: IEDA disaster project managers verified via monitoring and/or state auditor

### **Bonding** (Replaces 2 CFR 200.325)

For construction or facility improvement contracts or subcontracts for public improvement projects and multi-family residential buildings, and new housing construction the minimum requirements shall be as follows:





A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

A performance bond for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.

A payment bond for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to ensure that the contractor will pay as required by law all persons supplying labor and material in the execution of the work provided for in the contract.

The subrecipient may petition IEDA to accept its bonding policy, provided that IEDA has made a determination that the Federal interest is adequately protected. For housing, the recipient’s city attorney has certified that public improvements referenced in Iowa Code Section 573.7 does not pertain to housing construction.

Responsible unit: IEDA disaster project managers verified via monitoring and/or state auditor

**Contract Provisions** (Replaces 2 CFR 200.326)

The subrecipient’s contracts must contain the applicable provisions set out in Appendix I of this procurement policy.

Responsible unit: IEDA disaster project managers verified via monitoring and/or state auditor







# Community Development Block Grant Disaster Recovery Procurement Policy & Procedures

## Appendix I: Required Contract Provisions

### REQUIRED CONTRACT LANGUAGE

All project contracts shall contain at a minimum the following provisions, as appropriate.

#### All Contracts:

Funding, in whole or in part, for this Project is funded through Community Development Block Grant-Disaster Recovery (CDBG-DR) as awarded to the State of Iowa by the U.S. Department of Housing and Urban Development (HUD). All provisions of the Federal Code of Regulations, Title 24 (CFR 24), Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments applies to this Project.

Federal Law requires that contracts relating to this Project include certain provisions of CFR Title 24 Part 85.36 (h, i) Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments. Depending on the type of work or services provided and the dollar value of the Project, some of the provisions set forth in CFR Title 24 may not apply to the Contractor or to the work or services provided hereunder; however, the provisions are nonetheless set forth to cause this Project to comply with Federal law.

This Project will be in strict compliance with program requirements of the Awarding Agency and of CFR Title 24 Part 85.36 (i & h). The Contractor certifies:

1. **To Be Detailed in Contract Terms:** Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as may be appropriate (Contracts more than the simplified acquisition threshold)
2. **To Be Detailed in Contract Terms:** Termination clause for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000). This should include under what conditions the clause by be imposed, the form the termination must take (e.g. certified letter), the timeframe required between the notice of termination and its effective date, and the method used to compute the final payment(s) to the contractor.
3. **All Construction Contracts in Excess of \$10,000:** Compliance with EO 11246 of September 24, 1965, entitled "Equal Employment Opportunity", as amended by Executive Order 11375 of October 13, 1967, and as supplemented by U.S. Department of Labor regulations (41 CFR Chapter 60).
4. **All Contracts and Subcontracts for Construction or Repair:** Compliance with the Copeland Anti-Kickback Act (18 U.S.C 874) as supplemented by U.S. Department of Labor regulations (29 CFR Part 3).





5. **All Construction Contracts in Excess of \$2,000 When Required by Federal Grant Program Legislation:** Compliance with the Davis Bacon Act (40 U.S.C 276a to 276a-7) as supplemented by U.S. Department of Labor regulations (29 CFR Part 3).
6. **All Construction Contracts in Excess of \$2,000, and All Contracts in Excess of \$2,500 for Other Contracts Which Involve the Employment of Mechanics or Laborers:** Compliance with Section 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by U.S. Department of Labor regulations (29 CFR Part 5). Housing rehabilitation and new housing construction contracts of less than 8 units are excluded from this requirement.
7. Notice of awarding agency requirements and regulations pertaining to reporting
8. Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract
9. Awarding agency requirements and regulations pertaining to copyrights and rights in data
10. Access by the grantee (State of Iowa), the subgrantee, the Federal grantor agency, the Comptroller General of the United States, the State Auditor, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purposes of making an audit, examination, excerpts, and transcriptions.
11. Retention of all records for 3 years after the State of Iowa has closed the CDBG-DR grant funding this Project with the U.S. Department of Housing and Urban Development.
12. **All Contracts, Subcontracts, and Subgrants in Excess of \$100,000:** Compliance with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1857(h)), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and U.S. Environmental Protection Agency regulations (40 CFR Part 15). During the period of performance of this Contract, the Contractor agrees:
  - a. The Contractor will certify that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the Excluded Party Listing System pursuant to 40 CFR 32.
  - b. The Contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act, as amended (42 U.S.C 1857c-8) and Section 308 of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1318), relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.
  - c. The Contractor agrees that as a condition for the award of the contract, prompt notice will be given of any notification received from the Director, Office of Federal Activities, Environmental Protection Agency, indicating that a facility utilized or to be utilized for the Contract is under consideration to be listed on the Excluded Party Listing System.
  - d. The Contractor agrees that it will include or cause to be included the criteria and requirements in Paragraph (1) through (4) of this section in every nonexempt



subcontract and require every subcontractor to take such action as the Government may direct as a means of enforcing such provisions.

## **Bonding Requirements:**

For construction, facility improvements, and new housing contracts or subcontracts exceeding the simplified acquisition threshold (\$100,000), the awarding agency may accept the bonding policy and requirements of the grantee (State of Iowa) or the subgrantee provided that the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

1. A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
2. All Contracts Over \$25,000: A performance bond on the part of the contractor for 100 percent (100%) of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such a contract.
3. All Contracts Over \$25,000: A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided in the contract.

## **Certifications**

The Contractor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, and orders when providing Deliverables under this Contract, including without limitation, all laws that pertain to the prevention of discrimination in employment and in the provision of services. Failure to comply with this provision may cause this Contract to be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for future contracts or be subject to other sanctions as provided by law or rule. The Contractor, its employees, agents, and subcontractors shall also comply with all federal, state, and local laws regarding business permits and licenses that may be required to carry out the work performed under this Contract. If all or a portion of the funding used to pay for Deliverables is being provided through a grant from the Federal Government, the Contractor acknowledges and agrees that pursuant to applicable federal laws, regulations, circulars, and bulletins, the awarding agency of the Federal Government reserves certain rights including, without limitation on royalty-free, non-exclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes, the Deliverables developed under this Contract and the copyright in and to such Deliverables.

The Contractor expressly acknowledges that the contracted Deliverables are subject to legislative change by either the federal or state government. Should either legislative body enact measures which alter the project, the Contractor shall not hold the grantee or subgrantee liable in any manner for the resulting changes. The grantee or subgrantee shall use best efforts to provide thirty (30) days' written notice to the Contractor of any legislative change. During the thirty (30)-





day period, the parties shall meet and make a good faith effort to agree upon changes to the Contract to address legislative change. Nothing in this Subsection shall affect or impair the grantee or subgrantee's right to terminate the Contract pursuant to termination provisions.

The Contractor certifies and assurances compliance with the applicable orders, laws and implementing regulations, including but not limited to, the following, as modified by the Program Rules, all as may hereafter be modified or amended:

1. Financial Management Guidelines issued by the U.S. Office of Management and Budget, OMB Circular A-133 ("Single Audit Act Amendment of 1996", OMB Circular A-22 ("Cost Principles for Nonprofit Organizations"), OMB Circular A-87 ("Principles for Determining Costs Applicable Grants and Contracts with State, Local, and Federally Recognized Indian Tribal Governments").
2. Title I of the Housing and Community Development of 1974 as amended (42 U.S.C 5301 et seq.) and regulations which implement these laws, as modified by waivers and alternative requirements published in the Federal Register applicable to CDBG-DR funding
3. Title VI of the Civil Rights Act of 1964 as amended (Public Law 88-32, 42 U.S.C. 3601 et seq.); Title VIII of the Civil Rights Act of 1968 as amended (Public Law 90-284; 42 U.S.C 3601 et seq.); the Iowa Civil Rights Act of 1965; Iowa Code Section 19B.7 and Executive Order #34 dated July 22, 1988; Iowa Code Chapter 216, Presidential Executive Order 12259; Presidential Executive Order 11246, as amended (contracts in excess of \$10,000); Section 504 of the Rehabilitation Act of 1975, as amended (29 U.S.C 794); the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.); the Americans with Disabilities Act, as applicable, (P.L. 101-336, 42 U.S.C. 12101-12213); and related Civil Rights and Equal Opportunity statutes; and regulations which implement these laws.
4. Fair Housing Act, P.L. 90-284. The Fair Housing Act is part of Title VIII of the Civil Rights Act of 1968 as amended (42 U.S.C 3601 et seq.), Section 109 of the Title 1 of the Housing and Community Development Act of 1974, as amended; Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u); and regulations which implement these laws.
5. US. Department of Housing and Urban Development Act regulations governing the CDBG program, 24 CFR Part 570.
6. Section 102 of the Department of Housing and Urban Development Reform Act of 1989 (P.L. 101-235), and implementing regulations.
7. Requirements for the Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance, Final Rule (24 CFR Part 35, et. al)
8. Davis Bacon Act, as amended (40 U.S.C. 276a-276a-5), where applicable under Section 110 of the Housing and Community Development Act of 1974, as amended; Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.); the Copeland Anti-Kickback Act (18 U.S.C 874); the Department of Defense Reauthorization Act of 1986; and regulations which implement these laws.





9. The National Environmental Protection Act of 1969 and implementing regulations.
10. The Uniform Relocation Assistance Real Property Acquisition Policies Act of 1970 (URA), as amended (42 USC 4601-4655) and implementing regulations; Section 104(d) of the Housing and Community Development Act of 1974, as amended, governing the residential anti-displacement and relocation assistance plan; and Section 105(a)(11) of the Housing and Community Development Act of 1974, as amended, governing optional relocation assistance, each modified and/or waived by the Program Rules.
11. The Iowa CDBG-DR Policies and Procedures Manual; applicable CDBG-DR program guidelines; 261 Iowa Administrative Code, Chapter 23, to the extent applicable to the Program and not in conflict with the Program Rules.
12. Financial and Program Management guidelines issued by the Iowa Economic Development Authority; the CDBG-DR Policies and Procedures Manual; and the IEDA Audit Guide.
13. Government-wide restriction on Lobbying Certification (Section 319 of P.L. 101-121), and implementing regulations.
14. Fair Labor Standards Act and implementing regulations.
15. Hatch Act (regarding political partisan activities and federally-funded activities) and implementing regulations.
16. Citizen participation, hearing, and access to information requirements under Section 104(a)(2) and 104(a)(3) of Title I of the Housing and Community Development Act of 1974, as modified by the Program Rules.
17. Subsection 104(l) of Title I of the Housing and Community Development Act of 1974, as amended, regarding the prohibition of the use of excessive force in nonviolent civil rights demonstrations and the enforcement of state and local laws on barring entrance to or exit from facilities subject to such demonstrations.
18. Drug-Free Workplace Act
19. All Federal Laws and regulations described in 24 CFR Subpart K, except for 24 CFR 570.604 and 24 CFR Part 52.
20. Iowa Code Chapter 8A.315-317 and Iowa Administrative Code Chapter 11-117.6(5)-Recycled Product Content. When appropriate, specifications under this Contract shall include requirements for the uses of recovered materials and products. The specifications shall not restrict the use of alternative materials, exclude recovered materials, or require performance standards that exclude products containing recovered materials unless the Contractor seeking the product can document that the use of recovered materials will impede the intended use of the product.

**Compliance with Environmental and Historic Preservation Requirements:**

Notwithstanding any provision of this Contract, the parties hereto agree and acknowledge that this Contract does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may only occur upon satisfactory completion of environmental





review and receipt by the Contractor of Release of Funds from the State of Iowa under 24 CFR Part 58 or 24 CFR Part 50. The parties further agree that the provision of funds to the project is conditioned on the State of Iowa's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review. It is further understood that the environmental clearance must be obtained prior to any commitment of funds or the undertaking of any physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair, or construction. This requirement applies to the Contractor, as well as to any subcontractor or contractor. Any violation of this requirement may result in the denial of funds under this Contract. The Contractor shall comply with the Programmatic Agreement between the Iowa Economic Development Authority and the State Historic Preservation Officer, as applicable to any activities included in this Contract.

## **Civil Rights**

### **1. Nondiscrimination in Employment**

The Contractor shall not discriminate against any qualified employee or applicant for employment because of race, creed, color, religion, sex, national origin, age, disability (physical or mental), political affiliation, sexual orientation, gender identity, or citizenship. The Contractor may take affirmative action to ensure applicants are employed and that employees are treated without regard to their race, creed, color, religion, sex, national origin, age, disability (physical or mental), political affiliation, sexual orientation, gender identity, or citizenship. Such action shall include but not be limited to the following: employment, upgrading, demotion, or transfers; recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including an apprenticeship. The Contractor agrees to post notices setting forth the provision of the nondiscrimination clause in conspicuous places so as to be available to employees.

### **2. Consideration for Employment**

The Contractor shall, in all solicitations or advertisements for employees based by or on behalf of the Contractor, state that all applicants will receive consideration for employment without regard to race, creed, color, religion, sex, national origin, age, disability (physical or mental), political affiliation, sexual orientation, gender identity, or citizenship. Solicitation and Advertisement- the Contractor shall list all suitable openings with the local IowaWorks office.

### **3. Civil Rights in Employment**

The Contractor shall comply with all relevant provisions of the Civil Rights Act of 1965 as amended, Iowa Code Section 19B.7, Federal Executive Order 11246 as amended (contracts in excess of \$10,000); Title VI of the U.S. Civil Rights Act of 1964 as amended (42 U.S.C. Section 2000d et seq.), the Fair Labor Standards Act (29 U.S.C Section 201 et seq); the Americans with Disabilities Act, as applicable (P.L. 101-336, 42 U.S.C. 12101-12213), Section 504 of the Rehabilitation Act of 1975, as amended (29 U.S.C. 794), and the Age Discrimination Act of 1975 as amended (42 U.S.C. Section 6101 et seq.). The Contractor will furnish all information and reports requested by the State of Iowa or required by or pursuant to the rules and regulations thereof and will permit access to payroll and employment records by the State of Iowa to investigate compliance with these rules and regulations.

### **4. Certification Regarding Government-Wide Restriction on Lobbying**





The Contractor certifies, to the best of his or her knowledge and belief, that:

a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form LLL, "Disclosure Form to Report Federal Lobbying", in accordance with its instruction.

c) The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and ontracts under grants, loans, and cooperative agreements), and that all sub-Contractors shall certify and disclose accordingly.

d) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

## **5. Program Nondiscrimination**

The Contractor shall conform with the requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), HUD regulations issued pursuant thereto contained in 24 CFR Part 1, and the Iowa Civil Rights Act of 1965 as amended. No person in the United States shall on the basis of race, creed, color, religion, sex, national origin, age, disability (physical or mental), political affiliation, sexual orientation, gender identity, or citizenship be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or Work funded in whole or in part with funds made available through this Contract. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in the Americans with Disabilities Act, as applicable (P.L. 101-336 42 U.S.C. 1201-12213), or Section 504 of the Rehabilitation Act of 1975 (29 U.S.C. Section 794) shall also apply to such program or Work.

## **6. Fair Housing**

The Contractor shall comply with Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), generally known as the Fair Housing Act, and with HUD regulations found at 24 CFR Part 107, issued in compliance with Federal Executive Order 11063, as amended by Federal Executive Order 12259. The Contractor shall also comply with Section 109, Title I, of the Housing and Community Development Act of 1974, as amended.





## 7. Section 3

The Contractor shall comply with the provisions for training, employment, and contracting in accordance with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR Part 75.

## 8. Noncompliance with Civil Rights Laws

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any aforesaid rules, regulations, or requests, this Contract may be cancelled, terminated, or suspended, either wholly or in part. In addition, the State of Iowa may take further action, imposing other sanctions and invoking additional remedies as provided by the Iowa Civil Rights Act of 1965 (Chapter 216, Code of Iowa) or as otherwise provide by law.

## 9. Inclusion in Subcontracts

The Contractor will include the provisions of the preceding paragraphs 1-8 (Civil Rights) in every subcontract unless exempt by the State of Iowa, and said provisions will be binding on each subcontractor. The Contractor will take such action with respect to any subcontract as the State of Iowa may direct as a means of enforcing such provisions including sanctions for noncompliance. In the event the Contractor becomes involved in or is threatened by litigation with a subcontractor or vendor as a result of such direction by the State of Iowa, the Contractor may request the State of Iowa enter into such litigation to protect the interests of the State of Iowa.

## Flood Insurance Requirements

The following requirements shall apply to this Contract:

1. No funds under this Contract may be used for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any times has received federal flood disaster assistance that was conditional on the person having first obtained flood insurance under applicable federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable federal law on such property.
2. In the event of a transfer of any property assisted under this Contract for which the owner is required to obtain flood insurance as set forth herein, the following shall apply:
  - a. The transferor shall, not later than the date on which such transfer occurs, notify the transferee in writing of ANY requirements to (A) obtain flood insurance in accordance with applicable Federal law with respect to such property, if the property is not so insured as of the date on which such property is transferred; and (B) maintain flood insurance in accordance with applicable Federal law, which written notification shall be contained in the deed or other document evidencing the transfer of ownership of the property.
  - b. If the transferor of such property fails to provide notice as described in this subsection and, subsequent to the transfer of such property (A) the transferee fails to obtain or maintain flood insurance in accordance with applicable Federal law with respect to such property; (B) such property is damaged by a flood disaster;







and (C) federal disaster relief assistance is provided or the repair, replacement, or restoration of such property as a result of such damage, then the transferor shall be required to reimburse the Federal Government in an amount equal to the amount of federal disaster assistance provided with respect to such property.

- c. The notification requirements of this section apply to personal, commercial, or residential property for which federal disaster relief assistance was made available in a flood disaster area where assistance has been provided, prior to the date on which the property is transferred, for repair, replacement, or restoration of such property, if such assistance was conditioned upon obtaining flood insurance in accordance with applicable federal law with respect to such property.
3. For the purposes of this section, the term “Federal disaster relief assistance” applies to HUD or other federal assistance in “flood disaster areas”. The term “flood disaster area” has the meaning given to such term in Section 582(d)(2) of the National Flood Insurance Reform Act of 1994, as amended, and includes an area receiving a presidential declaration of a major disaster or emergency as a result of flood conditions.

#### **Prohibition on Use of Funds**

The funds under this Contract shall not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency or the Army Corps of Engineers.

#### **Duplication of Benefits**

42 U.S.C. 5155 provides that any federal agency administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as a result of a major disaster or emergency, shall assure that no such person, business concern, or any other entity will receive such assistance with respect to any part of such loss as to which it has received financial assistance under any other federal program or from insurance or any other source (“the Duplication of Benefits” rules). The Contractor commits to comply with the Duplication of Benefits Rules and report any information with respect to the Duplication of Benefits rules to the Iowa Economic Development Authority as a condition to disbursements under this Contract.

#### **Disaster Recovery Requirement**

Use of all funds pursuant to this Contract shall be for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in areas covered by the declaration of major disaster in which CDBG-DR funds were made available by Congress. This Project shall be in one or more counties in the State of Iowa for which the disaster was declared.





## STATE OF IOWA CDBG-DR CODE OF CONDUCT

### PURPOSE:

The purpose of this Code of Conduct is to ensure the efficient, fair, and professional administration of CDBG-DR federal grant funds in compliance with 2 CFR Part 200.318, 24 CFR 570.489(g), 24 CFR 570.489(h), and other applicable federal and State standards, regulations, and laws.

### APPLICATION:

This Code of Conduct applies to all officers, employees, or agents of the State of Iowa engaged in the award or administration of contracts supported by CDBG-DR federal grant funds.

### REQUIREMENTS:

No officer, employee, or agent of the State of Iowa shall participate in the selection, award, or administration of a contract supported by federal CDBG-DR grant funds, if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- A. The employee, officer, or agent;
- B. Any member of his/her immediate family;
- C. His/her partner; or
- D. An organization which employs, or is about to employ any of the above, or, has a financial or other interest in the firm selected for award

State of Iowa officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or subcontractors.

### FRAUD, WASTE, AND ABUSE

The State of Iowa has zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. All officers, employees, or agents shall notify the State Auditor of suspected actions. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action where warranted. All instances of fraud, waste, and abuse will also be referred to the HUD OIG Fraud Hotline.

### REMEDIES

To the extent permitted by federal, state, or local laws or regulations, violation of these standards may cause penalties, sanctions, or other disciplinary actions to be taken against State of Iowa officers, employees, agents, contractors, potential contractors, subcontractors, or their agents.





# CONTRACTOR CLEARANCE POLICY

Responsible Personnel or Unit: IEDA Disaster Recovery Project Managers

## Contractor Clearance Overview

Contractor clearance is required to ensure that those holding a contract with IEDA are debarred from federal awards and ensures that IEDA collects information necessary from those working on CDBG awards. **“Contractor” does not necessarily mean a contractor in the construction sense; but rather, any entity holding a contract or agreement for CDBG funds.**

This form is required for subrecipients (units of general local government), councils of government, consultants, contractors of the subrecipients, and subcontractors.

## Public Search/Debarment Check Requirements

All state agencies, state vendors, and state subrecipients of CDBG awards must first be checked in SAMs and have a public search conducted prior to awarding contracts. This is in accordance with federal 24 CFR Part 570.609 and state IAC 117.18(8A) requirements. Additionally, all contractors of subrecipients must have a public search conducted prior to awarding contracts.

## UEI Numbers

Unique Entity Identifiers (UEI) replaced DUNS Numbers in April 2022. UEI numbers are issued by SAMS.gov and are required for direct federal award recipients and their subrecipients by 2 CFR Part 200 as implemented by the Office of Management and Budget (OMB).

All state agencies, state vendors, and subrecipients (Cities and Counties) of CDBG awards must have a UEI number prior to awarding contracts. This is in accordance with 2 CFR 25.300. Full registration in SAMs is not required.

## Table Summary

See the table below for a summary of when a UEI number, debarment check, Iowa contractor number, and federal tax ID number are required:

Entity	UEI #	Debarment Check	Iowa Contractor #	Federal Tax ID
City/County or other IEDA vendor	Yes	Yes	No	Yes
Prime construction contractor of City/County	Yes	Yes	Yes	No
Subcontractor (construction)	No	Yes	Yes	No
"Contractor" (not construction, aka vendor) of City/County. Including COG, professional services, etc.	No	Yes	No	Yes
Business owner of any contractor/vendor	No	Yes	No	No
Supplies/materials only (no labor/installation)	No	No	No	No





## IowaGrants Contractor Clearance Form Required Fields

See the table below outlining the required fields on the IowaGrants contractor clearance compliance form by type of entity working on a CDBG award.

Section	Description
<b>Project Phase/Bid-Letting # (i.e. MC-BidLetting-001)</b>	<b>NDR</b> specific.
<b>Contract Award/Agreement Date*</b>	Date of the contract or agreement between the subrecipient and the contractor. This is NOT the date of IEDA's award or contract with the subrecipient.
<b>Clearance Date Checked:*</b>	This is the date in which the grant administrator conducted a public search and debarment check.
<b>Upload screenshot of debarment check:</b>	This is an upload of the debarment check from the grant administrator. It should include the time and date of the check (normally included in the bottom right hand of the screen if using a Microsoft Windows computer).
<b>Opening Bid Date:*</b>	<b>Procurement.</b> Date in which the bids were opened. Required for procurement. If the contractor is directly contracted without a competitive solicitation (i.e. COG or sub-contractor), use 1/1/1900 as the Opening Bid Date.
<b>Wage Determination Number, Including modification number:</b>	<b>Davis Bacon.</b> Required for contractors subject to Davis Bacon prevailing wages
<b>Wage Rate Not Required</b>	<b>IEDA Internal Only Question.</b> Dan Narber checks this off.
<b>Contract \$ Value</b>	Total dollar value of the contract.
<b>Amount of CDBG Funds Used for this contract:</b>	How much CDBG funds are being used to cover the contract.
<b>Upload contract/agreement</b>	This is an upload of the contract/agreement covered in the contract
<b>Was procurement required for this contractor?</b>	Was the project subject to procurement?
<b>Upload procurement process documentation</b>	Documentation of the procurement process.
<b>Is this a Section 3 Business?</b>	Is this a Section 3 Business Concern as defined in 24 CFR Part 75
<b>Upload a Section 3 Business Certification Form</b>	If yes, the contractor is a Section 3 business concern, upload of IEDA Section 3 Business Certification Form is required.
<b>Is this business engaging in demolition, rehabilitation, or construction on an eligible Section 3 project site?</b>	Is the contractor works in construction, demolition, or rehabilitation, and is working on a project site subject to Section 3 as defined in program guidelines





Section	Description
<b>Upload signed Intent to Comply with Section 3 form</b>	If the contractor is working on a Section 3 project site, upload of IEDA Intent to Comply with Section 3 form is required.
<b>Business Name</b>	Name of the contractor
<b>Owner/s Name</b>	Name of the owner of the contractor
<b>Contractor/Officer Name</b>	Point of contact for the contractor
<b>Contractor Address</b>	Address for the contractor
<b>Contractor Type</b>	Prime Contractor or Subcontractor
<b>Trade Type</b>	(New Construction, Substantial Rehabilitation, Repair, Service, Project Management, Professional, Tenant Services, Education/Training, Architectural/Engineering/Appr., Other
<b>Contractor Registration Number</b>	<b>Demolition, Rehabilitation, Construction.</b> State of Iowa contractor registration number for construction, demolition, and rehabilitation activities. Required for primes and subs.
<b>Upload IWD Contractor Registration Screenshot</b>	Screenshot of proof of registration from Iowa Workforce Development for construction, demolition, rehabilitation contractors.
<b>Contractor Tax ID</b>	<b>Not Demolition, Rehabilitation, Construction.</b> Federal or State Tax ID.
<b>UEI (Unique Entity Identifier):</b>	Required for subrecipients and State vendors
<b>Contractor MBE:</b>	Minority Business Enterprise race
<b>Contractor WBE:</b>	Women-owned business
<b>Hispanic:</b>	Yes, No, Not Applicable
<b>Is this business working on a Green Streets eligible project site?</b>	Yes, No, Not Applicable
<b>If yes, upload signed Green Streets checklist for trade"</b>	Signed copy of the applicable Green Streets Checklist for the trade the contractor is working in.
<b>Brief Description of Contract</b>	Describe the services being provided by the contractor

## Supporting Documents

Any relevant documentation





### Required Federal Provisions Checklist

When reviewing contractor clearances, the project managers will utilize this checklist to ensure the contract contains required federal provisions. These provisions are attached to the instructions for the form as an addendum for the contract.

Contract	
For contracts above the simplified acquisition threshold, are administrative, contractual, or legal remedies specified in instances where contractors violate or breach contract terms, and provide for such sanctions or penalties as may be appropriate?	
Does the contract include a termination clause for cause and convenience by the UGLG, including the manner by which it will be effected and the basis for settlement ?	
For contracts above \$10,000, does the termination clause include under what conditions it may be imposed, form termination must take, timeframe required between notice and effective date, and method used to compute final payment?	
For construction contracts above \$10,000, does the contract certify compliance with EO 11246, as amended by EO 11375, and supplemented by 41 CFR Chapter 60?	
For all contracts for construction or repair, does the contract certify compliance with the Copeland Anti-Kickback Act (18 U.S.C. 874) as supplemented by 29 CFR Part 3?	
For all construction contracts in excess of \$2,000 when required by federal grant program legislation, does the contract certify compliance with Davis Bacon (40 U.S.C. 276a through 276a-7) as supplemented by 29 CFR Part 3?	
For all construction contracts in excess of \$2,000 and for all contracts in excess of \$2,500 which involve the employment of mechanics or laborers, does the contract certify compliance with Section 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by 29 CFR Part 5?	Housing rehab and new housing construction of fewer than 8 units are exempt.
Does the contract include notice of awarding agency requirements and regulations pertaining to reporting?	
Does the contract include awarding agency requirements and regulations pertaining to patent rights with respect to any	





discovery or invention which arises or is developed in the course or under such contract?	
Does the contract include awarding agency requirements and regulations pertaining to copyrights and rights in data?	
Does the contract include provisions allowing access by the State, UGLG, HUD, Comptroller General of the US, State Auditor, or any other duly authorized representative to books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making an audit, examination, excerpts, and transcriptions?	
Does the contract include provisions requiring the retention of all records for at least 3 years until after the State has closed the grant with HUD?	
For all contracts above \$100,000, does the contract certify compliance with Section 306 of the Clean Air Act (42 USC 1857(h))?	
For all contracts above \$100,000, does the contract certify compliance with Section 508 of the Clean Water Act (33 USC 1368)?	
For all contracts above \$100,000, does the contract certify compliance Executive Order 11738?	
For all contracts above \$100,000, does the contract certify compliance EPA regulations (40 CFR Part 15)?	
Does the contract certify compliance with the Energy Policy and Conservation Act (PL 94-163, 89 Stat 871) and mandatory standards and policies relating to energy efficiency incorporated into the State Energy Conservation Plan?	
For construction projects exceeding \$100,000, did the contractor include a bid guarantee equivalent to 5% of the bid price?	
For construction projects exceeding \$100,000, do contracts exceeding \$25,000 include a performance bond for 100% of the contract price?	
For construction projects exceeding \$100,000, do contracts exceeding \$25,000 include a payment bond for 100% of the contract price?	





Does the contract certify compliance with OMB Circular A-133, A-22, A-87?	
Does the contract certify compliance with Title 1 of the HCDA 1974 (42 USC 5301) and regulations which implement these laws, as modified by applicable CDBG-DR waivers?	
Does the contract certify compliance with Title VI of the Civil Rights Act of 1964; Title VIII of the Civil Rights Act of 1968; the Iowa Civil Rights Act of 1965; Iowa Code Chapter 19B.7; EO 34 dated July 22, 1988; Iowa Code Chapter 216; EO 12259; EO 11246 as amended?	
For contracts over \$10,000, does the contract certify compliance with Section 504 of the Rehabilitation Act of 1975 as amended (42 USC 6101 et seq), Americans with Disabilities Act as applicable (P.L. 101-36, 42 USC 12101-12213); and related Civil Rights and Equal Opportunity statutes and regulations which implement these laws?	
Does the contract certify compliance with the Fair Housing Act (P.L. 90-284); Title VIII of the Civil Rights Act of 1968 as amended (42 U.S.C. 3601 et seq); Section 109 of the Housing and Community Development Act of 1974 as amended; Section 3 of the Housing and Urban Development Act of 1968 as amended (12 USC 1701u); and regulations which implement these laws?	
Does the contract certify compliance with 24 CFR Part 570?	
Does the contract certify compliance with Section 102 of the Department of Housing and Urban Development Reform Act of 1989 (P.L. 101-235) and implementing regulations?	
Does the contract certify compliance with the Notification, Evaluation, and Reduction of Lead-Based Paint in Federally Owned Residential Property and Housing Receiving Federal Assistance, Final Rule (24 CFR Part 35, et al)	
Does the contract certify compliance with the Davis Bacon Act as amended (40 USC 276a – 276a-5) where applicable under Section 110 of the Housing and Community Development Act of 1974 as amended; Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq)?; Copeland Anti-Kickback Act (18 U.S.C. 874), the Department of Defense Reauthorization Act of 1986; and regulations which implement these laws?	







Does the contract include the Davis Bacon wage determinations?	
Does the contract certify compliance with the National Environmental Protection Act of 1969 and implementing regulations?	
Does the contract certify compliance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 as amended (42 USC 4601-4655) and implementing regulations; Section 104(d) of the Housing and Community Development Act of 1974 as amended; and Section 105 (a)(11) of the Housing and Community Development Act of 1974, as amended, governing optional relocation assistance, each modified/waived by the Program Rules?	
Does the contract certify compliance with the IEDA CDBG Policies and Procedures Manual; applicable program guidelines; 261 Iowa Administrative Code Chapter 23; to the extent applicable to the Program and not in conflict with the Program Rules?	
Does the contract certify compliance with financial and program management guidelines issued by IEDA, IEDA CDBG Policies and Procedures Manual, and IEDA Audit Guide?	
Does the contract certify compliance with Government-wide Restrictions on Lobbying Certification (Section 319 of PL 101-121) and implementing regulations?	
Does the contract certify compliance with the Fair Labor Standards Act and implementing regulations?	
Does the contract certify compliance with the Hatch Act and implementing regulations?	
Does the contract certify compliance with Section 104(a)(2) and 104(a)(3) of Title 1 of the Housing and Community Development Act of 1974, as modified by the Program Rules?	
Does the contract certify compliance with Subsection (104)(l) of Title 1 of the Housing and Community Development Act of 1974, as amended?	
Does the contract certify compliance with the Drug Free Workplace Act?	





Does the contract certify compliance with all federal laws and regulations described in 24 CFR 570 Subpart K, except for 24 CFR 570.604 and 24 CFR Part 52?	
Does the contract certify compliance with Iowa Code Chapter 8A.315-317 and Iowa Administrative Code Chapter 11-117.6(5) – Recycled Product Content?	





## CHAPTER 3: MONITORING

### In this Chapter:

- Monitoring Policy





## MONITORING POLICY

**Responsible personnel or unit:** IEDA disaster recovery project managers

### Statement of Purpose

Grantees receiving Community Development Block Grant Disaster Recovery (CDBG-DR) funds are responsible for carrying out their programs to meet compliance with CDBG-DR Program, statutory and regulatory requirements, including monitoring their subrecipients, contractors, and subcontractors. All monitoring conducted shall be guided and governed by all applicable federal and state statutes including but not limited to:

- [2 CFR Part 200](#)
- [24 CFR Part 570](#)
- Title I of the Housing and Community Development Act of 1974
- All [current Action Plans as amended](#) and grant agreements as amended with HUD
- All current Federal Register notices for the CDBG-DR grants

The purpose of monitoring, both during a site visit and remotely from a desk, is for the reviewer to determine whether the subrecipient's performance meets program requirements and improve performance, when necessary, by providing technical assistance and making recommendations.

To validate the accuracy of information presented in the subrecipient's performance reports and evaluate the overall progress and effectiveness of program implementation, IEDA Disaster Recovery Project Managers will:

1. Determine the status of grant funded activities;
2. Determine if a subrecipient is carrying out its activities in a timely manner;
3. Determine if a subrecipient is charging costs to the project that are eligible under applicable laws and CDBG-DR regulations;
4. Determine if a subrecipient is conducting its activities with adequate control over program and financial performance;
5. Evaluate the reasonableness of decisions made for activities that address recovery for program participants;
6. Verify that activities carried out by subrecipients comply with state and federal rules and regulations;
7. Verify the accuracy of subrecipient's records;
8. Review case files and verify the accuracy of the information provided by program applicants;
9. Follow-up on problems identified during prior monitoring assessments that are not resolved; and,
10. Identify new concerns or findings and offer recommendations for corrective actions.

All monitoring, both on-site and remote, will be formally recorded in [IowaGrants](#). In addition, IEDA Disaster Project Managers will enter into the DRGR system summary information on all monitoring visits, monitoring reports, audits, and technical assistance conducted as part of their oversight of disaster recovery programs.

This monitoring plan may be updated as needed based on changes to program design and policy changes to federal and local requirements over the life of the grant.





The purpose of monitoring, both during a site visit and from an office desktop, is to provide technical assistance, determine the status of grant funded activities, review the Subrecipient's grant management systems, evaluate compliance with state and federal rules and regulations and to verify the accuracy of the information provided by the applicant. While all project managers will actively conduct day-to-day management of DR grants including Compliance Monitoring as documented in Section 3. (C) of this document, Monitoring, both on-site and desk will be formally recorded in IowaGrants as a component of the contract.

## Role of Project Managers in Monitoring

Project Managers will provide oversight on programs and technical assistance, when needed, to program applicants. Staff will review applications as they are submitted, make recommendations to subrecipients, conduct routine monitoring for awarded projects, collect information for HUD's quarterly performance reporting, and enter project information into the Iowa Grants system. IEDA Project Managers may work with their Internal Controls Project Manager to do regular reviews and ensure program and grant compliance.

### *Handling of Personal Information*

Project Managers will ensure the protection of Personally Identifiable Information by limiting the type of information handled as part of the grant management process. In addition, Project Managers will train and communicate guidance to its subrecipients about handling sensitive information to ensure applicant information is protected.

## Risk Based Assessment

IEDA will conduct a risk-based assessment annually per CDBG-DR contract. While each of the DR activities will be monitored on-site at least once during the life of the grant, the risk-based assessment will assist project managers in determining the timing and frequency of documented monitoring.

The Risk based assessment will be conducted through IowaGrants.gov as a component titled "Risk Assessment." This form will be filled out at least once a year by the project manager, and based on the outcome score, the project manager will determine when the next monitoring is required.

Per 200.331(b), IEDA will evaluate each Recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate level of monitoring, the risk based assessment will include:

- Financial Risk – how large is the grant
- Submitted Draws – are claims on schedule as outlined in contract
- Program Management/Capacity – is administrator familiar with CDBG and attended training
- Program Income – has the contract generated program income

QPR Tracking – is the program reasonably on track





Monitoring frequency may be increased if a matter is uncovered by an external audit; necessitated by the possibility of fraud, waste, or mismanagement; or at the discretion of the Disaster Recovery Team Lead. Increased monitoring may include the following actions:

- Up front training of grant administrators. First training will occur prior to first draw of funds.
- Desk monitoring (required uploads to IowaGrants) review and confirm procurement standards have been adopted by the subrecipient.
- Site visit monitoring
- Project Managers will conduct a desk audit of 100% of all invoices submitted for payment.

In addition, increased monitoring as outlined in the monitoring section includes:

- Up front training of grant administrators. First training will occur prior to first draw of funds.
- Desk monitoring (required uploads to IowaGrants.gov) review and confirm procurement standards have been adopted by the Recipient.
- Financial Management – project managers will desk audit 2-3 early draws including invoices, payment dates etc.

### *Managing Subrecipients*

As IEDA carries out activities directly through subrecipients, the definition of subrecipients at [24 CFR 570.500\(c\)](#) apply and activities must adhere to the requirements for agreements with subrecipients at [24 CFR 570.503](#). IEDA Project Managers will also comply with regulations at [24 CFR 570.489\(m\)](#), which state that the provisions of [2 CFR 200.330](#) through [200.332](#) are applicable with regard the monitoring and management of subrecipients. Those regulations describe the distinction between subrecipients and contractors and the requirements for IEDA as a pass-through entity.

Project Managers will utilize the [Guidebook for Grantees on Subrecipient Oversight](#)<sup>1</sup> when managing and monitoring subrecipients. The guide provides grantees with the information, resources, and templates to ensure that projects administered through subrecipients run smoothly, finish on time and within budget, benefit the community, comply with federal regulations, avoid adverse audits, and improve management. The guide was updated February 2022 to reflect the Omnibus Circular (2 CFR 200) and other regulatory and administrative changes.

For monitoring, chapter 5 of the guide has the following resources:

- Summary of [Monitoring Objectives](#)
- [Checklist for Monitoring](#) of a Subrecipient
- Example of a [grantee monitoring letter](#) to a Subrecipient
- Review of Independent Public Accountant (IPA) Audit Reports

IEDA will also reference the [HUD CPD Monitoring Handbook \(6509.2\)](#) and other resources when needed. The handbook provides the exhibits used by HUD reviewers to assess grantee compliance with program regulations, applicable federal statutes, grant requirements, and terms and conditions of the grant awards for various CPD programs.

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<sup>1</sup> Guidebook for Grantees on Subrecipient Oversight: <https://www.hudexchange.info/news/updated-managing-cdbg-guidebook-for-grantees-on-subrecipient-oversight-now-available/#:~:text=Managing%20CDBG%3A%20A%20Guidebook%20for,earn%20praise%20from%20the%20community.>





## Monitoring Methodology

The risk-based assessment will also evaluate each program to determine what level of monitoring will be conducted to ensure that all projects are compliant. A range of monitoring methods will be used including on-site and desk monitoring. While both on-site and desk monitoring will look the same in IowaGrants, Project Managers will ensure the following policies are applied to the different types of reviews.

### *Monitoring via IowaGrants*

Project Managers shall complete the relevant fields in the “Site Visit” form in IowaGrants <http://www.iowagrants.gov/> for each monitoring. The system is built to with checks and balances and every step of the process has a review and approval workflow through forms submitted by grantees and approved by IEDA staff. In addition, based on the program being monitored, the components in the system are customized to show the IEDA project manager applicable questions for review. The system reduces the need to have a formal site visit where documentation needs to be collected. By using IowaGrants, Project Managers are effectively conducting proactive monitoring as part of their ongoing work. Every claim requires a review of all financial and compliance requirements with all supporting documents requested and uploaded into the system. Details on the system and a recording of how to operate in the system can be found [online](#).

Monitoring can be conducted either in-person or on-site with a subrecipient, or from the Project Manager’s desktop. Generally, monitoring of all grant components will occur as a hybrid approach, with documentation submitted to the site visit component in IowaGrants prior to the monitoring, with a physical monitoring visit to discuss potential findings and concerns with the subrecipient and physically see project progress. Dependent on weather and public health conditions, this may be shifted to desktop monitoring at the discretion of the Disaster Recovery Team Lead. Monitoring of only parts of a grant may be in-person, by desktop, or hybrid.

Monitoring will be occurring at various points in time throughout the CDBG-DR grant process. Monitoring can assess one, multiple, or all the areas of review; however, each monitoring must, at a minimum, complete the National Objective / Project Progress form, to document what is being included in the particular monitoring.

Each monitoring will be recorded in IowaGrants and dated to differentiate the type of monitoring.

Specific areas of review include, as appropriate, the following forms:

- National Objective / Project Progress
- Citizen Participation
- Environmental
- Financial Management
- Procurement
- Administration
- Contract Management (Architectural/Engineering)
- Contract Management (Professional Services)
- Contract Management (Construction)
- Labor Standards
- Housing Review
- Civil Rights (Section 3, EEO, Fair Housing, MBE/WBE)
- Acquisition and Relocation
- Green Streets (if involving new construction of housing or rehab)



- Project Pictures

### *Desktop Monitoring*

Desktop monitoring referred to as off-site monitoring, does not substitute the requirement to conduct at least one on-site monitoring per CDBG-DR activity during the life of the grant. Desktop monitoring should be conducted on an ongoing basis and may include general review of project activities and communications to determine if the project is on track and the rules and regulations are being followed. Project Managers may request from the subrecipient or grant administrator supporting documentation to be emailed or uploaded into IowaGrants to allow for the review of items such as: draw requests to evaluate project progress, bid packet documents to review procurement compliance, samples of wage rates and time sheets for Davis Bacon review, etc. All desk monitoring should be sufficiently documented through IowaGrants under the “Site Visit” component. The Disaster Recovery Team Lead may waive the on-site monitoring requirement if the CDBG-DR contract has fewer than 3 activities, weather-related issues emerge that would endanger IEDA or subrecipient staff, or due to public health concerns. Monitoring would revert to a desktop monitoring under those circumstances.

### *On-Site Monitoring*

On-site monitoring will be conducted at least once per activity prior to grant closeout. This will be scheduled no later than when the activity has expended at least 50% of the CDBG-DR award or when the project manager has determined that the activity is substantially 50% complete. On site monitorings will include all components within the Site Visit form as applicable to the project and its stage of completion. When conducting on-site monitoring visits, Project Managers shall make every attempt to monitor at the subrecipient’s office. Most often, this is City Hall. The Chief Elected Official and the City Administrator/City Clerk shall be invited, along with the grant administrator. Project Managers shall reserve time following a comprehensive on-site review to go over any deficiencies discovered during the monitoring visit with the city/county/tribal staff and grant administrator. Project Managers shall provide advice for corrective action. Following the wrap-up meeting, there should be no surprises when the subrecipient receives the follow-up letter. The Disaster Recovery Team Lead may waive the on-site monitoring requirement if the CDBG-DR contract has fewer than 3 activities, weather-related issues emerge that would endanger IEDA or subrecipient staff, or due to public health concerns. Monitoring would revert to a desk monitoring under those circumstances.

### *Monitoring Follow-Up*

A follow-up correspondence shall be sent following every on-site monitoring visit. Project Managers shall generate a report through IowaGrants of missing components associated with the monitoring review. The Project Manager will upload this report for the subrecipient to review within IowaGrants.

Included in the follow-up shall be a list of activities the recipient is doing well, areas for improvement, as well as corrective action needed. If the monitoring has significant findings, the Disaster Recovery Team Lead will review prior to follow-up with the subrecipient. If the findings also include a requirement for penalties or repayments, a review will be conducted by Director of the Iowa Economic Development Authority or designated representative.

Any deficiencies included in the follow-up shall provide information on how to cure any such deficiencies. Typically, recipients shall have 30 calendar days to cure deficiencies or face non-compliance status.







*Expenditure Monitoring*  
Certified in both 2019 & 2020

Project Managers need to project expenditures of all CDBG-DR funds within the grant period and track and document actual expenditures of IEDA subrecipients against those projections. Deviation from the projected spending is anticipated, however, as the project nears completion, the percent variation should decline.

The allowable discrepancy limits are established in the table below. If the spending differential is greater than the limit shown, the Project Manager will determine the reason for the spending discrepancy. The Project Manager will review current reporting narratives or metrics to determine if spending is reasonable according to the status of tasks and deliverables. The Project Manager may request additional information from the subrecipient to complete this assessment.

Expenditure Discrepancy Limit

Grant Year	Spending Variation
1 – 2	60%
2 – 3	50%
3 – 4	40%
4 – 5	30%
5 – 6	20%
6 – 12	10%

Project Managers will also determine if delays in spending or the completion of deliverables/tasks can potentially result in a negative impact to the project. If the discrepancy in spending or progress is deemed reasonable, the Project Manager will continue to monitor expenditures. The notes (formerly known as annotation) function in IowaGrants will be used to note the findings of the status review. If the Project Manager has concerns about the spending discrepancy or the status of project deliverables/tasks OR the subrecipient has reported a spending discrepancy for two consecutive years, the Project Manager will confer with the Disaster Recovery Team Lead. One of the following action items will result:

- Annual Spending Projections will be amended.
- Project Manager will continue to monitor the project status.
- A meeting with subrecipient management will be held. Subrecipient will submit revised quarterly budget projection and/or a plan to overcome progress delay.
- Terminate the agreement. IEDA will repurpose funds with HUD approval. Correspondence related to quarterly budget discussions will be documented in Electronic Documents (if emailed) or Correspondence (if sent through IowaGrants correspondence) in IowaGrants. Notes regarding project status will be documented using the notes function.

Also, when claims are submitted in IowaGrants each recipient must fill out a progress report. **Claims are due every six months if not sooner.** The report shows a percentage of project completion and requires a brief project update.



**Stalled Activities**

As stated above, IEDA will conduct a risk-based assessment annually per CDBG-DR activity. This assessment will include assessing financial risk, submitted draws, program management/capacity, program income, QPR tracking, and allowable discrepancy limits. Allowable discrepancy limits are included in the table below:

Expenditure Discrepancy Limit

Grant Year	Spending Variation
1 – 2	60%
2 – 3	50%
3 – 4	40%
4 – 5	30%
5 – 6	20%
6 – 12	10%

If activities are not meeting the allowable discrepancy limit and have not recorded any accomplishments, IEDA staff will determine the reason for the delay and mark the activity as “stalled”. If the activity is delayed due to being stalled IEDA Project Managers will provide technical assistance to the subrecipient. If the subrecipient is still struggling to meet expenditures and milestones, IEDA will implement other actions. See below:

- Annual Spending Projections will be amended.
- Project Manager will continue to monitor the project status.
- A meeting with partner management will be held. Partner will submit revised quarterly budget projection and/or a plan to overcome progress delay.
- Terminate the agreement. IEDA will repurpose funds with HUD approval. Correspondence related to quarterly budget discussions will be documented in the correspondence feature in IowaGrants. Notes regarding project status will be documented using the annotations function.

If the activity continues to be delayed due to being stalled, IEDA will use the substantial or nonsubstantial amendment process to transfer these funds, depending on which definition is appropriate for the action being undertaken..

**Monitoring Follow-Up**

Certified in both 2019 & 2020

A follow-up correspondence shall be sent following every on-site monitoring visit. Project Managers shall send this letter no later than two months following an on-site review. Included in the follow-up letter shall be a list of activities the recipient is doing well, areas for improvement, as well as corrective action needed. If the monitoring letter has significant Findings, the letters will also go to the Disaster Recovery Team Lead and/or the Chief Programs Officer of the Community Development Division for review prior to mail-out. If the Findings also include a





requirement for penalties or repayments, the letters will be reviewed by top Management (Director or Deputy Director) prior to mail-out.

Any deficiencies included in the follow-up letter shall provide information on how to cure any such deficiencies. Typically, recipients shall have 30 calendar days to cure deficiencies or face non-compliance status.

## **Subrecipient Non-Compliance**

*Certified in both [2019](#) & [2020](#)*

If repeated attempts by the Project Manager to cure areas of non-compliance are unsuccessful, the Project Manager shall work with the Disaster Recovery Team Lead to formally notify the subrecipient that corrective action is necessary, or face penalties, which could include, but not limited to:

- Delay payment of remaining funds.
- Repayment of existing grant funds.
- Wholly or partly suspend or terminate the award.
- Delay ability to secure future IEDA grants.
- Take other remedies that may be legally available.

If there is still no action taken on behalf of the subrecipient to cure the outstanding deficiencies, the Disaster Recovery Team Lead shall determine the consequences for such inaction and inform the Director of the Iowa Economic Development Authority or their designated representative. The consequences shall be based on the severity of the deficiency, the state and federal rules and regulations governing the area(s) of non-compliance, the impacts to the community, and consequences to IEDA. The grant recipient shall be notified of the decision by the Disaster Recovery Team Lead by official letter.

The subrecipient shall have the ability to appeal the decision by via the Disaster Recovery Team Lead. When necessary, the Disaster Recovery Team Lead may reach out to HUD for consultation and may include the subrecipient.

## **Role of Subrecipients in Monitoring**

Subrecipients that subaward to other entities or utilize third-party vendors for either the administration of their CDBG funds remain accountable for the administration and monitoring of those funds. There is no provision in the law or the regulations governing the CDBG-DR program that would permit subrecipients to give up this responsibility. Therefore, mechanisms should be in place to reasonably assure compliance by the subrecipient with all program requirements. Subrecipients should regularly be monitoring the following items for compliance:





## CHAPTER 4: REGULATORY COMPLIANCE

### In this Chapter:

- Overall Compliance
  - (Duplication of Benefits, Contractor Clearance, Wage Rates, Environmental Review, Records Retention and Access, Personally Identifiable Information)
- DOB Policy
- DOB Contesting Policy
- Section 3 Policy
- Assistance to Private Utilities
- Uniform Relocation Plan/Section 104(d) Policy
- Residential Anti-Displacement and Relocation Plan (RARAP)
- Fair Housing and Outreach Plan
- Green Streets Policy





## OVERALL COMPLIANCE

**Responsible personnel or unit:** Disaster Recovery & Federal Programs teams

In addition to financial and performance information, several areas of compliance are tracked in IowaGrants including environmental, historic, monitoring visits and results, etc. Within the Compliance Forms and Quarterly Status Reports Component of IowaGrants, the subrecipient completes and submits Compliance forms associated with: Section 3, NHPA Section 106, Environmental Review, Wage Rates, Wage Restitution, Contractor Clearance, and Duplication of Benefits. Each form includes instructions along with relevant links.

The Site Visits component of IowaGrants allows project managers to document as many monitoring reviews as necessary. More information about this can be found in the Monitoring Policy section of this document.

### Duplication of Benefits (DOB)

A detailed DOB review of each proposed disaster award to an entity is required by federal law and is intended to ensure that two different sources of funding are not being provided to the same entity for the same purpose. To avoid this potential duplication, the State will check each proposed award against awards already made (or in process) by FEMA, SBA, private insurance companies, etc. The State has developed a detailed DOB Process Manual (Appendix C) to assist in compliance with the federal law and regulations in this area.

### Contractor Clearance

All contracts entered into through a CDBG-DR award are documented through the Contractor Clearance form. This form documents that the grant administrator has checked all potential contractors against the SAM.gov website for debarred contractors. IEDA reviews the information provided and approves the form. This form is also cross-checked to ensure all DOB forms are approved prior to construction.

### Wage Rates

For construction projects triggering the Federal Labor Standards requirements, the Grant Administrator will complete and submit a wage rates compliance form and submit the form for IEDA review and approval. For CDBG-DR Infrastructure construction projects, the Intent to Obligate Funds form will be included in this submittal as documentation of compliance with FR Notice Vol, 81, No 109, page 36563 (8) *Design*.

### Environmental Review

All CDBG-DR projects will undergo an environmental review process. The environmental review is to ensure that no adverse environmental impacts would result from the proposed project. The environmental review also includes a "Section 106" review, which includes assessment of effect on historic and cultural resources. As allowed by HUD Memo "Adoption of FEMA and other Federal Environmental Reviews and Processing for Hurricane Sandy Supplemental Appropriation (H.R. 152) Activities" dated March 4, 2013, IEDA is allowed to adopt environmental reviews performed by other Federal agencies.

### Record Retention and Access





Per 24 CFR 570.490, IEDA requires Subrecipients to maintain all original receipts, administrative records, financial records and project activity records pertaining to the DR award for a period of three years after the date the State's Grant is closed with HUD.

### **Subrecipient:**

IowaGrants complies with all Federal and State security and accessibility regulations. IEDA electronic records are maintained through IowaGrants via the following process.

- Required subrecipient documents/information are uploaded to IowaGrants
- Documents/information are stored on a highly secure, encrypted and hosted on dedicated servers.
- Documents are retrieved using a standard web-based system fully compatible with Pcs and mobile devices.
- Reports are provided through Jasper Reports and IowaGrants.

The State of Iowa has an agreement with Dulles Technology to provide IowaGrants to multiple state agencies. The agreement includes data ownership and data transfer. The State of Iowa owns the data. IEDA's Data Operations Manager is the person responsible for electronic recordkeeping.

### **State:**

The State will retain all records pertaining to the administration of the CDBG-DR grant for a period of at least three years after the grant close-out with HUD.

All financial and programmatic administrative reports, records, and data will be electronically stored securely on IEDA's file server. The file server is backed up nightly, uses encrypted technology and maintains redundancies to protect the data. All paper records will be scanned and saved on the file server. The Disaster Recovery Team Lead will oversee assuring that IEDA's records are maintained and organized.

## **Personally Identifiable Information (PII)**

IEDA follows Iowa Administrative Rules 261, Chapter 195.14 which describes the nature and extent of personally identifiable information which is collected, maintained and retrieved by the agency by personal identifier in record systems as defined in rule 195.2(17A,22). This rule describes the means of storage of that information and indicates whether a data processing system matches, collates, or permits the comparison of personally identifiable information in one record system with personally identifiable information in another record system. Unless otherwise stated, the authority for IEDA to maintain the record are provided in Iowa Code chapter 15.

Iowa Administrative Rules 261, Chapter 195.14(6) Grant and loan application records. The agency administers a variety of state and federal grant and loan programs. Records of persons or organizations applying for grants, awards or funds are available through the agency. These records may contain information about individuals collected pursuant to specific federal or state statutes or regulations. Personally identifiable information such as name, address, social security number and telephone number may be included in these records when the applicant is an individual. Many program applicants are political subdivisions or corporations, not individuals.

CDBG-DR documents/information are stored on a highly secure, encrypted system and hosted on dedicated servers. IEDA staff are required to participate in annual cyber safety certification training which also includes an emphasis on not sharing passwords.





IEDA also complies with Chapter 22.7 which outlines the public records that shall be kept confidential.





## DUPLICATION OF BENEFITS POLICY

The policy has been inserted as an image below and was certified by HUD in April 2022.

See DOB Contesting Policy following the policy images inserted below:







**STATE OF IOWA** **Duplication of Benefits Policies and Procedures Manual**  
 Community Development Block Grant - Disaster Recovery (CDBG-DR)  
 Iowa Economic Development Authority (IEDA)

**Table of Contents**

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**I. INTRODUCTION**

The State of Iowa was awarded \$56,940,000 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 117-43 in response to 2020 derecho.

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 '20 derecho) already received assistance from another source in response to the derecho, 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 2020 derecho. 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 117-43* (“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 2020 or 2021. In addition, Public Law 117-43 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 87 FR 6364 (“Allocation Notice”) allocated CDBG-DR funds to the State of Iowa in response to the 2020 derecho and requires prevention of DOB. The Allocation Notice also includes the requirements from Public Law 117-43 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 2020 derecho is 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.”

*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?”*

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.”





### 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 *Public 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 [IowaGrants](#) 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 **IowaGrants** 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





### 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 **IowaGrants** 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. **Review Process 1.** (e.g., mitigation, infrastructure, clearance, & new housing). 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. Review Process 2.** (e.g. buyouts, rehab, downpayment assistance)

These are programs where IEDA will first provide a program

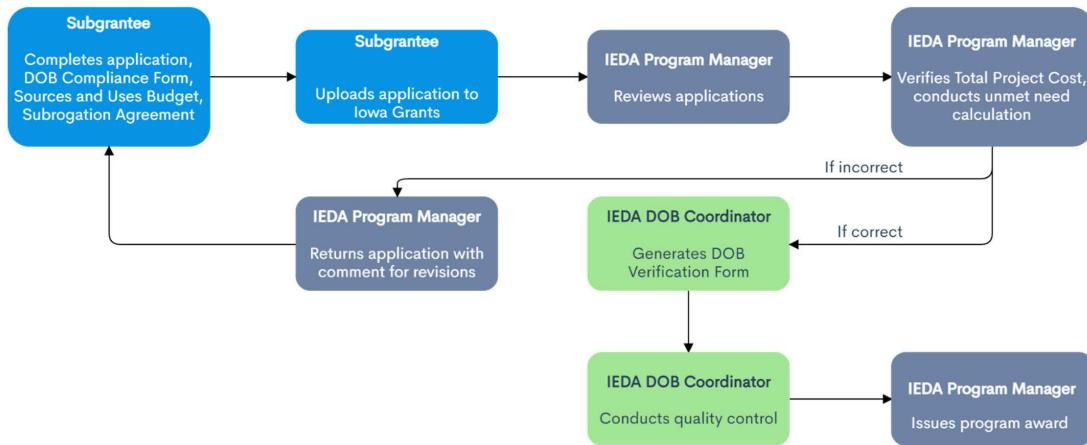
award to the Subgrantee. Thereafter, the Subgrantee identifies and confirms eligible beneficiaries and assists with application submission via **Iowa Grants**. Upon submission, the DOB Verification will be completed per beneficiary through a **DOB Status Report**.

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

**DOB PROCEDURES: Review Process 1**

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: Review Process 2**

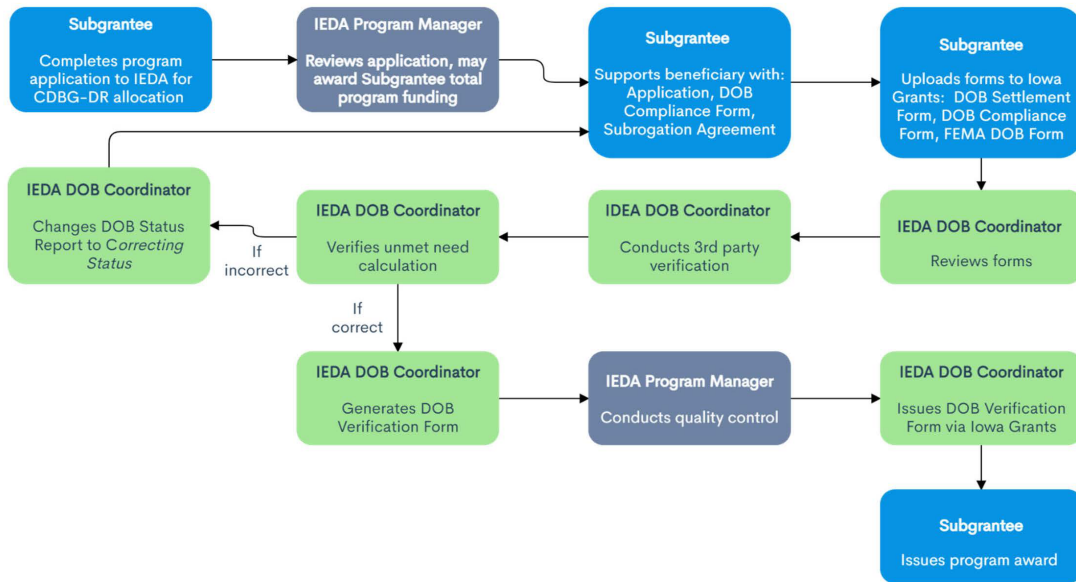
1. **Subgrantee** completes and submits application via Iowa Grants to IEDA for the amount of funds needed for the program, up to the program allocation amount.
2. **IEDA Program Manager** reviews the application and supporting documentation, and if approved makes an award (Subrecipient Agreement) to 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 \(2019\)](#)





### **DOB Contesting Policy:**

As stated in Appendix B of IEDA's Computer Matching Agreement (CMA) with HUD:

Should the DOB form indicate that the individual has received FEMA assistance when the CMA does not indicate so, the State will contact the individual through certified mail to confirm the information submitted on the DOB form. The individual's deadline for a response will be at least 30 calendar days. Should the individual confirm that they received FEMA assistance, the State will coordinate with FEMA to identify the data discrepancy.

Should the CMA indicate that an applicant beneficiary has received benefits through FEMA assistance programs that would result in an adverse action against such an individual as a result of the CMA agreement, the State will send contact the individual through certified mail and provide them with a period or no less than 30 calendar days to contest/appeal the benefit determination. The State will describe the information it has received through FEMA CMA and the DOB process and provide instructions to the applicant beneficiary on how to contact the State to express disagreement with the State's findings and submit information to appeal the State's DOB finding. Upon receipt of the applicant beneficiary's information, the State will coordinate with FEMA and/or other entities to review and verify the information it has received. Upon a conclusion of the review, the State will contact the beneficiary via certified mail and email (if provided by the applicant beneficiary) with its finding.

### **DOB Personal Property:**

Based on a review of proceeds and expenditures seen on personal property funds received as a result of a natural disaster, the reasonable amount of proceeds a homeowner can have on hand is \$2,500. This may be kept on hand throughout the project as personal property proceeds are not required to be spent until after the rehabilitation has been completed. For other personal property proceeds received, certification from the homeowner that the funds were spent for eligible uses is acceptable.



## SECTION 3

Responsible Personnel or Unit: IEDA Section 3 Coordinator

### Overview

This chapter describes Section 3 of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701u and 24 CFR Part 75] and its applicability to HUD-funded projects.

Section 3 is HUD's legislative directive for ensuring that economic opportunities resulting from HUD financial assistance, including employment, job training, and contracting are, to the greatest extent feasible, directed to low- and very low-income persons. The regulations seek to ensure that public housing residents and low- and very low- income persons, and the businesses that employ these individuals, are notified about the expenditure of HUD funds in their community and encouraged to seek opportunities, if created.

A **Section 3 Worker** is defined as any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

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

A **Targeted Section 3 Worker** is defined as a Section 3 worker who fits one of the following categories:

- a worker employed by a Section 3 business concern; or
- a worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
- Living within one mile of the project, or if fewer than 5,000 people live within one mile of the project, within a circle centered on the project that is sufficient to encompass a population of 5,000 people;
- a YouthBuild participant

A **Section 3 Business Concern** is defined as a business which fits one or more of the following categories:

- At least 51% owned by low- or very low-income persons;
- 2) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- 3) At least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing

Section 3 requires that subrecipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very low-income residents in connection with projects and activities in their neighborhoods.

However, subrecipients are not required to hire or enter into contracts with Section 3 workers or businesses simply to meet the Section 3 goals—anyone selected for contracting or employment opportunities must meet the qualifications for the job/contract being sought.





## When Section 3 Applies

Section 3 applies to projects/activities involving housing (construction, demolition, rehabilitation) or other public construction—i.e. roads, sewers, community centers, etc. Section 3 applies to HUD-funded projects when:

- The subrecipient has contracted with subcontractors for services, housing and/or public construction activities and the eligible HUD-funded assistance exceeds \$200,000.
- The subrecipient has contracted with subcontractors for HUD Lead Hazard Control and Healthy Homes programs exceeding \$100,000.
- Examples of HUD assistance in which Section 3 applies include but are not limited to the following:
  - Community Development Block Grants (CDBG)
  - HOME Investment Partnership Assistance (HOME)
  - Housing Opportunities for Persons with AIDS (HOPWA)
  - Emergency Solutions Grants (ESG)

Even if HUD assistance is only a portion of the project cost, Section 3 requirements apply to the entire project once the assistance meets the threshold. Section 3 requirements do not apply to materials-only contracts.

## Compliance with Section 3

Each subrecipient has the responsibility to comply with Section 3 in its own operations, and ensure compliance in the operations of its contractors/subcontractors. This responsibility includes but may not be necessarily limited to:

Implementing procedures designed to notify Section 3 residents about training and employment opportunities

Notifying potential contractors for Section 3 covered projects of the requirements of this part, and incorporating compliance with Section 3 language in all solicitations and contracts.

Facilitating the training and employment of Section 3 workers and the award of contracts to Section 3 businesses

Estimating the number of labor hours utilized per project, and the projected number of labor hours to be worked by Section 3 workers.

Assisting and actively cooperating with HUD in obtaining the compliance of contractors and subcontractors with the requirements of this part, and refraining from entering into any contract with any contractor where the subrecipient has notice or knowledge that the contractor has been found in violation of the regulations in 24 CFR part 75.

Documenting actions taken to comply with the requirements of this part, the results of actions taken and impediments, if any.

## Procurement & Bid Documents

HUD-funded assistance subrecipients must include Section 3 language in all procurement and bid documents. The required language to be included in these documents can be found in the CDBG Management Guide. In addition to the required language, subrecipients must include the “Intent to Comply with Section 3” form with all RFPs.





Contractors responding to bids must submit with their bid documents a signed copy of the “Intent to Comply with Section 3” form. This form will be used to collect information that subrecipients should use when reviewing responses to ensure compliance with Section 3 requirements.

### Selecting Contractors with Section 3

In addition to certifying new employees’ level of income, Section 3 requires subrecipients make an effort to the “greatest extent feasible” to facilitate contracts to Section 3 businesses. By “greatest extent feasible,” HUD means that subrecipients carrying out Section 3 projects should make every effort within their disposal to meet the regulatory requirements. This may mean going a step beyond normal notification procedures for employment and contracting procedures by developing strategies that will specifically target Section 3 workers and businesses for these types of economic opportunities.

While Iowa procurement procedures require subrecipients select the lowest responsible bidder when under a competitive sealed bid process, subrecipients may give preference to Section 3 businesses as a means of evaluation criteria for professional services contracts where proposals are solicited.

In order to give preference to Section 3 businesses during the contract awarding process, subrecipients must ask the contractor to certify whether or not they are a Section 3 business when soliciting for proposals. The “Intent to Comply With Section 3” form that will be provided with procurement documents and submitted by bidders will capture this information.

Remember, to be considered a Section 3 business, the business must meet the definition by satisfying one of the following requirements:

- It is at least 51 percent owned and controlled by low- or very low-income persons;
- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- 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

Section 3 businesses must be given priority in contracting for work, to the greatest extent feasible. Subrecipients should use the following order of priority:

1st: Section 3 business concerns that provide economic opportunities for section 3 workers residing within the service area or neighborhood in which the section 3 project is located; and

2nd: Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);

3rd: Other section 3 business concerns.

It is important to note that Section 3 requirements at 24 CFR 75 provides only preference for contracts and subcontracts to Section 3 businesses; Eligible businesses must demonstrate that they are responsible and are able to perform successfully under the terms and conditions of proposed contracts.





## Hiring & Training with Section 3

Subrecipients and their contractors/subcontractors are required to give hiring and training preference to Section 3 workers, to the greatest extent feasible, when employment and training opportunities result from a HUD-funded project.

When a subrecipient or contractor/subcontractor has identified that a new employment or training opportunity will result from the normal completion of the HUD-funded construction and/or rehabilitation projects, the HUD-funding grant administrator should work with that entity to assist with advertising the opportunity to Section 3 residents.

Notices of employment/training opportunities must be sent to the Iowa Chapter of the National Association of Housing and Redevelopment Officials (NAHRO). Notices should be sent to the NAHRO Chapter President. Contact information can be found here: <http://www.ianahro.org/contactus.cfm>

NAHRO will share the notice with public housing authorities, in an effort to help reach Section 3 businesses. A sample notice for employment/training opportunities is provided in Appendix 8 of the CDBG Management Guide.

Notices of employment/training opportunities must also be posted to HUD's Opportunity Portal (<https://hudapps.hud.gov/OpportunityPortal>). This portal may also be used by businesses seeking Section 3 workers for open employment opportunities.

Remember, subrecipients are required to document affirmative steps made to meet Section 3 benchmarks when Section 3 requirements are triggered.

When giving hiring and training preference to Section 3 workers, subrecipients and contractor/subcontractors should use the following order of priority:

- 1st: Section 3 workers residing in the service area or neighborhood in which the section 3 project is located.
- 2nd: Participants in HUD Youthbuild programs
- 3rd: Other section 3 residents.

## Section 3 Benchmarks

Federal regulations establish numerical benchmarks for employment/training for Section 3 residents and contracts to Section 3 businesses.

Subrecipients, their contractors, and subcontractors will be considered to have complied with Section 3 requirements when:

- Twenty five percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers, as defined herein; and
- At least five percent of the total number of labor hours worked by all workers are Targeted Section 3 workers
- A subrecipient that has not met the numerical goals must demonstrate that it complied with the order of priority outlined herein and explain why it was not feasible to meet the





established numerical goals set forth in this section. Please refer to “Reporting requirements/ reporting forms” for more information.

Note: It is important to document efforts made to comply with Section 3. Subrecipient files should contain any memos, correspondence, advertisements, etc. illustrating attempts to meet Section 3 goals (e.g., to reach out to eligible persons regarding employment or training and/or business concerns). IEDA staff will review this documentation during the project on-site monitoring visit.

## Penalties for Non-Compliance

Subrecipients of HUD funding have the responsibility of complying with Section 3 regulations and ensuring compliance among its contractors and subcontractors. Federal code established penalties for Section 3 violations and non-compliance. (See 75.33(c))

Communities and contractors found in noncompliance with Section 3 requirements may result in:

- Sanctions from HUD
- Termination of contract for HUD funds
- Debarment or suspension from future HUD assisted contracts
- Non-compliance with Section 3 can impact a community’s ability to receive HUD funding in the future.

The State of Iowa may not enter into a contract with any entity when the state has knowledge that the entity has been found in violation of the Section 3 regulations.

## Reporting Requirements & Forms

To report Section 3 data, subrecipients must analyze the number of labor hours worked on a Section 3 project, how many labor hours were worked by Section 3 Workers, and how many labor hours were worked by Targeted Section 3 Workers. Even if no labor hours were worked by Section 3 or Targeted Section 3 workers, this information must be reported to IEDA.

For all Section 3 projects employing Section 3 workers or Targeted Section 3 workers, the subrecipient/contractor must maintain self-certification forms indicating the Section 3 status of the worker. If the worker’s household income is less than 80% of area median income, they are considered a Section 3 worker. Income limits by County are available under “Subrecipient Income Requirements and Census Information” on IEDA’s CDBG Management Guide website: <https://www.iowaeda.com/cdbg/management-guide/>

Other certifications of Section 3 workers include certification from a PHA that the worker is a participant in one of its programs; certification from an employer that the worker’s income from the employer is within the income limits if annualized; certification from an employer that the worker is employed by a Section 3 business concern. Please use the appropriate Certification Forms, found in the appendix to this chapter.

To report Section 3 data to IEDA, subrecipients will report at project closeout through IowaGrants. This will be due by January 15<sup>th</sup> annually and cover the previous calendar year. As part of this report, subrecipients will need to report Section 3 accomplishments and/or provide a detailed explanation of why Section 3 goals were not met. Such an explanation should discuss qualitative efforts taken to comply with Section 3 and any impediments the subrecipient experienced in meeting Section 3 goals.





## Section 3 Business Registry/Opportunity Portal

The Section 3 Business Registry and Opportunity Portal are two online registries that connect residents to training and employment opportunities and businesses to contracting opportunities. Businesses who self-certify that they meet one of the regulatory definitions of a Section 3 business will be included in a searchable online database. The database can be used by agencies that receive HUD funds, developers, contractors, and others to facilitate the award of covered construction and non-construction contracts to Section 3 businesses.

Section 3 workers are encouraged to use the Opportunity Portal to identify businesses that may have HUD-funded employment opportunities available. Section 3 businesses are encouraged to post their training, employment and contracting opportunities to the Opportunity Portal.

HUD-funding subrecipients should utilize HUD's Section 3 Business Registry and Opportunity Portal to find Section 3 businesses that may be able to participate in the HUD-funded project. Subrecipients can search through HUD's Section 3 registry here:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness>

Businesses may register as a Section 3 Business through HUD's website here:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

The Opportunity Portal can be accessed through HUD's website here:

<https://hudapps.hud.gov/OpportunityPortal/>

It is important to note that Section 3 businesses and Section 3 workers are not entitled to receive contracts or employment opportunities simply by being listed in HUD's Section 3 Business Registry database or Opportunity Portal.

## Additional Section 3 Resources

More information, resources, and templates can be found on the IEDA CDBG Management Guide:

[CDBG Management Guide | Iowa Economic Development Authority \(iowaeda.com\)](https://www.iowaeda.com/cdbg-management-guide)

More information and resources on Section 3 can be found on HUD's Section 3 website here:

[Section 3 - Economic Opportunities | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/economic-opportunities)







## FORCE ACCOUNT LABOR

### Introduction

Force account labor is defined by the Internal Revenue Service as labor classified as professional services, construction, rehabilitation, repair, or demolition performed by subrecipient municipal, county, or Council of Government employees.

Force account occurs when a subrecipient decides to perform specific duties using its own employees or equipment to perform CDBG project related work, as opposed to using a contractor or vendor to complete those services. Force account may be used for services including construction, inspection, administration, project delivery, engineering, or other professional services. For example, a locality may procure a contractor to replace storm-damaged sewer lines but may choose to make the necessary post-construction street repairs using force account labor and equipment.

If eligible and properly documented, force account work may be reimbursable from the subrecipient's CDBG project budget. Force account may also help the subrecipient leverage CDBG funds to use for other expenditures for which the subrecipient lacks in-house capacity.

The subrecipient must ensure they have the staff capacity to complete the task(s) identified to implement a project using force account labor in a CDBG project. The proposed use of force account labor is usually identified during the application stage. If a decision to use force account labor is made after the application phase, the subrecipient must notify their IEDA project manager in writing before associated activities are underway. IEDA may request additional documentation to ensure the use of force account labor is aligned with the approved budget, schedule, and scope of work.

To be eligible for force account reimbursement, the subrecipient must document that the employee is on the subrecipient's payroll records as either as a regular or temporary employee. Status may also be documented through W-2 Wage and tax statements.

When using local employees, the subrecipient must assure, at a minimum, the following:

- Subrecipient has written personnel and employment practices that specifically prohibit discriminatory practices in accordance with the Civil Rights Act and Iowa Civil Rights Act
- Conflict of interest provisions are in place and enforced
- EEO guidelines are followed in advertising for new employees; and
- All contract provisions are in compliance with Fair Labor Standards

The basis requirements a subrecipient should consider in planning for the use of force account labor includes:

- Skillful workforce
- Adequate supervision
- Established management control system; and
- Capacity to serve as own general contractor

Force account applies to the following types of employees:





- Permanent employees of a subrecipient;
- Temporary employees of a subrecipient hired, but not contracted, to specifically perform work on a federally funded or federally assisted construction project – the subrecipient must provide evidence that it adhered to its hiring and employment policies for temporary employees;
- Employees of a county or city who are carrying out public facilities improvements for a subrecipient through an intergovernmental agreement;
- Employees of a public utility on a case-by-case basis

Determining whether a worker is an employee rather than an independent contractor depends on many factors, including the nature and degree of control by the principal/payer. Each subrecipient must maintain files documenting the relationship between it and the personnel it uses as force account labor. See the following for more information: <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>.

A cost-benefit analysis should be conducted to determine if the type of labor, proposed scope of work, and the project description is better accomplished by procuring an outside, dedicated labor force. The completed cost-benefit analysis must be maintained in the local project file. This analysis should define, at a minimum, the following:

- How the employees' regular duties will be suspended or reassigned;
- If the regular work duties of the employees will be adversely affected;
- How long the subrecipient will be able to utilize the employees;
- A plan for staff turnovers; and
- Whether the employees have the required licenses or certifications for the jobs being considered

In addition to force account construction work, subrecipients may utilize local employees to administer, conduct project delivery activities, and/or engineer their CDBG projects. A cost benefit analysis should also be completed for these job duties before preceding with using force account labor to complete these activities. This should be available in the local file for review upon by request by IEDA and submitted to IowaGrants.

Force account work is not subject to Davis Bacon and Related Acts wage requirements. Governmental agencies and states, or their public subdivisions, are not considered “contractors” or “subcontractors” within the meaning of the Davis Bacon and Related Acts. The subrecipient must continue to pay the employees their regular wages and benefits (HUD Handbook 1344.1). Documentation of accurate payrolls is required for CDBG reimbursement. However, any part of the work not performed using force account labor but contracted out may be subject to Davis Bacon and Related Acts (DBRA) and the Contract Work Hours and Safety Standards Act (CWHSSA).

The advantages to using force account may include:

- Exemption from DBRA, CWHSSA, and the Copeland Acts;
- Cost effectiveness, if the activity is one that is traditionally performed by subrecipient personnel;
- Jobs are kept in the community; and
- Greater local control over scheduling and costs

The subrecipient should consider the following when using force account:





- Work does not have a warranty;
- Construction may take longer, making it a challenge to meet contract period;
- Extensive record keeping is required;
- Availability of skilled workers and appropriate equipment;
- Procurement standards contained in the Combined Disasters CDBG-DR Policies and Procedures Manual is required to purchase materials; and
- Inspection process may be less frequent and rigorous.

Subrecipients that use force account labor should be prepared to provide, at a minimum, the following as supporting justification upon request by IEDA:

- Description of the construction activities to be completed by force account;
- Justification for doing the work by force account;
- Details of subrecipient's experience with projects of like or similar nature;
- Information on workload as it may affect capacity to do the work within timeframe or work schedule; and
- A completed estimate cost schedule (breakdown) showing:
  - The number of work hours and cost per hour of each category of labor;
  - A list of non-salary costs such as materials, supplies, equipment owned by the subrecipient, equipment that must be rented, etc.;
  - Certification that personnel identified to complete work by force account are employees of the subrecipient, a city/county/., public utility, etc. If temporary workers are hired, certification that the employer's policies for temporary employees will be followed; and
  - List of names and qualifications of personnel performing specialized work, such as inspection, testing, electrical work, etc. as applicable

## Allowable Force Account Costs

2 CFR Part 200 Subpart E establishes the Cost Principles for federally funded or federally assisted projects. Only actual expenditures incurred by the subrecipient as a result of the CDBG project are considered allowable costs. This applies whether these costs are being reimbursed with CDBG funds or paid by other funds. These costs may include labor, materials, equipment, and other services to implement the CDBG award.

The subrecipient must maintain documentation in the local files to support force account costs. Examples of supporting documentation include timesheets, payroll data, and IEDA personnel and equipment cost calculation forms. Updated documents are required if salaries, rates, or other items identified in the calculation of personnel or equipment costs change. These documents are required to support a request for reimbursement for all force account costs. These forms are posted to the IEDA CDBG Management Guide webpage: <https://www.iowaeda.com/cdbg/management-guide/>.

## Allowable Reimbursable Cost Categories

### Real Hourly Force Account Wages

Subrecipients who use force account labor shall maintain evidence of reasonable wages supported by accurate documentation in the local file and provided to IEDA as required. This includes personnel cost calculation forms, administrative and construction personnel timesheets, and payroll records. Each document must be certified by the certifying officer or designee.





Compensation is considered reasonable when it is comparable to wages that are paid for similar work in other areas of that same government entity. When comparable work is not found within that entity, a salary survey should be conducted. Only time worked on the project may be claimed for grant reimbursement or matching funds.

A personnel cost calculation must be completed for each employee to determine the allowable hourly rate charged on CDBG force account projects or to document leveraged funds. This form need only be submitted once for each employee, unless the employee's wages change during the course of the project.

Personnel and equipment ledgers provide a method of documenting personnel and equipment costs, timesheet hours worked, and equipment usage time.

NOTE: Salaries and expenses of elected officials (mayor, county supervisor, city council, etc.) of a political subdivision are NOT allowable grant costs.

### **Overtime Force Account Wages**

Overtime costs incurred by the subrecipient for employees that work more than 40 hours per week, including work on CDBG projects, are eligible costs. The subrecipient must complete a separate personnel cost calculation form for the overtime rate for each employee to determine an hourly rate for overtime in accordance with local employment policies and U.S. Department of Labor regulations. Health insurance and other fixed cost benefits should NOT be increased on the overtime calculation; however, any benefits paid by the employer based on wages may be adjusted for the overtime rate.

### **Fringe Benefits**

Allowable fringe benefits, if applicable, must be provided under a locally approved plan or policy and may be reimbursed in proportion to the amount of the employee's time spent on the CDBG activities. Allowable fringe benefits may include the following compensation or contributions made by the subrecipient: vacation, holidays, sick leave, Social Security, health/life insurance, unemployment insurance, worker's compensation, and retirement. These benefits need to be reflected on the personnel cost calculation.

Information to consider in the personnel cost calculation are:

- Hourly wage or annual salary
- Employer portion of FICA
- Employer portion of retirement
- Worker's compensation
- Unemployment insurance
- Insurance contribution by employer
- Hours worked per year
- Vacation time earned
- Holiday time allowed
- Estimated sick leave
- Over leave time

IEDA provides a Force Account Personnel Cost Calculation Form as a resource. See the CDBG Management Guide for this template. <https://www.iowaeda.com/cdbg/management-guide/>.





## Material Costs

All materials used in the construction of the project are eligible expenses. However, all materials must be procured according to the procurement policy in the Combined Disasters Policies and Procedures Manual.

If the subrecipient uses materials already on hand, rather than purchasing materials specifically for the project, reimbursement will be based on the actual cost of the material at the time of purchase. Competitive procurement requirements still apply to materials on hand. For documentation purposes and to ensure cost reasonableness, it is highly recommended that a subrecipient procure materials specifically for the proposed force account activity using 2 CFR 200 requirements rather than using materials on hand.

If there is an inventory of unused supplies greater than \$5,000 upon termination or completion of the project and the supplies are not needed for any other federal award, the non-federal entity must retain the supplies for use on other activities or sell them and compensate the federal government for its share (2 CFR 200.314).

## Equipment Costs

The subrecipient may be compensated for the use of equipment on CDBG projects, including construction equipment. An equipment cost calculation form must be submitted for each piece of equipment for which the subrecipient requests grant reimbursement or matching costs.

All methods of charging for equipment usage must be based on an hourly rate. Considerations for charging for equipment usage are as follows:

- Only actual hours of “in use” construction time at the project are eligible (“In use” means that the equipment is in actual operation performing eligible work);
- Standby equipment costs are not eligible
- The hours charged for equipment use must agree with the corresponding hours documented for the equipment operator (if two pieces of equipment are used in tandem by a single operator, please include an explanation in the request for payment)
- When calculating equipment rates instead of using the FEMA Schedule of Equipment Rates below, include all eligible costs of ownership and operation of the equipment, including depreciation, overhead, all maintenance, field repairs, fuel, lubricants, tires, OSHA equipment, and other costs incident to operation (Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC 5121). Fuel and maintenance costs are not eligible for separate reimbursement.
- Equipment rates should not include the labor costs of the equipment operator as those labor costs should be claimed separately; and
- Vehicles used to transport people (work crew, engineer, or other city personnel authorized to document progress for drawdown requests, etc.) must be based on mileage traveled and the FEMA rate per mile unless documentation is provided that the vehicle was used for an eligible purpose other than transporting people.

### FEMA Equipment Rates

IEDA will generally allow subrecipients to use FEMA’s Schedule of Equipment Rates for calculating the compensation for the use of equipment owned by the subrecipient, in lieu of calculating their own rates as described in the section immediately above. Current rates can be found at: <https://www.fema.gov/assistance/public/tools-resources/schedule-equipment-rates>.





### Rental Cost Reimbursement

Subrecipients may request reimbursement for the time rented equipment is in actual use for a CDBG project using an hourly rate (actual rental costs divided by a 40-hour work week) plus fuel costs. The subrecipient must compare the hourly rental rate to the FEMA rate and document in the local file. Additional explanation or justification for the difference will be required if the rental costs are higher than the FEMA rate. The table below summarizes some key points on the different methods of charging equipment use:

	FEMA Rates	Rental Cost Reimbursement
Equipment	Owned or Lease to Purchase	Rented
Basis for Reimbursement	Hours of use & FEMA rates	Hours of Use
Maximum Reimbursement	Actual number of hours worked multiplied by the FEMA rate	Actual rental cost, plus fuel
Separate Fuel & Maintenance Costs	NOT eligible	Eligible
Separate Labor (Operator) Costs	Eligible	Eligible

### **Force Account Recordkeeping**

The subrecipient must maintain thorough documentation of all costs. This applies whether these costs are being reimbursed with CDBG funds or used to document all or part of leveraged funds. All costs charged to the project must apply to a particular line item of the CDBG contract budget. This documentation must include, at a minimum, the following:

- Employee personnel costs that delineate paid leave, overtime, equal employment, travel, terms of employment policies, compliance with the Fair Labor Standards Act, and Section 504;
- If temporary workers are hired to complete the project, the employee personnel policies must address the temporary employees;
- A personnel cost calculation that is signed and approved by either the employee’s supervisor or other authorized personnel that determines the hourly cost for each employee;
- Time sheets identifying construction or administrative personnel and work performed;
- All timesheets should correspond to the subrecipient regular time sheets to the extent that no one should be charged to the project if they are not in attendance;
- Certified timesheets and corresponding subrecipient payroll records must be retained in the local project file;
- Documentation of the use of the equipment and operator. Hourly costs may be based on FEMA equipment rates, depreciation, or rental cost as described in this chapter. Rented or leased equipment must be supported by a copy of the rental or lease agreement and a calculation of the hourly rental cost, including fuel, compared to the FEMA rate for the equipment; and
- Invoices and canceled checks for all construction materials and other supplies





## Documentation Required for Each Claim Request

All claim requests to IEDA that include force account labor must include, at a minimum, the following:

- Complete and certified documentation to support the requested amount, including but not limited to:
  - Invoices
  - Force Account Construction Personnel Time Sheet
  - Administrative Personnel Time Sheet
  - Workforce Summary Page
  - Equipment Use and Rate Calculations;
- A map of the project area that clearly identifies the areas where work has been completed to date, including the current request for payment and work to be performed in the future;
- Other documents as deemed necessary by IEDA to support associated costs





## ASSISTANCE TO PRIVATE UTILITIES

Responsible Personnel or Unit: Disaster Recovery Team Lead, Project Managers

### Overview

This chapter describes the process for assisting private utilities with the use of 2019 CDBG-DR funds in accordance with the waiver granted by HUD in 87 FR 75644 and 2020 Derecho CDBG-DR funds in accordance with the CDBG-DR Private Utility Alternative Requirements for Grants Under Public Law 117-43 December 7, 2022. Private utilities are those not owned by a public entity. This includes for-profit companies, nonprofit private entities, and rural electric cooperatives.

### Eligibility

Assistance to private utilities is applicable only to 2019 and 2020 CDBG-DR New Housing construction programs. These programs focus on the new construction of affordable housing within the Most Impacted & Distressed Area (MID). This includes the entirety of Harrison, Mills, and Fremont counties for the 2019 grant and Linn, Marshall, Tama, and Benton counties for the 2020 grant.

Assistance will be limited to nonprofit private utilities, such as the local rural electric cooperatives. Assistance must benefit areas in which at least 51% of residents are of low to moderate income (LMI). This assistance will be provided as a part of the overall CDBG-DR grant to the Responsible Entity due to the area benefit to LMI households and the nonprofit status of the private utility receiving assistance.

### Application Requirements

Applicants for the new housing programs will include a request to assist private utilities in their overall new housing application and provide a duplication of benefit (DOB) form for the private utility assistance request in addition to supporting documentation of the proposed assistance. IEDA will review the request for meeting a national objective. It will also review submitted supporting documentation for costs being necessary and reasonable in supporting the completion of the project and mitigating against future natural disaster impacts.







EQUAL HOUSING  
OPPORTUNITY



# UNIFORM HOUSING ACT/SECTION 104(D) POLICY





Iowa Economic Development Authority  
URA Subrecipient Procedures

# **UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT (URA)**





# Version History

Version	Date	Summary Description
1.0	February 2023	Initial URA Procedures for CDBG-DR
2.0	November 2024	Revised URA policy based on URA Final Rule updates effective June 3, 2024

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## 1. INTRODUCTION

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) is a government-wide statute. As the Federal agency charged with community development, affordable housing and disaster recovery, the assistance provided by the U.S. Department of Housing and Urban Development (HUD) through its Federal Register Notices allocating the Community Development Block Grant – Disaster Recovery (CDBG-DR) program funds must adhere to the requirements of the URA and any waivers or alternative requirements intended for disaster recovery purposes. The activities most likely to trigger URA requirements are those that involve the purchase of land (including easements) or buildings, the demolition of real property, and the rehabilitation of real property. While working to serve the needs of communities impacted by the August 2020 Midwest Derecho, HUD and the State of Iowa must be mindful of the potential negative impact that disaster recovery programs can have on property owners, private homeowners, tenants, and business owners.

These standard operating procedures (SOPs) detail the minimum standards for compliance with URA and how HUD applies these standards to programs and the entities that are recipients of CDBG-DR funds administered by the Iowa Economic Development Authority (IEDA) and funded through subrecipients, housing developers, homeowners, businesses, and property owners.

The URA's objectives are:

- To provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.
- To ensure relocation assistance is provided to displaced homeowners, tenants, businesses, and farms to lessen the emotional and financial impact of displacement.
- To ensure that no individual or family is displaced unless Decent, Safe, and Sanitary (DSS) housing is available within the displaced person's financial means.
- To help improve the housing conditions of displaced persons living in substandard housing.
- To encourage and expedite real property acquisition by agreement and without coercion.

### 1.1 URA

The URA is codified at Title 42 United States Code, Chapter 61. The U.S. Department of Transportation (DOT) is the lead Federal Agency with oversight responsibility for the regulations governing the application of URA to all acquisition and relocation activities carried out in conjunction with HUD CDBG-DR assisted programs. The URA's implementing regulations are found at 49 CFR Part 24. Additionally, HUD has published a separate handbook (HUD Handbook 1378) that serves to further provide clarification, guidance, and guide forms specific to their programs, including CDBG-DR.

### 1.2 Section 104(d)





In addition to the URA regulations, additional laws have been passed that directly affect HUD programs and relocation requirements. Specifically, Section 104(d) of the Housing and Community Development Act of 1974, as amended, and section 105(b)(16) of the Cranston-Gonzalez National Affordable Housing Act, as amended, place additional requirements for relocating low/moderate income (LMI) households and ensuring one-for-one replacement for demolished or converted affordable housing. However, the Consolidated Notice allocating the CDBG-DR funds includes waivers and alternative requirements that alter the original 104(d) requirements. The Consolidated Notice Section IV.F covers these modifications.

Section 104(d) Relocation Assistance for LMI households extends the timeframe for providing housing replacement assistance from the standard 42 months under URA to 60 months. The waiver included in the Consolidated Notice limits the available relocation assistance to the amounts and types of assistance for displaced persons to 42 months to align with the URA.

One-for-one replacement requirements are waived for only owner-occupied lower-income dwelling units that are severely damaged by the disaster and not suitable for rehabilitation. This waiver does not apply to tenant-occupied and vacant occupiable lower-income dwelling units that are demolished or converted to another use other than lower-income housing in connection with a CDBG-DR assisted activity. Units that fall into this category will require compliance with one-for-one replacement of the housing unit.

Section 104(d) requirements may be triggered whenever CDBG-DR funds are used for a project. These requirements focus on the “loss” of a community’s low-income housing, both rental and homeowner, through demolition or conversion. For the CDBG-DR programs, it is concerned with replacing each individual unit of low-income housing that is occupied or occupiable if it will be demolished or converted on a one-for-one basis to maintain the community’s supply of affordable housing.

### ***1.3 The Residential Anti-Displacement and Relocation Assistance Plan (RARAP)***

IEDA must describe its plans for minimizing displacement of persons or entities and describe how it will assist any persons or entities that become displaced, including displaced persons with disabilities. IEDA must inform HUD if they will be amending an existing RARAP or creating a separate new RARAP specific for CDBG-DR. RARAP requirements to be met for CDBG-DR include:

- Grantee must describe how it plans to minimize displacement of persons (individuals, farms, businesses and non-profits) from homes and neighborhoods (e.g. housing rehabilitation) and how it plans to minimize adverse effects of displacement where minimizing displacement is not reasonable, feasible or cost efficient and would not prevent future loss (e.g. buyouts).





- Descriptions must be scoped to the complexity of anticipated displacing activities and focused on planning and budgeting, with special considerations to the challenges displaced persons and vulnerable population experience.
- HUD defines vulnerable populations as a group or community whose circumstances present barriers to obtaining or understanding information or accessing resources.

See appendix ? for the RARAP

## 1.4 Iowa Economic Development Authority (IEDA) Responsibilities

As the entity responsible for administering HUD's CDBG-DR program funds, IEDA is responsible for administering relocation and real property acquisition requirements when using CDBG-DR program funds for activities that trigger URA or Section 104(d). When a CDBG-DR assisted project causes people to move from their homes, businesses, or farms, eligible *displaced persons* must be provided with relocation assistance and payments. "Displaced person" is a term used to refer to residential and nonresidential (businesses, farms, and nonprofit organizations) owners and tenants who must relocate due to a project.

As the administering agency, IEDA responsibilities include, but are not limited to:

### For residential displacements, agencies must:

- Provide relocation advisory services.
- Provide a minimum 90 days written notice to vacate prior to requiring possession.
- Reimburse for moving expenses.
- Provide payments for the added cost of renting or purchasing comparable replacement housing.

### For nonresidential displacements, agencies must:

- Provide relocation advisory services.
- Provide a minimum 90 days written notice to vacate prior to requiring possession.
- Reimburse for moving and reestablishment expenses.

The following SOPs have been established to assist all program, projects, or activities that may be subject to these requirements. This SOP is designed to establish - for all funded entities - the overall framework for both the execution of URA responsibilities and the manner in which they are documented for compliance.

As the responsible entity, IEDA must provide technical assistance and training to assist program staff to both understand and implement the URA requirements. However, each program must develop its own program specific URA policies and procedures or "Relocation Plan", based on the type and character of the project undertaking. The procedures detailed here present the baseline standards, along with the required documentation needed to evidence compliance.





## 1.5 Applicability of URA to CDBG-DR Projects

The purpose of these SOPs is to provide a framework for proper application of the requirements and to assist with examples or sources of supporting documentation. While these standard operating procedures provide useful information and resources, it may not cover all applicable URA and 104(d) requirements.

For all programs and projects receiving CDBG-DR funds, that may include acquisition, rehabilitation or demolition of real property, an applicability review form (See Appendix 1 – URA Screening Form) will be required. **If the project will undertake any action that is deemed “not subject to the requirements of the URA,” the program must document why this determination was made.** The screening form can be used as the basis to establish whether the project will or will not be required to comply with the URA.

### 1.5.1 Benefits of URA and the Risks of Noncompliance

The primary purpose of a sound disaster recovery program, that may include the development of housing, redevelopment of community facilities, or development of public facilities, is to recover from the natural disaster, enhance quality of life and provide economic opportunity. Since relocation is an integral part of potential affordable housing or neighborhood redevelopment projects, this goal should be incorporated in the initial planning to incorporate all required actions of the relocation process and to allow adequate budget and staffing to carry out these actions. It is important to strive to be sensitive to all interests of a project and strike an appropriate balance.

Understanding and applying the requirements of the URA is critical to the success of any sound affordable housing project. Failure to meet any relocation requirement, such as failure to provide written notices detailing rights and benefits, or failure to offer a comparable replacement unit to a displaced person may result in HUD or other legal authorities stopping the project until the URA requirements are met.

In countless projects across the country, public agencies and grantees have been required to find and compensate displaced residents who were not accorded their rights and benefits, as provided under URA requirements. Additionally, significant financial liability has been incurred by projects that either failed to follow correct processes or failed to maintain adequate records. When a public agency or a development entity adheres to and follows the requirements of the URA, not only are owners, occupants, and tenants treated fairly, but the CDBG-DR project is also protected financially and legally.



Appendix	Document Name
Appendix 01	IEDA URA Applicability Screening Form

### Documentation









## 2. REAL PROPERTY ACQUISITION

- Section 1. Introduction**
- Section 2. Real Property Acquisition Planning**
- Section 3. Valuation**
- Section 4. Voluntary Acquisition**
- Section 5. Involuntary Acquisition**
- Section 6. Negotiations**





## 2.1 Introduction

This section provides an overview of real property acquisition and details the following:

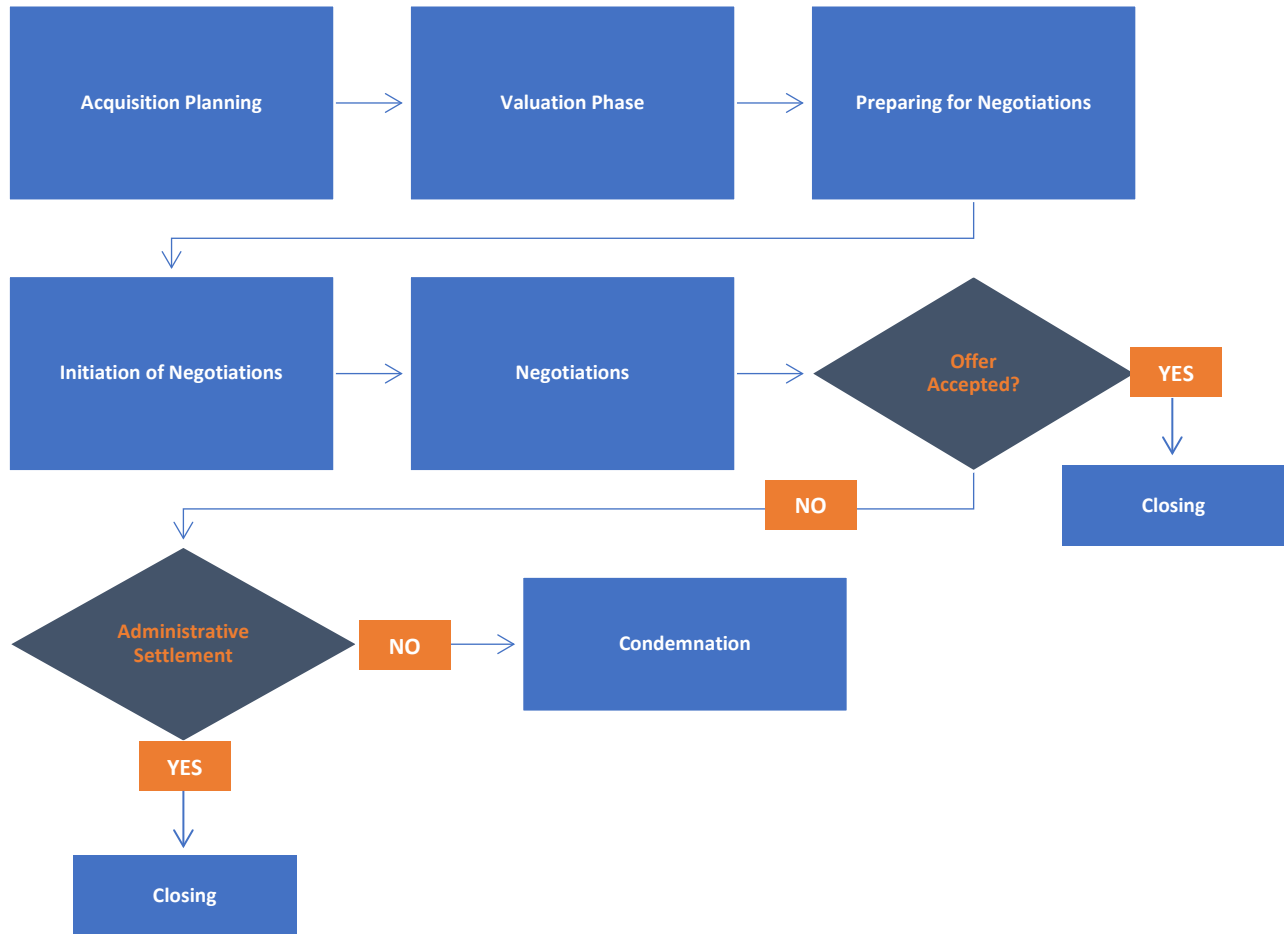
- **Acquisition Process:** The steps involved in acquiring real property.
- **Planning:** Discussion elements include identifying the affected property, establishment of a timeline, financial requirements, determining value, who will negotiate the purchase, and final project use.
- **Valuation:** Understanding when an appraisal is and is not required.
- **Acquisition:** The necessary circumstances and conditions that determine “voluntary” versus “involuntary” acquisition.
- **Administrative Settlements:** Discussion will provide the qualifying elements, when settlements are appropriate and who approves of such settlements.
- **Eminent Domain/Condemnation:** What happens when an agreement for the acquisition cannot be reached?
- **Donations:** What are the requirements to establish and how they are handled?

### 2.1.1 Understanding the Acquisition Process

Projects undertaken by public agencies or other entities using CDBG-DR assistance may require the purchase of land, buildings, or existing housing units. When the purchase of real property is necessary for a project (including easements), specific actions must occur in order for the acquisition to be eligible for reimbursement under Federal regulations. Specifically, the actual property, or a portion thereof, to be acquired must be identified. It is important to understand that the need to plan the acquisition process is critical in ensuring compliance, and to afford fair and equitable treatment of owners and occupants of the property. This could include properties that have multiple owners, or someone who holds a life estate or long-term lease to the property. Each unique situation must be addressed on case-by-case basis.

### 2.1.2 Acquisition Process Overview





## 2.2 Real Property Acquisition Planning

### 2.2.1 Acquisition Planning

The key to any successful project is good planning. When acquiring real property for a disaster recovery project, it is necessary to understand all elements that make up a project and to develop a realistic work plan to accomplish the stated objectives.

The planning process includes several steps:

1. Determine the affected property or project.
2. Develop a timeline or schedule.
3. Establish an acquisition budget.
4. Estimate costs of relocation.
5. Establish the value of the property(s).
6. Determine if one-for-one replacement requirements apply for demolition and conversion activities.
7. Determining level of environmental review, undertaking the review, and obtaining authorization to use grant funds *before* purchasing the property. Note: An Option to Purchase Agreement can be executed for the property pending environmental clearance before finalizing the sale.

The URA requirements make no distinction regarding who needs to fulfill the requirements, only that all necessary steps related to the purchase of the real property are followed. The decision as to who accepts and fulfills these responsibilities needs to be discussed and assigned prior to moving forward with the project. Ultimately, as the CDBG-DR grant recipient, IEDA is responsible for compliance with the URA requirements and for oversight and monitoring.

Detailed here are the process steps to be completed to develop a Relocation Plan for the project when acquisition will be undertaken.

Step	Summary of Duty
Step 1	Define the Project
Step 2	Identify Who will Acquire Property
Step 3	Identifying Needed Properties and Preliminary Relocation Needs
Step 4	Acquisition Method
Step 5	Acquisition Schedule
Step 6	Acquisition/Relocation Budget
Step 7	Identify Level of Environmental Review and Obtain Authorization to Use Grant Funds (AUGF)
Step 8	Complete Plan

#### 2.2.2 Step 1 - Defining the Project





The URA defines a project as “any activity or series of activities undertaken with Federal financial assistance received or anticipated in any phase.” Additionally, if affected households are low-income or a project involves the demolition or conversion of a low-to moderate-income dwelling unit, under Section 104(d), the definition of a project expands to include “an activity or series of activities that are integrally related, each essential to the others, whether or not all of the component activities receive Federal financial assistance.”

Other factors that need to be considered when defining a project are:

- **Location:** The property(s) to be acquired is on the same or contiguous sites.
- **Developer/Owner:** The properties will have common or related owners and the project will be carried out by a single owner, developer, sponsor, or closely related entities.
- **Timeframe/Schedule:** The project will take place within a reasonable period.
- **Objective:** Determine if any specific property is essential to the project’s objectives.

### ***2.2.3 Step 2 - Identifying Entity Responsible for Acquisition***

The first step in carrying out any acquisition activity is to define the roles and responsibilities of the involved entities. There are two roles that must be considered—who will acquire the properties and who will be responsible for URA compliance. Typically, these roles are carried out by the same entity but can be separate entities.

Identifying which entity will acquire the property and undertake the following:

- Define the scope of the project.
- Complete the environmental review and request authorization to use grant funds (AUGF).
- Provide the appropriate notices to affected parties.
- Engage the appraisal services.
- Negotiates with the property owner(s).
- Surveys the current occupants.
- Attends the property closing.
- Provides the appropriate advisory services.

In some cases, a public agency such as the Subrecipient, assembles land for a project and uses involuntary acquisition to ensure proper site assembly. In other projects, the property owner/developer/sponsor, purchases a property and uses a voluntary acquisition approach. Different notices are used for voluntary or involuntary acquisitions. (Voluntary and involuntary acquisitions are discussed in the next sections.)

### ***2.2.4 Step 3 - Identifying Needed Properties and Preliminary Relocation Needs***





For any project, the acquisition process must begin with the identification of all the properties that will be needed to undertake and complete the project, including any and all land, buildings, and improvements that may be needed. Next, the project owner/developer/sponsor must identify any occupants (owners and/or tenants) of the properties, along with a preliminary determination of whether or not the occupants will have to move from the property either permanently or temporarily as the result of the purchase of the property. If a determination is made that occupants will need to be relocated, a preliminary assessment of the location and availability of replacement housing (or lack thereof) must be included in the plan.

#### **2.2.5 Step 4 - Acquisition Method**

The URA identifies two types of acquisitions that can take place using Federal financial resources, “voluntary” and “involuntary.” The acquisition method reflects the nature and the extent to which the acquiring party is willing to pursue ownership of the real property to achieve the project’s objectives. Briefly, the determining factors include:

**Voluntary Acquisition:** This is typically used when Federal resources are made available for buyout programs or development entities acquiring property for housing or community development activities. Voluntary acquisition occurs when the buyer does not have or will not use the power of eminent domain or condemnation to acquire the property. The transaction must clearly be voluntary and an arm’s length transaction. The sale price and terms can be freely negotiated. This methodology is more streamlined but documentation as a voluntary transaction must be executed, or the project will fall under the involuntary requirements listed below.

**Involuntary Acquisition:** This is used by government agencies and involves the need to acquire property to meet a pressing or urgent public need, such as development of roads, schools, or other public infrastructure. This type of acquisition may utilize the government’s power of eminent domain or condemnation if they are unable to negotiate the sale. The process must meet specific requirements regarding the acquisition. The involuntary process is more complex requiring appraisals and review appraisals, as it seeks to protect the property owner’s rights and to establish a fair level of compensation for the acquisition.

The basic steps in the acquisition process that need to be accomplished to meet the requirements of the URA are detailed below in sections 2.4 Voluntary Acquisition and 2.5 Involuntary Acquisition.

#### **2.2.6 Step 5 - Acquisition Schedule**

The process of acquiring real property has multiple steps and stages, each being equally important and necessary. Therefore, when deciding to purchase land (including easements), existing buildings or housing units, the planning phase should include an identification of all the necessary steps to complete the acquisition (including environmental clearance) with a realistic timeframe assigned to each step. Depending





on the type of acquisition, these steps might include property identification, feasibility review for suitability of the proposed site, review of local building and zoning codes, survey of current occupants, property appraisal, review of title reports, and site surveys. Certain required time elements should be incorporated into the schedule, the most significant of which is the need to provide each occupant with no less than 90 days written notice before they are required to move. Occupants cannot be compelled to move until they have been offered a comparable unit, which, depending on local housing market conditions, may or may not be readily available. Based on the complexity and nature of the property to be acquired, and the underlying housing development project proposed for the site, significant time can pass until acquisition is complete.

### **2.2.7 Step 6 – Acquisition/Relocation Budget**

When acquiring property with Federal financial assistance, it is necessary to not only understand all the requirements of the URA, but also have sufficient funding to meet all the associated obligations. Acquisition and relocation are expensive.

In planning for the acquisition of real property, a project budget should include costs related to:

- The purchase of land, buildings, or housing units, estimated at fair market value.
- Transfer of ownership, including customary settlement fees and closing costs (legal assistance, title search, recordation fee).
- Environmental review and obtaining an authorization to use grant funds (AUGF).
- Property survey(s).
- Appraisal(s).
- If displacement will occur, relocation payments (including replacement housing payment, moving expenses, and advisory services).

In addition to these direct costs, if displacement will occur, there are staffing requirements associated with meeting the needs of those currently occupying the property. During the planning process, there will be many unknowns that make budgeting difficult. Significant thought and effort need to be undertaken to assign costs for property acquisition, relocation assistance, advisory services, and physically moving occupants. Every effort should be made to estimate the cost since decisions surrounding a project's feasibility are subject to public review and comment along with approval by units of local government. A staffing plan for completing administrative duties such as providing notices, advisory services, and processing claims should be considered as a part of the funding decision. Projects could be required to include professional services for a URA professional (URA Relocation Specialist) to create a Relocation Plan and administer all or a portion of the URA/Section 104(d) compliance on behalf of the Subrecipient.







While the URA requirements detail the level of relocation benefit, the need to pay market value for property, and related project soft costs, it does not specify whether these funds must be public or private, only that all necessary and appropriate costs are met. The price of the land or building is only one element of the total project cost. Sufficient financial resources must be identified prior to expressing interest in purchasing real property to ensure the likelihood and best chances for project success.

**2.2.8 Step 7 – Determine Level of Environmental Review**

Once the property or properties have been identified, the appropriate level of environmental review and clearance must be determined. It is important to ensure that the environmental review is completed and authorization to use grant funds (AUGF) is obtained before purchasing the property. Moving forward and purchasing property without an AUGF can jeopardize the eligibility to use CDBG-DR funds for the project.

**2.2.9 Step 8 - Complete Plan**

Upon completion of the preceding steps, the project must incorporate all relevant information, including properties to be acquired and potential displacements that may occur, into a Relocation Plan for the project. This plan shall encompass the elements that are detailed in “Guide form Relocation Plan” and should be tailored or adjusted to accurately reflect the project and how the URA requirements will be addressed.



Appendix	Document Name
Appendix 02	HUD Guide Form Relocation Plan

**Documentation**



## 2.3 Valuation

These requirements apply to any acquisition of real property for programs and projects where there is Federal financial assistance in any part of project costs. Before the initiation of negotiations, the real property to be acquired shall be appraised, except in the instances noted in Section 2.3.1.

Before the initiation of negotiations, the Subrecipient shall establish an amount which it believes is just compensation for the real property. The amount shall not be less than the approved appraisal or waiver valuation of the fair market value of the property, taking into account the value of allowable damages or benefits to any remaining property. An agency official must establish the amount believed to be just compensation. Promptly thereafter, the agency shall make a written offer to the owner or the designated owner's representative to acquire the property for the full amount believed to be just compensation.

### 2.3.1 Instances Where Appraisal Not Required

The appraisal is not required if circumstances cited at 49 CFR 24.102(c) are met. These include the following:

- The owner is donating the property and releases the agency from its obligation to appraise the property, or
- The Subrecipient determines that an appraisal is unnecessary because the valuation problem is uncomplicated and has a low fair market value, and the anticipated value of the proposed acquisition is \$15,000 or less, based on review of available data.

#### 2.3.1.1 Waiver Valuation

When an appraisal is determined to be unnecessary, the Subrecipient must prepare a waiver valuation which is not an appraisal (per URA definition). The person performing the waiver valuation must have sufficient understanding of the local real estate market in order to be qualified to perform the waiver valuation. Because the waiver valuation is not an appraisal, a review of the waiver valuation is not required.

HUD (the federal agency funding the project) may approve exceeding the \$15,000 threshold, up to an amount of \$35,000, if the Subrecipient acquiring the real property offers the property owner the option of having the agency appraise the property. If the IEDA or the Subrecipient determines that the proposed acquisition is uncomplicated and has a low fair market value, and if the Subrecipient acquiring the real property offers the property owner the option of having the agency appraise the property, the agency may request approval from the HUD use a waiver valuation for properties with estimated values of more than \$35,000 and up to \$50,000.

Approval for using a waiver valuation of more than \$35,000, but up to \$50,000 may only be requested on a project-by-project basis and the request for doing so shall be made in writing to the Federal funding agency setting forth the anticipated benefits of, and reasons for, raising the waiver valuation ceiling above \$35,000. Within 6 months of completion of acquisition activities a close-out report measuring cost/time benefits, condemnation rate, settlement rate, and any other relevant metric which the funding agency requires to adequately document both the administrative savings and accuracy and efficacy of the waiver valuations of more than \$35,000, but up to \$50,000 shall be submitted to the funding agency.

However, if the property owner elects to have IEDA or the Subrecipient appraise the property, the agency must obtain an appraisal and shall not use the waiver valuation procedures

### 2.3.2 Establishing Fair Market Value in a Voluntary Acquisition

In cases where the purchase of the real property is **voluntary**, and eminent domain or condemnation will not be used, an appraisal is not required. *However, fair market value must still be established.* Utilizing a person knowledgeable of the local real estate market, such as a realtor or tax assessor, can accomplish this. The URA still requires that the basis of how the fair market value determination be documented and the entity acquiring the real property must be able to justify the purchase as “cost reasonable.”



The Subrecipient or entity is also required to inform the seller of the property in writing the manner in which the fair market value determined.

For projects that use a voluntary acquisition approach, other financial partners and lenders may still require that an appraisal be undertaken. This is not unusual and can provide for a good mechanism for justification of prudent measures taken.

Whenever an appraisal has been secured for determining the fair market value of real property, the appraisal report is typically valid for up to 12 months. If more than a year has passed from the date of the original opinion of value, then either the original appraiser should update the appraisal report, or a new appraisal should be obtained. This will ensure that any recent real estate transactions or sales, costs for replacement, or market rents have been reviewed to update the fair market value of the property to be acquired closer to the date that title to the property will transfer.

### **2.3.3 Establishing Fair Market Value in an Involuntary Acquisition**

When undertaking an *involuntary* acquisition using eminent domain or condemnation, at least one appraisal and a review is required. The appraiser(s) selected must be certified and qualified based on the appraisal approach identified in the planning process for the project. Additionally, for high value (\$1M+ value) or complicated properties (i.e., multifamily housing, shopping mall, agricultural facility), Subrecipient or the development entity is encouraged to secure two (2) appraisals and a review.

When an appraisal is undertaken, the owner (or a designated representative) of the property to be acquired shall be given the opportunity to be present and accompany the appraiser during inspection of the property. Also, if a tenant of the property owns any real property improvements, such as typically found in commercial or industrial facilities, then they also should be extended the invitation to accompany the appraiser. This could include fixtures and equipment typically found in a restaurant, such as ovens, refrigerators, counters, or shelving.

The Appraisal Contract (Appendix 04) provides a sample guide form. While this guide form is optional, it provides good guidance on the basic requirements for engaging in this professional service that is necessary in the acquisition process.

### **2.3.4 Securing an Appraisal**

Fair market value is typically established by an appraisal or an independent and impartially written statement that sets forth an opinion of value supported by the analysis of relevant information. Appraisers must be certified under Iowa law in accordance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). Appraisals and appraisal reviews may be conducted by certified professionals for a fee or by employees of IEDA or Subrecipient who are certified.





Typically, the owner, developer or sponsor who will purchase the property will engage and pay for the cost for appraisal services. Once a qualified appraiser has been hired, the appraiser needs to select an appropriate *approach to value*, or the manner in which the fair market value will be identified and established.

There are three (3) approaches to value that can be utilized in the determination of fair market value:

1. **Market or Sales Approach:** When market data is available, recent comparable sales of similar property types are used to establish property value with appropriate adjustments for location, physical characteristics, and reason for sale (i.e., single family housing, vacant land).
2. **Cost Approach:** This approach is used when special purpose improvements are required, and the buyer would reasonably consider purchasing a comparable site and reproducing the improvements (i.e., manufacturing, and industrial facilities).
3. **Income Approach:** This approach may be used when the property generates rent or income and there may be a lack of adequate market value available for comparison (i.e., apartment buildings, shopping centers, and office and commercial buildings).

The approach to determine fair market value should be agreed upon prior to beginning any appraisal work and should be appropriate for the real property under consideration for purchase. Once the appraisal is complete, an appraiser reviews the report to ensure that it meets the requirements of the assignment and current appraisal standards prior to making a purchase offer to the property owner.

If the appraisal report does not meet the assignment requirements or acceptable appraisal standards, then the review appraiser can return the report for corrections, develop an independent value, or require a different appraiser to provide a new appraisal. The type of acquisition to be used - voluntary or involuntary - will dictate the requirements for how the fair market value of the real property is determined.



Appendix	Document Name
Appendix 03	HUD Appraisal Scope of Work
Appendix 04	Appraisal Contract (HUD 1378 - Appendix 20)
Appendix 05	Iowa Appraiser Certification

**Documentation**



## 2.4 Voluntary Acquisition

Commonly referred to as an “arm’s length transaction,” a *voluntary* acquisition is one where the seller willingly makes the property available on the open market and the buyer is free to negotiate for its purchase. An “arm’s length transaction” simply means that the sale of property is a “transaction between unrelated entities or individuals acting in their own interests.” This is the most common form of acquisition for affordable housing developers.

The URA identifies some specific conditions, when Federal financial assistance is used for the purchase of property, when a sale is considered voluntary:

### Voluntary Acquisition by a Public Agency (Subrecipients or IEDA)

- A public agency will not use its power of eminent domain or condemnation if an agreement of sale cannot be reached.
- Public agency has no specific site or property identified and the property is not part of an intended, planned, or designated project area.
- Public agency informs the owner of the estimated fair market value.

### Voluntary Acquisition by a Development Entity

- The Development entity does not have the power of eminent domain and will not acquire property if agreement cannot be reached.
- An estimate of the fair market value of the property.
- Acquisition from a Federal Agency or State agency.

An important requirement that must be met in voluntary acquisition for URA standards is the provision in writing to the seller of the estimate of fair market value and that eminent domain or condemnation will not be utilized in the event that an agreement cannot be reached. The purchase offer made to the seller of real property may be less than fair market value and the sale terms can be negotiated but the seller must be fully informed.

Step	Summary of Duty
Step 1	Issue Notice of Intent or Interest to property owner
Step 2	Determine Just Compensation
Step 3	Issue Notice of Just Compensation/Initiate Negotiations
Step 4	Complete Environmental Review and Receive AUGF
Step 5	Move to purchase/property closing

### >>> Documentation





Appendix	Document Name
Appendix 06	Notice to Owner – Voluntary (HUD 1378 – Appendix 31)
Appendix 07	Notice to Owner – Voluntary (HUD 1378 – Appendix 32)
Appendix 08	Voluntary Acquisition (Alternative Valuation)



## 2.5 *Involuntary Acquisition*

Involuntary acquisition (also known as “eminent domain”) is only allowed if the property is needed for a public use. Per the Consolidated Notice allocating the CDBG-DR funds, the following shall be considered a public use for the purposes of eminent domain:

Any use of funds for:

- (1) mass transit, railroad, airport, seaport, or highway projects;
- (2) utility projects that benefit or serve the general public, including energy related, communication-related, water related, and wastewater-related infrastructure;
- (3) other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government; and
- (4) projects for the removal of an immediate threat to public health and safety, including the removal of a brownfield as defined in the Small Business Liability Relief and Brownfields Revitalization Act.

Using an *involuntary* approach to acquisition has many specific steps and requirements that must be adhered to and properly documented. A preliminary requirement is that the “public agency shall make every reasonable effort to acquire the real property expeditiously by negotiation.”

These steps include the requirement to provide, as soon as feasible, the following:

- Notice to the property owner of the public agency’s interest in acquiring the property and that the agency has eminent domain authority.
- Written description of the owner’s basic rights and protections.
- Confirmation that an appraisal and review appraisal will be secured.
- Owner or a representative shall be offered the opportunity to accompany the appraiser during the inspection of the property.

Once the appraisal and the review are complete, the agency will establish an amount believed to be “just compensation” for the real property that shall not be less than the fair market appraised value. Once the purchase offer has been established, the agency contacts the owner, and if feasible, meets in person to *initiate negotiations* and explain the offer, any benefits which may be available, and the acquisition process. In addition to the purchase offer, the owner needs to be provided with a summary statement detailing the real property, or a portion thereof, and any improvements that will be acquired, including tenant owned improvements, buildings, and fixtures. This summary clearly details what will be purchased and its value.





The owner is also provided with the opportunity to consider the offer and to present information which may be relevant to determining the value of the property. If the material presented or conditions of the property have changed, a new or updated appraisal may be requested to determine if a change in the purchase offer is appropriate. An agency must be careful not to engage in any actions that could be viewed as coercive to seek a faster agreement on behalf of the property owner.

In addition to these steps, a public agency is required to provide a specific written notice informing the owner of the agency’s interest – or intention to acquire the property. These notices are:

- **Notice of Interest:** This notice tells a property owner that an agency has a preliminary interest in purchasing their property, will be offered fair market value, and if the property is purchased, the owner will be eligible for benefits and protected under the URA.
- **Notice of Intent to Acquire:** This notice explains to the property owner that an agency will purchase their property, will be offered fair market value, and the owner will be eligible for benefits and protected under the URA.

Once either the Notice of Interest or the Notice of Intent has been sent, an appraisal will be ordered to begin the valuation process and determine just compensation for the property to be acquired. The result of this step produces a second required notice:

- **Notice of Just Compensation:** This notice, along with a summary statement, constitutes the “initiation of negotiations” and establishes relocation eligibility related to the acquisition.

Regardless of the method of delivery, either in person or by registered/certified mail, it is important to document the date of receipt of these notices. The method of delivery of these written notices should be determined in the acquisition planning phase to ensure timely and fair treatment of all affected property owners.

It is important to understand in an involuntary acquisition:

1. There are specific prescribed steps and procedures that must be followed, along with written notices with specific language that must be provided to all affected property owners.
2. There is a distinction between an owner who is cooperative and willing to sell and an owner who voluntarily places a property on the open market. When a public agency determines that it requires a property for a public purpose and is willing to use its authority to take possession, then the acquisition is involuntary, even if the property is for sale on the open market. Although an owner may be happy to have a public agency acquire its property, this sale must still conform to the required steps discussed herein.

### 2.5.1 Involuntary Acquisition Process Steps

Step	Summary of Duty
Step 1	Issue Notice of Intent or Interest to property owner
Step 2	Secure appraisal to establish property valuation







<b>Step 3</b>	Submit Appraisal(s) for Review
<b>Step 4</b>	Issue Notice of Just Compensation/Initiate Negotiations
<b>Step 5</b>	Complete Environmental Review and Receive AUGF
<b>Step 6</b>	Move to purchase/property closing



Appendix	Document Name
<b>Appendix 09</b>	Notice of Intent – Involuntary (HUD 1378 – Appendix 30)
<b>Appendix 07</b>	Notice to Owner – Voluntary (HUD 1378 – Appendix 32)
<b>Appendix 08</b>	Voluntary Acquisition (Alternative Valuation)

**Documentation**



## 2.6 Negotiations

The requirements to carry out a lawful negotiation depend, in large part, on whether the acquisition is voluntary or involuntary. As discussed above, regardless of the type of acquisition, a seller must be made aware of the fair market value of their property.

### 2.6.1 Negotiation in Voluntary Negotiations

When an offer is accepted, the transaction can move to settlement. This would follow local and state requirements for the transfer of title to real property.

### 2.6.2. Negotiation in Involuntary Negotiations

The negotiation process in an involuntary acquisition is highly regulated in order to protect the seller's rights. This approach to acquisition has many specific steps and requirements that must be adhered to and properly documented. A preliminary requirement is that the "public agency shall make every reasonable effort to acquire the real property expeditiously by negotiation."

This includes:

- The obligation to provide, as soon as feasible, notice to the property owner of the public agency's interest in acquiring the property.
- A description of the owner's basic rights and protections.
- And a notice that an appraisal will be secured. The owner, or a representative, must be offered the opportunity to accompany the appraiser during the inspection of the property.

### 2.6.3 Administrative Settlements

Fair market value is an opinion of value, and sometimes people disagree about value. In some cases, a public agency may choose to pay more than the offer of just compensation (fair market value) for real property. These types of cases are settled administratively, when based upon a public agency's prudent judgment, the agency finds that it is in the public interest to allow for the purchase price of a property to exceed the fair market value. Depending on who is authorized to approve this action, the value of the property, or other state or local requirements, these types of settlements may require approval by a city council, board of supervisors, or legislative body.

Administrative settlements should not be used to correct problems with an appraisal or review, and appraisers should not be influenced to change their value conclusion to justify settlement. Administrative settlement may eliminate the need to turn to a court for a resolution when reasonable negotiation fails. The acquisition file should provide adequate documentation to support the administrative settlement as cost reasonable. This notation might include evaluating the costs to be incurred if the property were taken



through eminent domain but might also include things such as the impact on further delays to the project.

#### **2.6.4 Eminent Domain/Condemnation**

Eminent Domain, also called “condemnation,” is the power of a government agency to acquire property for a “public use” as long as the government pays “just compensation” to the property owner. Historically, eminent domain has been utilized by Federal, state, and local governments to acquire land for the development of roads, highways, schools, and other public facilities. States and local governments have also used eminent domain for neighborhood revitalization and redevelopment initiatives. Eminent domain is usually the acquisition method of last resort when negotiations for the purchase of property have failed to reach an agreement between the parties.

Public agencies will refer these acquisition cases to their legal representative to initiate court action, in accordance with state and local law. Consistent with the most recent HUD guidelines, when an acquisition of real property uses eminent domain, there must be supporting documentation establishing the “public good” of the project. This may include needed public facilities, purchase of repetitively flooded properties, or public infrastructure. Usually, the public agency will deposit with the court an amount of money determined to be just compensation and await the court’s decision. A judge or jury may decide a condemnation case. Both parties, the public agency and the property owner, may offer evidence supporting their claim to the value of the property to be acquired.

Generally, most cases focus on compensation for the property to be acquired. This process may take significant time to be resolved, depending on the court’s availability and schedule. A public agency, upon deposit of funds with the court, seeks a “right-of-entry” from the property owner, to permit the project to move forward, while awaiting final determination from the court. As the result of a condemnation proceeding, a public agency may be required to pay more than the original offer of just compensation.

#### **2.6.5 Donations**

A property owner who has been informed of his rights and benefits under the URA, may choose to donate all or a portion of a property to either a public agency or development entity that is required for a project. The public agency or development entity is required to obtain an appraisal, unless the owner releases the public agency or development entity of this obligation, or the value of the property is easily determined and under \$15,000 and follows the waiver valuation method described in Section 2.3.1 of this document.

If the development entity is a nonprofit organization, a donation of all or a portion of a property may be in the interest of the owner. In such a case, an appraisal will help establish the value of the donation. Whenever a donation of property, or a portion thereof, is accepted by a public agency or development entity, the owner needs to be





informed in writing of their URA rights and benefits, including the right to receive fair market value. It is important to be able to establish that a property owner makes a donation of their own free will, and that neither coercion nor punitive action were ever implied or threatened.



Appendix	Document Name
Appendix 10	IEDA Written Offer of Just Compensation Template
Appendix 11	HUD 1 Settlement Statement
Appendix 12	Title Report
Appendix 13	HUD Administrative Settlement Form
Appendix 14	Iowa Condemnation Case – Court Record

**Documentation**





### 3. RESIDENTIAL RELOCATION

Section 1. Relocation Plan - (49 CFR Part 24.205)

Section 2. Occupant Interview/Survey - (49 CFR Part 24.205)

Section 3. Relocation Notices - (49 CFR 24.203)

Section 4. Relocation Resource/Advisory Services - (49 CFR 24.205)

Section 5. Housing of Last Resort - (49 CFR 24.404)

Section 6. Comparable Housing - (49 CFR 24.204)

Section 7. Replacement Housing Payment - (49 CFR 24.401 - 403)

Section 8. Reimbursement of Moving Expenses (49 CFR 24.301-306)

Section 9. Section 504 - Accessibility

Section 10. Mobile/Manufactured Homes - (49 CFR 24 – Subpart F)

Section 11. Section 104(d) One-for-One Unit Replacement

Section 12. Certifications of Persons Lawfully Present in the United States (49 CFR 24.208)

Section 13. Certifications - (49 CFR Part 24 – Subpart G)



### 3.1 Relocation Plan

In accordance with the requirements established under the URA (49 CFR 24.205), each project/program must develop a Relocation Plan that includes, but is not limited to, the following:

1. Existing Project/Program Summary
2. Occupancy Inventory for Site at the Initiation of Negotiations
  - a. General location of project (map)
3. Occupants to be Displaced
  - a. Temporary Relocation
    - i. Residential Occupants - # of households to move temporarily
    - ii. Temporary Relocation Policy
    - iii. Method of Payments - Temporary move
    - iv. Method of Payment - Utilities
  - b. Permanent Relocation
    - i. Residential occupants - # of households to be displaced
    - ii. Method of Payment - Permanent move
    - iii. Method of Payment - Relocation assistance
4. Relocation Destinations
  - a. Temporary Housing
    - i. On-site or Off-site project/property
    - ii. Moving/Storage
    - iii. Reimbursement for “Out of Pocket Expenses”
  - b. Comparable Replacement Housing
    - i. Area Market Rental Rates
    - ii. Average Utility Costs
    - iii. Availability
5. Off-site Acquisition and/or Relocations
6. Overcoming Potential Impediments to Relocation
7. Relocation Costs/Budget
8. Occupant Notifications
  - a. Residential Occupants
  - b. Evidence of Constructive Delivery
9. Appendix

## 3.2 *Occupant Interview/Survey*

1. Identify property address and occupant.
  - a. Update contact information
  - b. Current “rent roll” (applicable for multi-unit properties)
  - c. Determine if household has “Limited English Proficiency” (LEP)
  - d. Survey form to allow occupants to specify any accommodation needed (accessible unit, inability to climb stairs, paratransit).
  - e. Schedule household interview using Occupant Interview Form
2. Collect information from “Displaced Dwelling Unit”.
  - a. Complete “Site Occupant Record – Residential”
  - b. Photographs of displacement unit inside/outside
  - c. Record any notable features/characteristics of housing unit
3. Conduct resident/occupant interview (49 CFR 24.205(c)(2)(ii)).
  - a. Advise household/occupant of purpose of contact
  - b. Schedule interview
  - c. Identify LEP households and arrange for language assistance (as appropriate)
  - d. Verify General Information Notice (GIN) receipt date
4. Interview
  - a. Define program/project
  - b. Advise household of relocation assistance and advisory services and provide HUD Brochure
  - c. Advise household of anticipated timeline/project schedule
  - d. Copy of current lease
  - e. Utility bill for tenant paid utility (2 to 3 months)
  - f. Current residential address (if DOS tenant)
  - g. Household income documentation (adult members +18 yrs. of age)
  - h. Public housing subsidy (Section 8 or other assistance)
  - i. Identify household pets (i.e., type, breed, number)
  - j. Identify special needs (i.e., physical disability, age, transportation)
5. Information to be obtained for occupants includes:
  - a. Names of occupants and their relationships, identification of head of household;
  - b. Exact address of dwelling;
  - c. Telephone number(s) of residents;
  - d. Determination of language access assistance for persons with limited English proficiency;



- e. Age, sex, marital status, and minority group classification of each person;
- f. Date person first occupied the dwelling (documented by rent payment or utility receipt);
- g. Housing data, including size of current dwelling by number of rooms and square feet;
- h. Employment status and place of employment;
- i. Household income and assets, broken down by each wage earner in the household;
- j. Financial obligations and debts, including dependents, loans, charge accounts;
- k. Current housing-related expenses;
- l. Housing preferences (e.g., neighborhood, rental or purchase, subsidized housing);
- m. Special housing needs (e.g., proximity to day care or medical facilities);
- n. Health status and health coverage; and
- o. Household problems and deficiencies (such information is generally obtained through observation, rather than direct questioning; for example, lack of furniture, drug addiction, alcoholism, poor housekeeping standards).

**NOTE:** To determine accurately the family or individual's ability-to-pay for replacement housing, it will be necessary to verify the income information provided during the interview(s).



Appendix	Document Name
Appendix 15	Site Occupancy Record – Residential (HUD 1378 - Appendix 8)
Appendix 16	Site Occupancy Record – Non-Residential (HUD 1378 - Appendix 9)
Appendix 17	Site Record – Photographs (Interior/Exterior – Displacement Unit)
Appendix 18	Government Issued Photo Identification
Appendix 19	IEDA Resident/Occupant Interview Form
Appendix 20	Income Certification (Program Form)
Appendix 21	Current Lease or Occupancy Agreement
Appendix 22	Tenant Paid Utility Bills (2 to 3 months)
Appendix 23	Certification – Legal Status (Program Form)
Appendix 24	Power of Attorney (if applicable)

**Documentation**









### 3.3 Relocation Notices

In accordance with the requirements established under the URA (49 CFR 24.203), each project or program must provide written information and notification pertaining to the Relocation Plan. These notices must be provided in English, Spanish, or a language most familiar with the affected household in accordance with the [IEDA Citizen Participation and Language Access Plan \(LAP\)](#). These notices include, but is not limited to, the following:

1. HUD Brochures – (available in English and Spanish)
  - a. When an Agency Acquires Your Property (HUD-1041-CPD)
  - b. Relocation Assistance to Tenants Displaced from Their Homes (HUD-1042-CPD)
  - c. Relocation Assistance to Displaced Homeowner Occupants (HUD-1044-CPD)
2. General Information Notice (GIN) – (HUD Handbook 1378 – Appendix 3)
3. Notice of Relocation Eligibility (NOE) – (HUD Handbook 1378 – Appendix 6)
4. Notice of Non-Displacement – (HUD Handbook 1378 - Appendix 4)
5. Ninety (90) Day Notice (HUD Guide Form)
6. Combined Notice (NOE and 90 Day Notice) – (HUD Guide Form)
7. Manner of Delivery of Notices
  - a. Certified mail
  - b. Registered mail
  - c. Personal/hand delivery

Evidence of receipt must be documented to establish that all notices have been delivered. Certified or registered mail can be verified by checking the U.S. Postal Service website found at: [https://tools.usps.com/go/TrackConfirmAction\\_input](https://tools.usps.com/go/TrackConfirmAction_input).

If notices were provided via personal/hand delivery, a receipt must be signed by the household/occupant to evidence receipt.





Appendix	Document Name
<b>Appendix 25</b>	HUD Brochure - 1041 - CPD "When an Agency Acquires a Property"
<b>Appendix 26</b>	HUD Brochure – 1042 – CPD "Relocation Assistance When Tenants Displaced from Their Homes"
<b>Appendix 27</b>	HUD Brochure – 1044 – CPD "Relocation Assistance to Displaced Homeowner Occupants"
<b>Appendix 28</b>	Method/Manner of Notice Delivery
<b>Appendix 29</b>	General Information Notice: > Tenant Not-Displaced (HUD 1378 – Appendix 2) > Business Not-Displaced (HUD 1378 – Appendix 2a) > Tenant Displacement (HUD 1378 – Appendix 3) > Business Displacement (HUD 1378 – Appendix 3a)
<b>Appendix 30</b>	Notice of Non-Displacement – Residential Tenant (HUD 1378 – Appendix 4)
<b>Appendix 31</b>	Notice of Eligibility for Relocation Assistance: > Homeowner (HUD 1378 – Appendix 5) > Residential Tenant (HUD 1378 – Appendix 6) > Non-Residential (HUD 1378 – Appendix 7)
<b>Appendix 32</b>	IEDA 90 Day Move Notice Template
<b>Appendix 33</b>	IEDA Combined NOE/90 Day Move Notice Template

**Documentation**



### 3.4 Relocation Resource/Advisory Services

In accordance with the requirements established under the URA (49 CFR 24.205(c)) the Subrecipient (such as the URA Relocation Specialist) shall contact each person who is affected by the project and provide advisory measures, facilities and services as may be necessary or appropriate. The objective is to minimize hardship for persons adjusting to relocating through the provision of counseling, advice on available assistance and other assistance as appropriate.

Such services include, but are not limited to the following:

**1. Energy Assistance Resources:**

- a. Low Income Home Energy Assistance Program (LIHEAP): <https://humanrights.iowa.gov/dcaa/low-income-home-energy-assistance-liheap>
- b. Low-Income Home Water Assistance Program: <https://humanrights.iowa.gov/dcaa/low-income-home-water-assistance-program>
- c. Weatherization Assistance Program: <https://humanrights.iowa.gov/dcaa/weatherization-assistance-program-wap>
- d. Operation “Round Up” with local power companies: <https://www.hud.gov/states/iowa/renting>

**2. Renter Specific Resources:**

- a. HUD Rental Help in Iowa: <https://www.hud.gov/states/iowa/renting>
- b. Iowa Legal Aid: Landlord and Tenant Issues <https://www.iowalegalaid.org/issues/housing/landlord-and-tenant-issues>
- c. Iowa 211 Support: Landlord/Tenant Assistance [https://hudgov-answers.force.com/housingcounseling/s/?language=en\\_US](https://hudgov-answers.force.com/housingcounseling/s/?language=en_US)

**3. Homeowner Specific Resources:**

- a. Iowa Legal Aid: Home Ownership <https://www.iowalegalaid.org/issues/housing/home-ownership>

**4. Other Resources:**

- a. Iowa Community Action Association: <https://www.iowalegalaid.org/issues/housing/mobile-home-issues>
- b. Iowa Legal Aid: Mobile Home Issues <https://www.iowalegalaid.org/issues/housing/mobile-home-issues>
- c. HUD Housing Counseling Program: [https://hudgov-answers.force.com/housingcounseling/s/?language=en\\_US](https://hudgov-answers.force.com/housingcounseling/s/?language=en_US)

In addition to the services specifically related to the relocation itself, the project will also provide information about non-housing services that could be helpful to a household. The project may provide information directly or may provide referrals to public or private agencies that could assist with:





- Family and Personal Counseling
- Access to Medical Care
- Social Services Information (Social Security, Food Stamps, Veterans’ Benefits, or Other Similar Financial Assistance Programs)
- Transportation Needs
- Employment Counseling and Job Training
- Aging Issues
- Financial Management and Planning
- Family Planning
- Legal Aid



Appendix	Document Name
<b>Appendix 34</b>	Record of Advisory Assistance/Case Log (HUD 1378 – Appendix 10)

***Documentation***



### 3.5 Replacement Housing of Last Resort

Whenever comparable replacement housing is not available within the monetary means for displaced households or occupants, the program must provide additional alternative assistance under the provisions found at 49 CFR 24.404. “Housing of Last Resort” allows for relocation assistance, either a replacement housing payment or a purchase differential payment that exceeds the limits established at 49 CFR Part 401(b) or 402 (b). Congress provided a statutory exemption to these limits (P.L. 91-646, Sec. 206). Use of last resort housing is **required** where an owner-occupant or tenant cannot otherwise be appropriately housed within the monetary limits. Specifically housing of last resort can be provided in several methods:

1. **Cash Assistance:** Assistance exceeds the maximum assistance found at 49 CFR Part 401(b) or 402(a) for replacement housing payment.
2. **Other Last Resort Housing:** Construction of new housing or rehabilitation of existing housing to provide comparable, replacement dwelling units.
3. **Option of Displaced Person:** Displaced household accepts alternative housing assistance, such as housing voucher or a project-based rental subsidy (if available).

The Subrecipient must establish upon completion of the housing market analysis for the project area that based on comparable, available dwelling units, relocation assistance will be provided under replacement housing of last resort. Whenever a program or project cannot proceed on a timely basis because comparable replacement dwelling units are not available within the monetary limits for owner or tenants, the program must provide additional assistance. Determination to provide last resort housing assistance must be adequately justified using either of the following options.

#### 3.5.1 Option #1 – Individual Case-by-Case Determination

Provide a detailed memorandum to the individual case file for each displaced household that establishes which of the three (3) approaches for Last Resort Housing will be used in this case – memorandum must be signed and dated by the preparer and approved by the Subrecipient prior to the issuance of an individual Notice of Eligibility. (See Appendix 38 for a Sample Memorandum)

#### 3.5.2 Option #2 – Determination of Project-wide Basis

Include either in the project’s (a) Relocation Plan (if prepared) or (b) standard project-wide memorandum to file. Prior to initiation of any issuance of Notice of Eligibility (NOE), for the project-wide that all displaced households in the project will receive assistance under the provision of Housing of Last Resort, this must be included in each case file. (See Appendix 38 for a Sample Memorandum or Relocation Plan narrative).





Appendix	Document Name
Appendix 35	Option #1 – IEDA Individual Property Memorandum Template
Appendix 36	Option #2(a) – Relocation Plan (see Appendix 02)
Appendix 37	Option #2(b) – IEDA Project-wide Determination Template

**Documentation**



## 3.6 Displacement

### 3.6.1 Permanent Displacement

In accordance with the requirements found at 49 CFR 24.204(a), no person to be displaced shall be required to move from a dwelling unit unless at least one comparable replacement dwelling has been made available. To the extent necessary, the project should conduct an on-site survey of occupants and document all relevant information in the Site Occupant Record (see Appendix 15). A project must plan to collect detailed information about each person's income and replacement housing resources in a sufficient manner to meet the project needs. If a shortage of comparable replacement housing resources is anticipated, the project must develop how the project will adequately address the shortage, including housing of last resort options.

Comparable replacement housing dwelling units must not only meet the needs of the displaced person but must also meet the criteria defined in the URA regulations found at 49 CFR 24.2(a)(6). For any replacement unit to qualify as "comparable", the dwelling unit must be decent, safe, and sanitary dwelling unit that meets local housing and occupancy codes. Further, if any of the following standards are not addressed by local code or standards, the following shall apply:

- Be structurally sound, weather tight, and in good repair.
- Contain a safe electrical wiring system adequate for lighting and other devices.
- Contain a heating system capable of sustaining a healthful temperature of 70 degrees.
- Be adequate in size with respect to the number of rooms and area of living space needed to accommodate the displaced person.
- Contain a separate, well lighted, and ventilated bathroom that provides privacy to the user and contains a sink, bathtub or shower stall, and a toilet, all in good working order and properly connected to appropriate sources of water and to a sewage drainage system.
- Contain a kitchen area that has fully usable sink, connected to potable hot and cold water, and connected to a sewage drainage system.
- Contain adequate space and utility service connections for a stove and refrigerator.
- Contain unobstructed egress to safe, open space at ground level.
- For a disabled person, be free of any barriers which preclude reasonable ingress and egress, or use of the dwelling unit for a person with physical disabilities, visual or hearing impairment.

Additionally, in order to qualify a dwelling unit as comparable, a site inspection will be required. The purpose of the site inspection shall be to ensure that all of the above detailed requirements for a potential comparable dwelling unit have been verified and documented. The site inspection documentation shall include the individual dwelling unit site report. (Appendix 38 – Comparable Replacement Dwelling Unit and Certification form)







Included in the individual Comparable Dwelling Unit report shall be pictures of the unit, that include:

- Exterior photograph (front, including ingress/egress)
- Interior photograph (general living space)
- Interior photograph – kitchen
- Interior photograph – bathroom
- Exterior photograph (rear, including ingress/egress)

Once the specific Site Occupancy Record for the displaced unit has been completed, the program must take into consideration the following factors to identify comparable units:

- Number of people in the household
- Dwelling size and number of bedrooms and bathrooms
- Parking (if applicable)
- Household income
- Special needs (physical disability, visual or hearing impairment, other)
- Neighborhood
- Location of area schools and distance from comparable unit
- Distance to place(s) of worship (if applicable)
- Distance or location of childcare facilities (if applicable)
- Public transportation – distance and type of service (rail, subway or bus)
- Employment – distance
- Neighborhood shopping
- Sale price or rent/utility costs
- Date available

**3.6.2 Selection of Final Comparable Dwelling**

Step	Summary of Duty
Step 1	Conduct local housing market analysis.
Step 2	Interview households to be displaced and complete Site Occupancy Record.
Step 3	Based on Site Occupancy Record, identify potential comparable replacement dwelling units, using housing market analysis.
Step 4	Conduct on-site inspection of potential comparable replacement dwelling unit and document within the Individual Comparable Dwelling Report.





<b>Step 5</b>	Identify three (3) comparable available replacement units, but no less than one. If only one (1) comparable is identified, supporting documentation must establish why less than three (3) comparable units were available.
<b>Step 6</b>	Summarize and complete comparable analysis using HUD Form 40061 "Selection of Most Representative Comparable Replacement Dwelling".
<b>Step 7</b>	Prepare Notice of Relocation Eligibility based on final analysis detailed on HUD Form 40061.

## Step 1: Conducting a Housing Market Analysis

Based on the nature and location of the project, a local housing market analysis may be conducted using various resources, including but not limited to, local advertisements in newspapers of daily/weekly circulation, using internet or web-based search data, or contacting local real estate agents who may have property listings for rent or sale. This analysis should also include public and affordable housing developments, if located in the project area, as well as senior (age restricted) housing. Listed herewith are several web-based property search listings for potential rental and for sale listings:

- Multiple Listing Service  
<http://www.mls.com/search>
- Trulia  
<https://www.trulia.com>
- Apartments.com <https://www.apartments.com>
- Zillow  
<https://www.zillow.com>
- Realtor.com  
<http://www.realtor.com>

Use of these resources should provide an initial overview of the current market pertaining to both rental and for sale residential housing within a community. If little or no sufficient results are produced to establish an inventory of potential comparable replacement dwellings, further steps may be warranted to determine the characteristics of the local housing market. These may include contacting local units of government (building/code inspectors), public housing authorities, local real estate agents, or state certified appraisers who may have a more detailed local market knowledge and background.

It is recommended that if using internet or web-based search tools, the sale or rental listing be printed and retained as "point time evidence" of availability. If working with local real estate agents or local property owners, sufficient supporting documentation pertaining to the property listing must be maintained in the individual case file.



## Step 2 – Interview Households to be Displaced

Upon approval of a project, the Subrecipient or URA Relocation Specialist must conduct a personal interview of displaced persons to determine their needs and preferences. The interview is the method to establish a “profile” of each displaced person or household to assist with their relocation needs. Information obtained from the individual interviews will enable the project to provide appropriate relocation assistance and advisory services.

When interviewing residential households that will be displaced, the URA Relocation Specialist must identify the following characteristics:

- Number of persons in the household
- Dwelling size and number of bedrooms
- Household income
- Special needs (physical or mental disability, visual or hearing impairment)
- Identification and location of children’s schools
- Place for worship
- Childcare needs
- Transportation needs
- Community linkages
- Family needs
- Pets
- Physical needs
- Place of Employment
- Personal desires and preferences relative to relocation

The URA Relocation Specialist must complete an individual interview form (See Appendix 19), along with a Site Occupancy Record (See Appendix 15) for each displaced household. This Site Occupancy Record will establish the elements and factors when locating and evaluating potential comparable replacement dwelling units.

## Step 3 – Identify Comparable Replacement Dwelling Units

Based on the local market analysis and the individual interview of the displaced household, the URA Relocation Specialist will need to identify three (3) comparable replacement units, based on individual household characteristics determined through the individual interview. It is recommended that 5 to 7 units be initially identified, as to create a pool or current inventory of potential comparable units, however no less than 3 units must be used for side-by-side comparison.





## Step 4 – On-site Inspection Comparable Replacement Dwelling Units

The URA Relocation Specialist will conduct an on-site inspection of a group or pool of comparable dwelling units that were identified in Step 3. This on-site inspection is to affirmatively review and document that the following conditions are satisfied:

- Unit is decent, safe, and sanitary.
- Meets local building and/or housing code.
- For pre-1978 properties, passes a lead-based Paint Visual Assessment.
- Functionally equivalent in square footage, number of bedrooms, and amenities.
- Unobstructed egress to safe, open space at ground level.

## Step 5 – Identify Three (3) Best Comparable Replacement Dwelling Units

In the event, due to unforeseen circumstances or unique factors, if less than 3 comparable units are used to establish the best, available comparable replacement dwelling unit, the URA Relocation Specialist must detail specifically why less than 3 comparable dwelling units are being used. This written justification, with sufficient detail, must be prepared and approved in advance of the completion of this step by a Subrecipient program manager or division director.

One required factor for a unit to qualify as comparable, and to be included in the Notice of Relocation Eligibility (NOE), the dwelling units identified must be available for sale or lease. It is recommended that the URA Relocation Specialist creating a pool or inventory of potential comparable units, along with weekly updates as dwelling come on or go off the market. This continuous update will assist in provision of relocation assistance in a timely fashion.

## Step 6 – Selection of Most Representative Comparable Replacement Dwelling Unit

Once the URA Relocation Specialist has identified 3 comparable replacement units, using the information found in the individual Comparable Replacement Dwelling Unit form (Appendix 38), along with the Occupant Site Record for the displacement unit (Appendix 15), the selection of the most representative Comparable Replacement Dwelling shall be finalized using HUD Form 40061 (Appendix 39). This must be reviewed and approved by a Subrecipient program manager or division director.

It is important to carefully document this final determination for the comparable replacement dwelling unit, as this establishes the upper limit for relocation assistance. The information from the final determination will be provided to the displaced household and used by the program to compute the replacement housing payment. For





establishing the payment limit, comparable replacement housing unit shall be selected from the neighborhood in which the displacement dwelling unit is located or in a nearby similar neighborhood where housing costs are the same or higher.

### Step 7 – Prepare Notice of Relocation Eligibility (NOE)

Upon completion of Step 6, the information regarding comparable replacement dwelling units must be incorporated in the Notice of Relocation Eligibility (NOE), with the best available comparable replacement unit being identified. The identification of the best available comparable replacement housing units will permit the program to determine the “upper limit” of the relocation assistance. The upper limit of the replacement housing payment shall be established on the basis of the cost for a comparable replacement dwelling unit that is most representative of, and equal to, or better than, the displacement unit. This issuance of a Notice of Eligibility cannot occur until all of the proceeding steps detailed herein have been completed, including approval of the selection of the most comparable replacement dwelling unit by a Subrecipient program manager or division director.

Appendix	Document Name
Appendix 15	Site Occupancy Record (HUD1378 – Appendix 8)
Appendix 38	Individual Comparable Replacement
Appendix 39	Selection Comparable Replacement Dwelling (HUD 1378 – Appendix 12)

>>> [Documentation](#)



### 3.7 Replacement Housing Payment (RHP)

All involuntarily displaced persons are eligible to receive some form of relocation benefits. The level and type of assistance will depend on several key factors, including:

- Is the person a tenant or an owner?
- Is the person a business, farm, or a household?
- How long has the displacee occupied the project?
- If residential displacee, what is the person's income?

Eligibility for relocation assistance is not income-based; however, a household's income is a factor in determining the amount of assistance that will be provided. Certain households may be eligible for different types of assistance depending upon their income level.

#### 3.7.1 Forms of Assistance

Certain relocation services are provided to all displaced persons regardless of income or status as a tenant or a property owner, including advisory services, replacement housing assistance, re-establishment, moving and related expenses as follows:

- **Advisory Services:** Include timely notices of project dates, information booklets, explanation of assistance, referrals to comparable housing, referrals to social services, counseling, and advice on rights under the Fair Housing Act.
- **Replacement Housing Assistance:** This assistance is provided as either rental assistance or purchase assistance. In the case of tenant relocation assistance, the household, and not the state/local government, has the right to choose whether rental assistance is provided through a Replacement Housing Payment (RHP) or through tenant-based rental assistance.
- **Moving and Related Expenses:** The displaced person can choose from either a payment for actual reasonable moving costs and related expenses, or a fixed moving expense and dislocation allowance based on a U.S. Department of Transportation (DOT) schedule that is published periodically.
- **Re-establishment Expenses for Businesses:** The displaced business receives assistance with re-establishing their business in a new location. See Section 4 of this document for more information.

#### 3.7.2 Occupancy Requirements – Homeowners and Renters

- **Less than 90-day Occupant** - Section 24.404(c)(3) (Housing of Last Resort) requires the IEDA or the Subrecipient to provide assistance to a displaced owner or tenant occupant who fails to meet the 90-day requirement for length of occupancy of the displacement dwelling, prior to the initiation of negotiations. A displaced person who fails to meet the length of occupancy requirements under 49 CFR 24.401(a) or 24.402(a) qualifies for assistance based on 49 CFR 24.402(b)(2)(i) or (ii) if the person is low-income. If the person is not low-income, the calculation is based on 49 CFR 24.402(b)(2)(i) only.
- **90-day Homeowner** – A 90-day homeowner is eligible for replacement housing payment if the person has actually owned and occupied the displacement dwelling for no less than 90 days immediately prior





to the initiation of negotiations. Section 24.401(b) requires the replacement housing payment for an eligible 90-day homeowner-occupant to not exceed \$41,200. The payment is limited to the amount necessary to relocate to a comparable replacement dwelling within 1 year from the date the displaced homeowner-occupant is paid for the displacement dwelling, or the date a comparable replacement dwelling is made available to such person, whichever is later. If costs will exceed the \$41,200 limit, Housing of Last Resort (24.404) may be used.

- **90-day Tenants and Certain Others** – A 90-day occupant is a person who has actually and lawfully occupied the displacement dwelling for at least 90 days immediately prior to the initiation of negotiations. Section 24.402(a) requires a tenant or homeowner displaced from a dwelling to be entitled to payment not to exceed \$9,570 for rental assistance or as downpayment assistance to purchase a home. The displacee qualifies for assistance based on 49 CFR 24.402(b)(2)(i) or (ii) if the person is low-income. If the person is not low-income, the calculation is based on 49 CFR 24.402(b)(2)(i) only. If costs will exceed the \$9,570 limit, Housing of Last Resort (24.404) may be used.
- **180-day Mortgages Increased Interest Costs**– Where the displacement dwelling has valid liens in place for at least 180 days prior to the initiation of negotiation, 24.401(d) requires the payment for increased mortgage interest cost shall be the amount which will reduce the mortgage balance on a new mortgage to an amount which could be amortized with the same monthly payment for principal and interest as that for the mortgage(s) on the displacement dwelling.
- **180-day Reverse Mortgages** - The payment for replacing a reverse mortgage is contained in 24.401(e) and shall be the difference between the existing reverse mortgage balance and the minimum dollar amount necessary to purchase a replacement reverse mortgage which will provide the same or similar terms as that for the reverse mortgage on the displacement dwelling. In addition, payments shall include other debt service costs, if not paid as incidental costs, and shall be based only on reverse mortgages that were valid liens on the displacement dwelling for at least 180 days prior to the initiation of negotiations.

### 3.7.3 Replacement Housing Assistance - Homeowners

A special calculation is used to provide a Replacement Housing Payment (RHP) for a homeowner who has occupied the displacement dwelling for at least 90 days prior to the initiation of negotiations. The RHP for a homeowner who has occupied the replacement dwelling unit for less than 90 days is calculated in the same manner as that given to a displaced tenant, as detailed in the section below.

The RHP made to a homeowner who has occupied the property for 90 days or more is the sum of the amount by which the cost of the replacement unit exceeds the acquisition amount, any additional mortgage financing cost, and reasonable expenses incidental to purchase the replacement dwelling.

The RHP is obtained by subtracting the acquisition cost from the lesser of the comparable dwelling unit or the actual replacement unit. HUD-40057 is the form used to calculate the amount of the RHP for homeowners.

### Homeowner Example RHP Calculation

Calculation Factors	Costs
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A	Acquisition Price ( <i>actual</i> )	\$65,000
	Comparable Unit ( <i>established by agency</i> )	\$80,000
	Replacement Unit ( <i>unit family purchased</i> )	\$87,000
B	Lessor of Comparable or Actual ( <i>Comparable Unit – Acquisition Price</i> )	\$15,000
	Financing Cost	\$1,000
	Incidental Cost	\$2,700
C	Replacement Housing Payment ( <i>Lesser + Financial Cost + Incidental Cost</i> )	\$18,700

Relocation benefits for owner-occupants who have been in residence less than 90 days is calculated and provided in the same manner as if the occupant were a renter household.

While the URA regulations refer to a displaced homeowner RHP cap of \$41,200, Section 24.404 (Housing of Last Resort) requires any additional assistance calculated to be provided to the displaced person. Therefore, the amount may exceed \$41,200.

Incidental expenses can include:

- Legal and related closing costs
- Application and appraisal fees
- Credit report
- Title insurance
- Revenue and documentary stamps and transfer fees.

### **3.7.4 Increased Mortgage Interest Costs**

The Subrecipient shall determine the factors to be used in computing the amount to be paid to a displaced person whose mortgage interest will increase when purchasing replacement housing. The payment for increased mortgage interest cost shall be the amount which will reduce the mortgage balance on a new mortgage to an amount which could be amortized with the same monthly payment for principal and interest as that for the mortgage(s) on the displacement dwelling. In addition, payments shall include other debt service costs, if not paid as incidental costs, and shall be based only on bona fide mortgages that were valid liens on the displacement dwelling for at least 180 days prior to the initiation of negotiations.

#### **3.7.4.1 Computing Increased Mortgage Interest Costs for Replacement Housing Payments**







The URA regulation at 24.401(d) contains the requirements for computing the replacement housing payment when the mortgage interest will increase beyond the mortgage interest on the displacement dwelling. These requirements are listed below:

- (1) The payment shall be based on the unpaid mortgage balance(s) on the displacement dwelling; however, in the event the displaced person obtains a smaller mortgage than the mortgage balance(s) computed in the buydown determination, the payment will be prorated and reduced accordingly. In the case of a home equity loan the unpaid balance shall be that balance which existed 180 days prior to the initiation of negotiations or the balance on the date of acquisition, whichever is less.
- (2) The payment shall be based on the remaining term of the mortgage(s) on the displacement dwelling or the term of the new mortgage, whichever is shorter.
- (3) The interest rate on the new mortgage used in determining the amount of the payment shall not exceed the prevailing fixed interest rate for conventional mortgages currently charged by mortgage lending institutions in the area in which the replacement dwelling is located.
- (4) Purchaser's points and loan origination or assumption fees, but not seller's points, shall be paid to the extent:
  - (i) They are not paid as incidental expenses;
  - (ii) They do not exceed rates normal to similar real estate transactions in the area;
  - (iii) The agency determines them to be necessary; and
  - (iv) The computation of such points and fees shall be based on the unpaid mortgage balance on the displacement dwelling, less the amount determined for the reduction of the mortgage balance under this section.
- (5) The displaced person shall be advised of the approximate amount of this payment and the conditions that must be met to receive the payment as soon as the facts relative to the person's current mortgage(s) are known and the payment shall be made available at or near the time of closing on the replacement dwelling in order to reduce the new mortgage as intended.

### **3.7.5 Displaced Homeowners with Reverse Mortgages**

A Reverse Mortgage (also known as a Home Equity Conversion Mortgage (HECM)) means a first mortgage which provides for future payments to the homeowner based on accumulated equity and which a housing creditor is authorized to make under any Federal law or State constitution, law, or regulation. It is a class of lien generally available to persons 62 years of age or older. Reverse mortgages do not require a monthly mortgage payment and can also be used to access a home's equity. The reverse mortgage becomes due when none of the original borrowers' lives in the home, if taxes or insurance become delinquent, or if the property falls into disrepair.

#### **3.7.5.1 Computing Reverse Mortgages for Replacement Housing Payments**

The payment for replacing a reverse mortgage shall be the difference between the existing reverse mortgage balance and the minimum dollar amount necessary to purchase a replacement reverse mortgage which will provide the same or similar terms as that for the reverse mortgage on the displacement dwelling. In addition, payments shall include other debt service costs, if not paid as incidental costs, and shall be based only on reverse mortgages that were valid liens on the displacement dwelling for at least 180 days prior to the initiation of negotiations.

The URA regulation at 24.401(e) contains the requirements for computing the replacement housing payment when the displacement dwelling has a reverse mortgage. These requirements are listed below:

- (1) The payment shall be based on the difference between the reverse mortgage balance and the minimum amount needed to qualify for a reverse mortgage with the similar terms as the reverse mortgage on the displacement dwelling; however, in the event the displaced person obtains a reverse mortgage with a smaller principal balance than the reverse mortgage balance(s) computed in the buydown determination, the payment will be prorated and reduced accordingly. The reverse mortgage balance shall be that balance which existed 180 days prior to the initiation of negotiations or the reverse mortgage balance on the date of acquisition, whichever is less.
- (2) The interest rate on the new reverse mortgage used in determining the amount of the eligibility shall not exceed the prevailing rate for reverse mortgages currently charged by mortgage lending institutions





for owners with similar amounts of equity in their units in the area in which the replacement dwelling is located.

- (3) Purchaser's points and loan origination, but not seller's points, shall be paid to the extent:
  - (i) They are not paid as incidental expenses;
  - (ii) They do not exceed rates normal to similar real estate transactions in the area;
  - (iii) The agency determines them to be necessary; and
  - (iv) The computation of such points and fees shall be based on the reverse mortgage balance on the displacement dwelling plus any amount necessary to purchase the new reverse mortgage.
- (4) The displaced person or their representative shall be advised of the approximate amount of this eligibility and the conditions that must be met to receive the reimbursement as soon as the facts relative to the person's current reverse mortgage are known; the payment shall be made available at or near the time of closing on the replacement dwelling in order to purchase the new reverse mortgage as intended.

### 3.7.6 Replacement Housing Assistance - Renters

The Replacement Housing Payment (RHP) is intended to assist with affordable rental housing payments for a 42-month period. While the URA regulations mention at 24.402 that total payments are capped at \$9,570 for 90-day tenants. This amount may be exceeded in cases where a household's calculated 42-month payment needed to ensure affordable rent exceeds \$9,570 and must fall under requirements for Housing of Last Resort at 24.404. The HUD-40058 is the form used to calculate the amount of RHP for renters.

Additionally, a displaced tenant is entitled to reasonable reimbursement, as determined by the agency, for actual expenses not to exceed \$1,000, incurred for rental replacement dwelling application fees or credit reports when required to lease a replacement dwelling (49 CFR 24.301(g)(7)).

It is here that the renter's household income comes into play regarding the amount of RHP that will be provided for relocation assistance. For tenants that meet HUD's definition of low/moderate income (LMI), the RHP is calculated to cover the gap between 30% of the monthly household income and the monthly rental costs. The calculation for LMI household is:

- The lesser of rent and estimated utility costs for the actual replacement unit or comparable unit; **and**
- The lesser of:
  - 30 percent of the tenant's monthly gross income; or
  - The monthly rent and average utility costs of the displacement dwelling.

### Renter Formula RHP Calculation for Low-Income Households (At or Below 80% AMI)

Calculation Factors	Costs
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<b>A</b>	Current Rent & Utilities at Displaced Unit	\$1,000
<b>B</b>	30% of Monthly Annual Income	\$ 600
<b>C</b>	Comparable Unit <i>(established by agency)</i>	\$1,100
<b>D</b>	Actual Replacement Unit <i>(unit family selected)</i>	\$1,200
<b>E</b>	Lessor of C or D <i>(Comparable Unit or Actual Replacement Unit)</i>	\$1,100
	Minus (Lessor of A or B) <i>(Current Rent &amp; Utilities or 30% Monthly Annual Income)</i>	-( \$600)
	= Multiplied by 42 Months	\$500 x 42
<b>F</b>	Replacement Housing Payment	\$22,500

For non-low-income tenants residing in replacement housing for more than 90 days, RHP makes up the difference between:

- The lesser of rent and estimated utility costs for the actual replacement unit or comparable unit; **and**
- The monthly rent and average utility costs of the displacement dwelling.

### Renter Formula RHP Calculation for Non-Low-Income Households (Above 80% AMI)

Calculation Factors		Costs
<b>A</b>	Current Rent & Utilities at Displaced Unit	\$1,000
<b>B</b>	///Not Applicable///	///
<b>C</b>	Comparable Unit <i>(established by agency)</i>	\$1,100
<b>D</b>	Actual Replacement Unit <i>(unit family selected)</i>	\$1,200
<b>E</b>	Lessor of C or D <i>(Comparable Unit or Actual Replacement Unit)</i>	\$1,100
	Minus A <i>(Current Rent &amp; Utilities)</i>	-( \$1,000)
	= Multiplied by 42 Months	\$100 x 42





<b>F</b>	Replacement Housing Payment	\$4,200
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Appendix	Document Name
<b>Appendix 40</b>	Claim for Replacement Housing – Homeowner HUD Form 40057 (HUD 1378 – Appendix 13)
<b>Appendix 41</b>	Claim for Replacement Housing – Renter HUD Form 40058 (HUD 1378 – Appendix 14)

[>>> Documentation](#)



### **3.7.7 Temporary Displacement**

This section details the requirements when current occupants are not permanently displaced and are able to re-occupy the property once the project is concluded. Temporary displacement is defined as the occupant being displaced for less than 12 months (one year). Occupants who will not be able to reoccupy for a year or more are considered permanently displaced and must be offered assistance under the permanent displacement guidelines. This situation may apply to both residential and commercial occupants. Generally occupants are displaced during the rehabilitation of their dwelling, or when a capitol or infrastructure project blocks access to businesses.

These requirements include:

- Planning for the temporary relocation.
- Determining when occupants can move back and if persons will be displaced for more than 12 months.
- Providing the proper written notices at the time of move out and return.
- Informing tenants of the benefits that will be made available.
- Providing necessary and appropriate advisory services.

The URA regulations added temporary relocation to the definition of displaced persons in its final rule that went into effect on June 3, 2024 which states:

***Persons required to move temporarily.*** A person who is required to move or moves his or her personal property from the real property as a direct result of the project but is not required to relocate permanently. Such a determination shall be made by the agency in accordance with any requirement, policy, or guidance established by the Federal agency funding the project. All benefits for persons required to move on a temporary basis are described in Section 24.202(a).

#### **3.7.7.1 Persons or Businesses Required to Move Temporarily**

The URA requirements that must be met for temporarily relocating persons or businesses are found at 24.202(a) of the regulation. These requirements are listed below:

- (1) Appropriate notices must be provided in accordance with 24.203 and appropriate advisory services must be provided in accordance with 24.205.
- (2) For persons occupying a dwelling, at least one comparable dwelling, is made available prior to requiring a person to move, except in the case of an emergency move.
- (3) Similarly, if a person's business will be shut down due to a project which either requires the occupant to vacate the property or which denies physical access to the property, it may be temporarily relocated and reimbursed for all reasonable out of pocket expenses or must be determined to be permanently displaced at the agency's option;

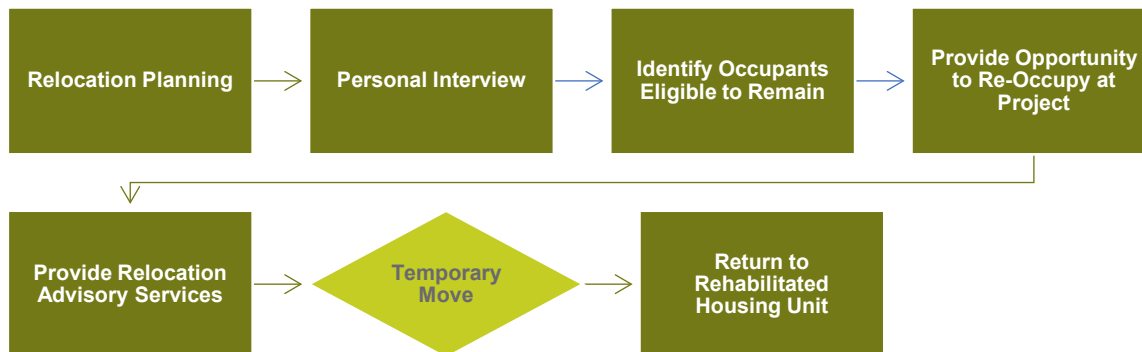


(4) Payment is provided for all out-of-pocket expenses incurred in connection with the temporary relocation as the agency determines to be reasonable and necessary, associated with comparable replacement dwelling, and incidental to selecting a temporary comparable replacement dwelling. Such payments may include the reasonable and necessary costs of temporarily moving personal property from the real property *and returning to the real property*. Storage of the personal property may be allowed when approved by the displacing agency.

(5) A person's temporary move from their dwelling or business for the project may not exceed 12 months. The agency must contact any person who has temporarily moved from their dwelling or business when that temporary move has lasted for a period beyond 12 months because that person is considered permanently displaced and eligible as a displaced person. The agency shall offer such eligible persons all required relocation assistance benefits and services for permanently displaced persons. An agency may not deduct any temporary relocation assistance benefits previously provided when determining permanent relocation benefits eligibility; and

(6) A person who is not lawfully present in the United States and who has been determined to be ineligible for relocation assistance in accordance with 24.208 is not eligible for temporary relocation assistance unless such denial of benefits would create an extremely unusual hardship to a designated family member in accordance with 24.208(h).

### Relocation Process for Temporarily Displaced Households



### **3.7.8 Planning for Temporary Relocation**

To minimize displacement, Subrecipient should make every effort to allow occupants of a property to re-occupy the property after the project is complete. In many of these instances, a plan for the temporary relocation of residents may be necessary. The Relocation Plan (discussed previously) should address the Subrecipient plans for temporarily relocating those who will be able to re-occupy the newly rehabilitated development.

The portion of the Relocation Plan that addresses temporary relocation will:

- Identify reasonable steps that will be taken to minimize displacement of persons from their homes as a result of the assisted project.
- Identify current occupants that will be able to re-occupy a decent, safe, and sanitary unit at the conclusion of the project, based on the provision of reasonable terms and conditions, and occupancy standards established for the project.
- Detail the reasonable temporary relocation that will be necessary to accomplish the proposed project.

When the Subrecipient determines who will coordinate project activities and be responsible for relocation, they need to also address temporary relocation, if appropriate. Typically, the Subrecipient that provides for the permanent relocation of residents, will also handle the temporary relocation activities.

These roles and responsibilities should be clearly defined in the Relocation Plan. This includes whoever ultimately will be responsible for carrying out the temporary relocation activities (such as the URA Relocation Specialist). Identification of the responsible party, whether it is the Subrecipient providing the disaster recovery assistance (CDBG-DR) or the development entity, needs to be clear and incorporated within any written agreement for the project.

The temporary Relocation Plan should detail the terms and conditions of the temporary relocation, along with the occupancy standards that will apply to the housing development upon completion of the project. The URA protects the rights of residents who are temporarily relocated. Once the households who will be temporarily relocated have been identified, the responsible party must issue required notices, interview affected households, identify and communicate the terms and conditions of the temporary move, and provide appropriate advisory services.

### **3.7.9 Meeting and Consulting with Affected Households**

To develop and carry out an effective temporary relocation plan, it will be necessary for the Subrecipient to consult with affected households early in the planning process. At these meetings, the responsible agency should gather as much information as it can to understand the needs of the affected households, or to listen to suggestions from the current residents regarding alternatives to the proposed temporary relocation plan, or how the project should proceed. Generally, it is important to minimize the amount of



time a household is temporarily relocated, to minimize inconvenience and hardship to the affected household, and to minimize unnecessary costs. These early meetings offer an opportunity to gather the information that will help to plan for an effective relocation, and to establish good communication with the affected households.

Consultation and meetings can be accomplished in several ways, including individual meetings, small group discussions, or a “town hall” format. Meeting in a local school or community center can help to accommodate large groups. The approach is to meet with affected should be appropriate and yield the best results to ensure that the rights and benefits of households to be displaced are protected.

### **3.7.10 Survey**

As with a permanent and involuntary relocation plan, a resident survey is an important element when preparing a responsible temporary relocation plan. The survey identifies all occupants of a property that may be affected by a proposed affordable housing project and assesses whether or not they will be able to remain after the project is complete. The survey assists in planning for temporary moves, the type and number of temporary units, and the timetable for moves of current occupants. Additionally, this can be useful to identify overcrowded households, and households who may not have the legal right to be in occupancy.

Useful information a survey should look to collect include:

- Type and tenure of the occupant
- The number and ages of persons in the household
- Lease agreement
- Household income
- Special housing needs

### **3.7.11 Notices**

The URA requires that everyone affected by a Federally financed project receive timely notices and specific information regarding their status and potential eligibility for any assistance and services. For occupants that will be temporarily relocated, the following notices must be provided:

- **General Information Notice (GIN):** Informs occupant of project and how the proposed activity will affect their occupancy.
- **Temporary Relocation Notice:** Informs occupants they will be temporarily relocated for the project and will be able to re-occupy at project completion. This notice will explain benefits provided for the temporary move.

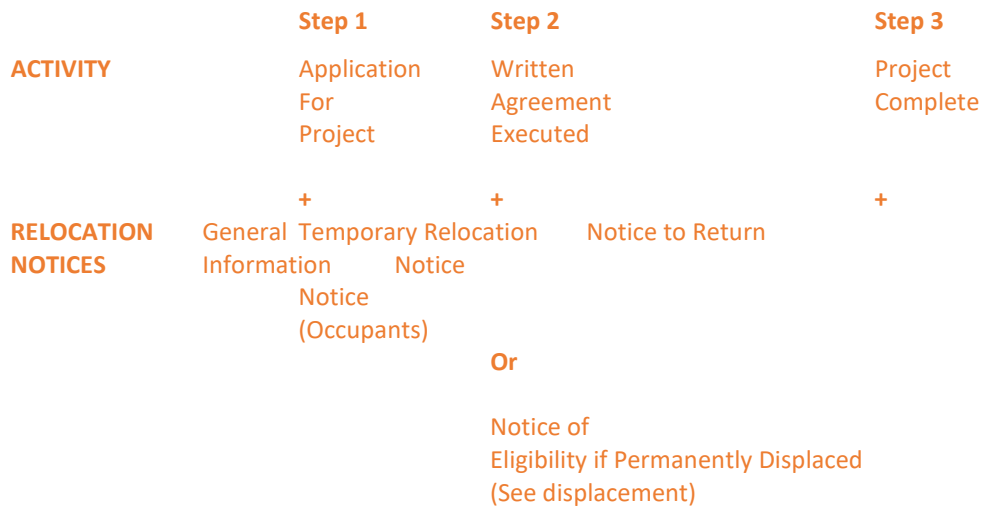




- **Notice to Return:** Informs the temporary displaced that the project is complete, they can return to their original unit, and timeframe for when they must return. Also, the notice should provide information for assistance with related move expenses.

The temporary relocation plan should describe how the project will proceed and identify the necessary notices that must be issued. It is allowable to combine certain notices if they are provided in a timely manner and contain the appropriate information. Notices need to be tailored to the specific project and may also require reflecting specific circumstances of the affected households.

### URA Sequence for Notices – Temporary Relocation



#### 3.7.12 Suitable Units

When temporary relocation occurs, suitable available housing units need to be sufficient in bedroom size and number, to accommodate the affected households. The units must meet minimum standards for decent, safe, and sanitary, in accordance with HUD Housing Quality Standards (HQS). The relocation plan needs to identify the number of on-site and off-site units required, and where they are located.

Temporary units are not required to be in the immediate neighborhood. However, these units should take into consideration the special housing needs of identified households. Ideally, they will be accessible to transportation and other needs of the affected households, such as shopping, employment, and community facilities.

#### 3.7.13 Occupant Moves

The temporary relocation plan must address the way current occupants will have their household items and personal property moved. The URA requires that all reasonable and appropriate out of pocket expenses need to be paid.





The Subrecipient should determine whether it will ask the occupant to hire a mover and reimburse the cost, or if the agency will hire the mover for all affected households. The temporary relocation plan should identify how the moves will be carried out and the responsible agency should inform affected households. It is recommended that for the project to meet its deadlines and ensure timely temporary moves, that the project engage a contract mover and provide adequate advance notice of the actual temporary move date to the affected households.

During the development stage of the project, there is often a need to stage and move residents around. Households that will be temporarily relocated need to be provided reasonable advance written notice of the planned move date. The date of an actual move may depend on factors such as progress on the work on the project or the availability of temporary housing units. Households that will be temporarily relocated should be given 10 to 14 days advance notice of their move date, and the actual address of their temporary unit.

Upon completion of the project, residents must be offered the opportunity to re-occupy a dwelling unit in the same location that is decent, safe, and sanitary, under reasonable terms and conditions. It is not required that households return to the original unit in that location, but it should be the same original location occupied prior to the temporary relocation and project rehabilitation.

#### **3.7.14 Advisory Services**

All appropriate advisory services need to be provided to all affected households. The resident survey can serve to assist in identifying specific and unique resident needs that may result when residents are temporarily moved from their homes. Community-based and nonprofit organizations can be a valuable resource to providing such services. In some cases, the affected households may want assistance from someone other than the official representative of the project or may need information translated into their native language. The temporary relocation plan should detail these services and specify who will provide them for the project.

#### **3.7.15 Determining Households for Temporary Relocation**

Either the Subrecipient or the development entity may make the determination of who can qualify to re-occupy once the project is complete. If the development entity makes the determination, then the Subrecipient funding the affordable housing project should reserve the right to review and agree on this determination, in order to keep consistent with its annual certifications to HUD.

In many cases, the determination is straightforward, when, upon completion of the project, the units will remain affordable, and will be sufficient of bedroom size and number, to accommodate all current occupants. While the responsible agency may intend to provide temporary relocation and allow the existing occupants to remain in





their units after rehabilitation, this may not always be possible. The post-rehabilitation unit must be suitable for the household. This means, the unit must be:

- Affordable.
- Decent, safe, and sanitary.
- Adequate in size and containing the appropriate number of bedrooms for the household.

A suitable unit is of adequate size and contains an appropriate number of bedrooms to properly house all members of the household. Households that cannot be offered a unit of appropriate bedroom size to accommodate all members of the household would then qualify as permanently displaced, regardless of overcrowded living conditions that existed prior to the project.

Additionally, once the project is complete, current occupants must be provided a gross rent (base rent plus average monthly utility costs) that is affordable to them. Many HUD programs define “affordable” as a rent that does not exceed 30% of gross monthly income. The HOME Program uses 30% of the gross income for occupants whose incomes are above the Section 8 Low Income Limit and the Section 8 *Total Tenant Payment* (TTP) for occupants at or below the Section 8 Low Income Limit. TTP is the greater of 30% of adjusted income or 10% of gross monthly income. This is to ensure that remaining households in the project are not rent burdened and are not “economically displaced.”

When the current occupant cannot afford to pay the higher rent for the rehabilitated unit, then the household is considered permanently displaced and would be eligible for relocation benefits under the URA.

### Rent Burden Example 1:

Pre-Rehab	Costs	Post-Rehab	Costs
Pre-rehab Unit Rent	\$575	Post-rehab Unit Rent	\$590
Estimate of Utility Cost	+ \$85	Estimate of Utility Cost	+ \$85
Pre-rehab Unit Gross Rent	\$660	Post-rehab Unit Gross Rent	\$675
<b>Household’s Gross Annual Income</b>		\$32,350	
<b>Determine Monthly Income</b>		/12	
<b>Multiply by 30%</b>		x .30	
<b>30% of Gross Monthly Income</b>		= \$809 Affordable Rent	
<b>The new gross rent does not exceed 30% of gross income = Family is not rent burdened.</b>			



## Rent Burden Example 2:

Pre-Rehab	Costs	Post-Rehab	Costs
Pre-rehab Unit Rent	\$575	Post-rehab Unit Rent	\$590
Estimate of Utility Cost	+ \$85	Estimate of Utility Cost	+ \$85
Pre-rehab Unit Gross Rent	\$660	Post-rehab Unit Gross Rent	\$675
<b>Household's Gross Annual Income</b>		\$26,482	
<b>Determine Monthly Income</b>		/12	
<b>Multiply by 30%</b>		x .30	
<b>30% of Gross Monthly Income</b>		= \$662 Affordable Rent	
<b>The new gross rent exceeds 30% of gross income = Family is Rent Burdened.</b>			

The project can elect to limit rents for current occupants to avoid economic displacement, the Subrecipient providing Federal financial assistance can increase its contribution to reduce rents. This should be done during the underwriting phase of project review. While this may not seem like a viable approach, the cost of permanent and involuntary displacement may exceed the increased assistance to the project. The rents must remain affordable, and all current occupants should be offered a new lease, generally for one year. Any rent increases should be reasonable and based on market conditions, and a property owner may not set rents at an artificially low level, then subsequently raise the rents dramatically, due to the property improvements.

### 3.7.16 Temporary Residential Relocation

Once a household has been determined eligible to reoccupy a unit at the completion of the proposed project, then these current occupants must be provided:

- General Information Notice.
- Temporary Relocation Notice.
- Offer to re-occupy a decent, safe, and sanitary unit, under reasonable terms and conditions (affordable) at the completion of the project.



- Advance written notice of the date of the move.
- Reasonable out-of-pocket expenses incurred in the move (including cost to move or store personal items, cost of the temporary replacement unit including utilities/deposits, cost to move back to the previous housing location).
- Advisory services.
- Notice to Return

Households determined to require temporary displacement have the right to appeal any determination made by the displacing agency, including:

- Eligibility to be considered “displaced”.
- Unit offered is not suitable, decent, safe, and sanitary.
- Terms and conditions to occupy a unit after the project is complete are not reasonable.
- Terms and conditions of the temporary move are unreasonable.
- Failure to provide for any reasonable out-of-pocket expense related to the temporary move.

*Failure to provide Notice of Non-Displacement can lead to a tenant moving and being found eligible as a displaced tenant because they had not been informed of their ability to reoccupy a unit within the project.*

Appendix	Document Name
Appendix 42	Claim for Temporary Relocation Expenses – HUD Form 40030
Appendix 43	IEDA Temporary Relocation Notice Template
Appendix 44	Move-In Notice (HUD 1378 – Appendix 29)
Appendix 45	Tenant Rent Roll

>>> [Documentation](#)

### 3.8 Moving Expenses

#### 3.8.1 Payment for Moving and Related Expenses

Displaced households may choose to receive payment for moving and related expenses either by:

- Reimbursement of actual expenses.
- Receipt of fixed moving expense payment based on Dept. of Transportation schedule (Fixed Moving Expense and Dislocation Allowance).  
[https://www.fhwa.dot.gov/real\\_estate/uniform\\_act/relocation/moving\\_cost\\_schedule.cfm](https://www.fhwa.dot.gov/real_estate/uniform_act/relocation/moving_cost_schedule.cfm)

#### 3.8.2 Eligible Moving Costs



Based on the Subrecipient’s determination that the expenses are reasonable and necessary, actual moving and related expenses that are eligible for reimbursement may include:

- Transportation of the displaced person and personal property.
- Packing, crating, uncrating, and unpacking of personal property.
- Storage of personal property for up to 12 months, unless the Agency determines that a longer storage period is necessary.
- Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances, and other personal property.
- Insurance for the replacement value of the property in connection with the move and necessary storage.
- The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available.
- Credit checks.
- Utility hook-ups, including reinstallation of telephone and cable service.
- Other costs as determined by the Agency to be reasonable and necessary.

### 3.8.3 Ineligible Moving Costs

The following costs associated with moving a displaced person to a new residence are not reimbursable under URA:

- Interest on a loan to cover moving expenses.
- Personal injury.
- Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Agency.
- The cost of moving any structure or other real property improvement in which the displaced person reserved ownership.
- Costs for storage of personal property on real property owned or leased by the displaced person before the initiation of negotiations.

Appendix	Document Name
Appendix 46	Relocation Moving Reimbursement
Appendix 47	Claim for Moving Expenses - HUD-40054 (HUD 1378 – Appendix 11)

**>>> Documentation**





### 3.9 Section 504 – Accessibility

To comply with Section 504 of the Rehabilitation Act, as implemented by 49 CFR part 24 and HUD’s regulations at 24 CFR part 8, the Agency must take steps to ensure that no displaced person with disabilities is excluded from participating in, denied the benefits of, or subjected to discrimination in the provision of relocation assistance because of the person’s disability.

The steps are as follows:

1. Determining the accessible features of housing from which persons with disabilities will be displaced, as well as any other accessible housing needs (49 CFR 24.205(a)(1)). For public housing and Housing Choice Vouchers this could entail updating section 5 of form HUD-50058, Family Report.
2. Ensuring that communications are effective (24 CFR 8.6) and that facilities for meetings, counseling, and other informational activities are accessible (24 CFR 8.21).
3. Providing reasonable accommodations (e.g., providing transportation assistance to locate comparable housing) at the request of a displaced person who is disabled (24 CFR 8.4) See also Departmental program notices – for example: Notice CPD-05-10 (CDBG), CPD-05-09 (HOME), PIH 2006-13 (public housing and Housing Choice Voucher programs), PIH 2006-38 (NAHASDA), and H 04-19 (Section 202, Section 811, and insured multifamily housing). (Also see 49 CFR 24.205(c))
4. If comparable replacement housing is not available on a timely basis, using replacement housing of last resort (See 49 CFR 24.404)
5. Inspecting replacement housing to ensure that it is decent, safe, and sanitary – e.g., free of barriers to the person’s ingress, egress, adequate in size to accommodate the occupants, and includes other features to meet the accessibility needs of the displaced person with disabilities (49 CFR 24.2(a)(8)(vii))



### **3.10 Mobile/Manufactured Homes**

The State of Iowa defines a “mobile/manufactured home” as a factory-built structure, which is manufactured or constructed under the authority of 42 U.S.C. §5403 and is to be used as a place for human habitation, but which is not constructed or equipped with a permanent hitch or other device allowing it to be moved other than for the purpose of moving to a permanent site, and which does not have permanently attached to its body or frame any wheels or axles. As such, a mobile/manufactured home is deemed “personal property” and must be titled with the Iowa Department of Transportation (IDOT), like titling a vehicle.

For HUD programs, a mobile home is defined as “a structure, transportable in one or more sections, which, in the traveling mode, is eight (8) body feet or more in width or forty (40) body feet or more in length, or, when erected on site, is three hundred (300) or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such terms shall include any structure which meets all the requirements except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary of HUD and complies with the standards established under the National Manufactured Housing Construction and Safety Standards Act, provided by Congress in the original 1974 Manufactured Housing Act.”

In 1979 the term “mobile home” was changed to “manufactured home.” For purposes of this regulation, the terms mobile home and manufactured home are synonymous. When assembled, manufactured homes built after 1976 contain no less than three hundred twenty (320) square feet. They may be single or multi-sectioned units when installed.

#### **3.10.1 Applicability of URA for Mobil/Manufactured Homes**

The URA regulations address the applicability of URA to mobile homes in Subpart F of the regulation which includes Sections 24.501 – 24.503. Applicability is addressed in Section 24.501 and states:

- A person displaced from a mobile home and/or mobile home site who meets the basic eligibility for URA is eligible for housing payments.
- Moving expenses must be paid in accordance with Sections 24.301(g)(1) – (11).
- Replacement housing payments should be to the same extent and subject to same requirements as persons displaced from conventional dwellings in accordance with Sections 24.401 – 24.404.

**Partial acquisition of mobile home park.** The acquisition of a portion of a mobile home park property may leave a remaining part of the property that is not adequate to continue the operation of the park. If the agency determines that a mobile home located in the remaining part of the property must be moved as a direct result of the project, the occupant of the mobile home shall be considered to be a displaced person who is entitled to relocation payments and other assistance under this part.





### ***3.10.2 Displaced 90-day Mobile Homeowner***

An owner-occupant displaced from a mobile home is entitled to a replacement housing payment, not to exceed \$41,200. The computation should include the following as applicable:

1. If the Subrecipient acquires the mobile home as real estate and/or acquires the owned site, the acquisition cost used to compute the price differential payment is the actual amount paid to the owner as just compensation for the acquisition of the mobile home, and/or site, if owned by the displaced mobile homeowner.
2. If the Subrecipient does not purchase the mobile home as real estate but the owner is determined to be displaced from the mobile home and eligible for a replacement housing payment, the eligible price differential payment for the purchase of a comparable replacement mobile home, is the lesser of the displaced mobile homeowner occupant's net cost to purchase a replacement mobile home (*i.e.*, purchase price of the replacement mobile home less trade-in or sale proceeds of the displacement mobile home); or, the cost of the agency's selected comparable mobile home less the agency's estimate of the salvage or trade-in value for the mobile home from which the person is displaced.
3. If a comparable replacement mobile home site is not available, the price differential payment shall be computed on the basis of the reasonable cost of a conventional comparable replacement dwelling.

### ***3.10.3 Replacement housing payment for a 90-day owner-occupant that is displaced from a leased or rented mobile home site.***

If the displacement mobile homeowner-occupant's site is leased or rented, a 90-day owner-occupant is entitled to a rental assistance payment as computed for tenants. This rental assistance replacement housing payment may be used to lease a replacement site, may be applied to the purchase price of a replacement site, or may be applied, with any replacement housing payment attributable to the mobile home, toward the purchase of a replacement mobile home and the purchase or lease of a site or the purchase of a conventional decent, safe, and sanitary dwelling.

### ***3.10.3 Owner-occupant not displaced from the mobile home.***

If the agency determines that a mobile home is personal property and may be relocated to a comparable replacement site, but the owner-occupant elects not to do so, the owner is not entitled to a replacement housing payment for the purchase of a replacement mobile home. However, the owner is eligible for moving costs described above and any replacement housing payment for the purchase or rental of a comparable site.



### 3.11 Section 104(d) One-for-One Unit Replacement

Meeting the requirements of Section 104(d) is an important planning consideration that must be addressed to ensure that both the project budget has sufficient resources, and the obligation to replace units can be achieved.

The Consolidated Notice (Appendix B of the Federal Register Notice) includes CDBG-DR waivers and alternative requirements. It states *“one-for-one replacement requirements at section 104(d)(2)(A)(i) and (ii) and 104(d)(3) of the HCDA and 24 CFR 42.375 are waived for owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation. The section 104(d) one-for-one replacement housing requirements apply to occupied and vacant occupiable lower-income dwelling units demolished or converted in connection with a CDBG assisted activity. This waiver exempts all disaster-damaged owner-occupied lower-income dwelling units that meet the grantee’s definition of “not suitable for rehabilitation,” from the one-for-one replacement housing requirements of 24 CFR 42.375.”*

IEDA uses 44 CFR 59.1 to define “substantial damage” as any reconstruction, rehabilitation, addition, or other improvement to a structure, the total cost of which equals or exceeds 50% of the market value of the structure before the damage occurred.

IEDA defines a residential property as “not suitable for rehabilitation” if any of these conditions apply:

- The property is declared a total loss.
- Repairs would exceed 50% of the cost of reconstruction.
- Homes cannot be rehabilitated or reconstructed in place under existing agency policies and award caps due to legal, engineering, or environmental constraints, such as permitting, extraordinary site conditions, or historic preservation.

The State may provide exceptions to award maximums on a case-by-case basis and will include procedures within program guidelines on how the State or its subrecipients will analyze the circumstances under which an exception is needed, and the amount of assistance necessary and reasonable.

Appendix	Document Name
Appendix 48	IEDA Section 104(d) One-for-One Unit Replacement Plan Template

[>>> Documentation](#)

### 3.12 Certification of Persons Lawfully Present in the United States

IEDA and its Subrecipients make every effort to assist all persons being displaced due to CDBG-DR activities. The URA regulation 49 CFR 24.208 contains the restrictions for persons not lawfully present in the United States.



### ***3.12.1 Certification Requirements***

Each person seeking relocation payments or relocation advisory assistance shall, as a condition of eligibility, certify:

- (1) In the case of an individual, that they are a citizen, or an alien who is lawfully present in the United States.
- (2) In the case of a family, that each family member is a citizen or an alien who is lawfully present in the United States. The certification may be made by the head of the household on behalf of other family members.
- (3) In the case of an unincorporated business, farm, or nonprofit organization, that each owner is a citizen or an alien who is lawfully present in the United States. The certification may be made by the principal owner, manager, or operating officer on behalf of other persons with an ownership interest.
- (4) In the case of an incorporated business, farm, or nonprofit organization, that the corporation is authorized to conduct business within the United States.

The certification provided pursuant to paragraphs (1) through (3) above shall specify the person's status as a citizen or an alien who is lawfully present in the United States. Requirements concerning the certification in addition to those contained in this section shall be within the discretion of the Federal funding agency and, within those parameters, that of the agency carrying out such displacements.

The IEDA and its Subrecipient shall consider the certification provided pursuant to the paragraph above to be valid, unless IEDA or its Subrecipient determines in accordance with Section 3.12.2 of the document that it is invalid based on a review of documentation or other information that the agency considers reliable and appropriate.

Any review by IEDA or its Subrecipient of the certifications provided pursuant to the above paragraph shall be conducted in a nondiscriminatory fashion. Each agency will apply the same standard of review to all such certifications it receives. The standard may be revised periodically as needed.

### ***3.12.2 Invalid Certification Additional Steps***

If, based on a review of a person's documentation or other credible evidence, an IEDA or its Subrecipient has reason to believe that a person's certification is invalid (for example a document reviewed does not on its face reasonably appear to be genuine), and that, as a result, such person may be an alien not lawfully present in the United States, it shall obtain the following information before making a final determination:





(1) For a person who has certified that they are an alien lawfully present in the United States, the agency shall obtain verification of the person's status by using the Systematic Alien Verification for Entitlements (SAVE) program administered by U.S. Citizenship and Immigration Services (USCIS) to verify immigration status.

(2) For a person who has certified that they are a citizen or national, if the agency has reason to believe that the certification is invalid, the agency shall request evidence of United States citizenship or nationality and, if considered necessary, verify the accuracy of such evidence with the issuer or other appropriate source.

### ***3.12.2 Computing Relocation Payments With Ineligible Household Members***

In computing relocation payments under the Uniform Act, if any member(s) of a household is (are) determined to be ineligible because of a failure to be lawfully present in the United States, no relocation payments may be made to him or her. However, relocation payments can be made to eligible household members.

Any payment(s) for which the household would otherwise be eligible to receive shall be computed for the household, based on the number of eligible household members or based on the ratio of ownership between eligible and ineligible owners.

#### **Sample Calculation:**

Household of seven (including one alien not lawfully present individually occupying one bedroom.)

Displacement dwelling—4 BR unit, with rent/utilities of \$1,200/month

Housing requirements for all lawful occupants (six) is a 3 BR unit

Comparable dwelling

3 BR unit with rent/utilities of \$1,300/month

Calculation of RHP under § 24.208(c) (alien not lawfully present excluded)

$\$1,300$  (comparable)– $\$1,200$  (displacement unit) =  $\$100$  RHP × 42 months =  $\$4,200$   
RHP

### ***3.12.3 Restriction on Relocation Payments and Advisory Services***

No relocation payments or relocation advisory assistance shall be provided to a person who has not provided the certification described in this section or who has been determined to be not lawfully present in the United States, unless such person can demonstrate to the agency's



satisfaction that the denial of relocation assistance will result in an exceptional and extremely unusual hardship to such person's spouse, parent, or child who is a citizen of the United States or an alien lawfully admitted for permanent residence in the United States.

### 3.12.4 Exceptional and Extremely Unusual Hardship

(h) For purposes Section 3.12.3 above, “exceptional and extremely unusual hardship” to such spouse, parent, or child of the person not lawfully present in the United States means that the denial of relocation payments and advisory assistance to such person will directly result in one of the following:

- (1) A significant and demonstrable adverse impact on the health or safety of such spouse, parent, or child;
- (2) A significant and demonstrable adverse impact on the continued existence of the family unit of which such spouse, parent, or child is a member; or
- (3) Any other impact that the agency determines will have a significant and demonstrable adverse impact on such spouse, parent, or child.

Appendix	Document Name
Appendix ??	IEDA URA Certification of Lawful Presence Template
Appendix ??	IEDA Exceptional and Extremely Unusual Hardship Template

>>> [Documentation](#)

### 3.13 Staff Certification

All persons who are directly responsible for any and all actions, determinations, decisions, or other related actions, regardless by whom they are employed (public or private) shall be required to execute a certification that attests to the following:

- Neither my employment nor my compensation for the preparation of URA notices, comparable replacement housing units, temporary housing units, claims for replacement housing, purchase assistance or reimbursement for moving expenses are in any way contingent upon the assistance provided to any individual, family, business, non-profit or farmer.
- That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of property appraised, identified as comparable replacement housing or any temporary housing.
- That I have not revealed the results of any assistance provided under the Uniform Act to anyone other than the officials of the State of Iowa and the officials of the U.S. Department of Housing and Urban Development.





Appendix	Document Name
Appendix 49	IEDA URA Relocation Specialist/Program Staff Certification Template

[>>> Documentation](#)



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## 4. NON-RESIDENTIAL DISPLACEMENT

Under the URA, displaced businesses are entitled to relocation benefits and advisory services to assist with displacement. Businesses under the URA are defined as:

- A for-profit enterprise, engage in a lawful activity.
- A non-profit organization (church or social service agency).
- A farm.

When dealing with a business that will be displaced as the direct result of a federally assisted activity, there are differences and similarities between residential displacements. While businesses are entitled to moving expenses and advisory services, they do not qualify for a “replacement occupancy payment”, like the RHP. Instead, they are eligible for re-establishment payment and moving expenses. If the site a business relocates to is more expensive than the business’ current location, there is no obligation to provide financial assistance to address the rent difference, as required in residential displacement. In addition, upon notice to vacate, there is no requirement that the relocating agency provide a comparable site, however, advisory services include assistance to locate alternative locations and reimbursement for the search.

Business moves can be complex, and it may require the assistance of a knowledgeable relocation professional to properly advise the business owner and provide adequate advisory services. In many cases, the owner of the real property to be acquired for a project and the business owner are separate parties, and both have specific rights that must be protected.

### *4.1 Relocation Advisory Services*

A URA Relocation Specialist must meet with the business owner to discuss business relocation and eligibility for various benefits. The relocation specialist will provide information about the general relocation process during several personal visits and contacts and review the timeframe or project schedule to inform the business how long they may remain at the current location. The relocation specialist will be available during the relocation process to answer questions and assist in your relocation efforts.

At a minimum, the business owner will be provided with at least a 90-Day Notice prior to the date required to move.

#### **4.1.1 Interview and Market Study**

As a first step in the relocation process, the relocation specialist will interview the business owner as part of the development of the project-wide relocation plan that addresses the business, and relocation needs for the project.





An estimate of the availability of replacement business sites. When an adequate supply of replacement business sites is not expected to be available, the impacts of displacing or temporarily moving the businesses should be considered and addressed. Planning for permanently and temporarily displaced businesses which are reasonably expected to involve complex or lengthy moving processes or small businesses with limited financial resources and/or few alternative relocation sites should include an analysis of business moving problems

During the interview, the relocation specialist will review project timelines and possible relocation benefits and provide the business owner with necessary contact information.

#### **4.1.2 Advisory Services**

The advisory program requirements for non-residential are in 24.205(c)(2) and shall include such measures, facilities, and services as may be necessary or appropriate in order to:

Determine, for nonresidential (businesses, farm, and nonprofit organizations) displacements, the relocation needs and preferences of each business (farm and nonprofit organization) to be displaced or, when determined to be necessary by the funding agency, temporarily displaced and explain the relocation payments and other assistance for which the business may be eligible, the related eligibility requirements, and the procedures for obtaining such assistance.

This shall include a personal interview with each business. At a minimum, interviews with displaced business owners and operators should include the following items:

- (A) The business's replacement site requirements, current lease terms and other contractual obligations and the financial capacity of the business to accomplish the move.
- (B) Determination of the need for outside specialists in accordance with 24.301(g)(13) that will be required to assist in planning the move, assistance in the actual move, and in the reinstallation of machinery and/or other personal property.
- (C) For businesses, an identification and resolution of personal property and/or realty issues. Every effort must be made to identify and resolve these issues prior to, or at the time of, the appraisal of the property.
- (D) An estimate of the time required for the business to vacate the site.
- (E) An estimate of the anticipated difficulty in locating a replacement property.
- (F) An identification of any advance relocation payments required for the move, and the agency's legal capacity to provide them.

#### **4.1.3 Legal Citizen Certification**

Each business seeking relocation payments or relocation advisory assistance must certify lawful presence. In the case of an unincorporated business, farm, or nonprofit organization, that each owner is a citizen or an alien who is lawfully present in the United States. The certification may be made by the principal owner, manager, or operating officer on behalf of other persons with an ownership interest. In the case of an incorporated business, farm, or nonprofit organization, that the corporation is authorized to conduct business within the United States.

No relocation payments or relocation advisory assistance shall be provided to a person who has not provided the certification described above or who has been determined to be not lawfully present in the United States, unless such person can demonstrate to the agency's satisfaction that the denial of relocation assistance will result in an exceptional and extremely unusual hardship to such person's spouse, parent, or child who is a citizen of the United States or an alien lawfully admitted for permanent residence in the United States.

#### **4.1.4 Relocation Assistance**

Once the appraisal for the property has been approved, negotiations will be initiated for the purchase of the property by providing a written financial offer to the business owner. At this time (or soon afterwards), formal notification of the relocation assistance will be provided that includes a summary of all relocation benefits available in the program.





This package will include a replacement business payment calculation; available comparable business locations; and other information, as appropriate. The business owner shall be required to sign a form acknowledging receipt of the documents.

## 4.2 Notices

When a business is to be displaced it is to be provided proper and timely information regarding the nature and extent of the project. Specifically tailored notices must include the following:

- General Information Notice (GIN)
- Notice of Eligibility for Relocation Assistance
- 90-day Notice to Move

In addition to notifying a business of its rights and entitlement to benefits, the GIN should describe the obligations of the business owner to assist and to be eligible to receive relocation assistance and advisory services. These obligations include:

- Allow inspections to current and replacement sites.
- Provide notice of date and time of move.
- Provide a list of property to be moved or sold.

In most cases, the Subrecipient or authorized representative should be present at the time of the move to ensure that it occurs, it is done at reasonable cost, to secure a detailed inventory of personal property moved, and to provide any other technical assistance necessary.

## 4.3 Move Options

Personal property as determined by an inventory from a business, farm, or nonprofit organization may be moved by one or a combination of the following methods:

- (1) **Commercial move.** Based on the lower of two bids or estimates prepared by a commercial mover. At the agency's discretion, payment for a low cost or uncomplicated move may be based on a single bid or estimate.
- (2) **Self-move.** A self-move payment may be based on one or a combination of the following:
  - The lower of two bids or estimates prepared by a commercial mover or qualified agency staff person. At the agency's discretion, payment for a low cost or uncomplicated move may be based on a single bid or estimate; or
  - Supported by receipted bills for labor and equipment. Hourly labor rates should not exceed the rates paid by a commercial mover to employees performing the same activity and, equipment rental fees should be based on the actual rental cost of the equipment but not to exceed the cost paid by a commercial mover.
  - A qualified agency staff person may develop a move cost finding by estimating and determining the cost of a small uncomplicated nonresidential personal property move of \$5,000 or less, with the written consent of the person. This estimate may include only the cost of moving personal property





which does not require disconnect and reconnect and/or specialty moving services necessary for activities including crating, lifting, transportation, and setting of the item in place.

#### 4.4 Eligible Move Costs

Eligible expenses for moves from a business, farm, or nonprofit organization include those expenses described in 24.301(g) and 24.303.

- Transportation of the displaced person and personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the agency determines that relocation beyond 50 miles is justified.
- Packing, crating, unpacking, and uncrating of the personal property.
- Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property. For businesses, farms, or nonprofit organizations this includes machinery, equipment, substitute personal property, and connections to utilities available within the building; it also includes modifications to the personal property, including those mandated by Federal, State, or local law, code, or ordinance, necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property.
- An agency may determine that the storage of personal property is a reasonable and necessary moving expense for a displaced person or person required to move temporarily under this part. Agencies may approve a payment for storage when the process of relocating from the acquired site to the replacement site is delayed for reasons beyond the control of the displaced person. Storage may not be longer than 12 months, starting at the date of vacation from the acquired site and ending when the replacement site becomes available. Agencies may approve storage for more than 12 months in unusual instances as justified, documented, and approved by the agency.
- Insurance for the replacement value of the property in connection with the move and necessary storage.
- The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.
- A displaced tenant is entitled to reasonable reimbursement, as determined by the agency, for actual expenses not to exceed \$1,000, incurred for rental replacement dwelling application fees or credit reports required to lease a replacement dwelling.
- Any actual, reasonable, or necessary costs of a license, permit, fee, or certification required of the displaced person to operate a business, farm, or nonprofit at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit, fees, or certification.
- Professional services as the agency determines to be actual, reasonable, and necessary for:
  - Planning the move of the personal property;
  - Moving the personal property; and
  - Installing the relocated personal property at the replacement location.
- Re-lettering signs, replacing stationery on hand at the time of displacement or temporary move, and making reasonable and necessary updates to other media that are made obsolete as a result of the move.
- Actual direct loss of tangible personal property incurred as a result of moving or discontinuing the business or farm operation. The payment shall consist of:
  - If the item is currently in use, the lesser of:





- The estimated cost to move the item up to 50 miles and reinstall; or
- The fair market value in place of the item, as is for continued use, less the proceeds from its sale. To be eligible for payment, the claimant must make a good faith effort to sell the personal property, unless the agency determines that such effort is not necessary.
  - If the item is not currently in use: The estimated cost of moving the item 50 miles, as is.
  - When payment for property loss is claimed for goods held for sale, the fair market value shall be based on the cost of the goods to the business, not the potential selling prices.
- The reasonable cost incurred in attempting to sell an item that is not to be relocated.
- If an item of personal property, which is used as part of a business or farm operation is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, the displaced person is entitled to payment of the lesser of:
  - The cost of the substitute item, including installation costs of the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or
  - The estimated cost of moving and reinstalling the replaced item but with no allowance for storage. At the agency's discretion, the estimated cost for a low cost or uncomplicated move may be based on a single bid or estimate.
- Searching for a replacement location.

A business or farm operation is entitled to reimbursement for actual expenses, not to exceed \$5,000, as the agency determines to be reasonable, which are incurred in searching for a replacement location, including:

- (A) Transportation;
- (B) Meals and lodging away from home;
- (C) Time spent searching, based on reasonable salary or earnings;
- (D) Fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such sites;
- (E) Time spent in obtaining permits and attending zoning hearings; and
- (F) Expenses negotiating the purchase of a replacement site based on a reasonable salary or fee, including actual, reasonable, and necessary attorney's fees.

**OR**

The Federal funding agency may, on a program wide or project basis, allow a one-time payment of \$1,000 for search expenses with minimal or no documentation as an alternative payment method to the section above.

The following expenses in 24.303 may be paid in addition to those provided above by 24.301 for moving personal property. These shall be provided if the agency determines that they are actual, reasonable, and necessary:

- Connection to available utilities from the replacement site's property line to improvements at the replacement site.
- Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced person's business operation including, but not limited to, soil testing or feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site). At the discretion of the agency a reasonable pre-approved hourly rate may be established.
- Impact fees and one-time assessments for anticipated heavy utility usage, as determined necessary by the agency.



## ***4.5 Exclusions on Moving and Related Expenses***

The following found at 24.301(h) is a non-exclusive listing of payments a displaced business is not entitled to:

- The cost of moving any structure or other real property improvement in which the displaced person reserved ownership.
- Interest on a loan to cover moving expenses;
- Loss of goodwill;
- Loss of profits;
- Loss of trained employees;
- Any additional operating expenses of a business or farm operation incurred because of operating in a new location except as eligible under re-establishment. See Section 4.7 of this document.
- Personal injury;
- Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the agency;
- Expenses for searching for a temporary or replacement dwelling which include costs for mileage, meals, lodging, time and professional real estate broker or attorney's fees;
- Physical changes to the real property at the temporary or replacement location of a business or farm operation.
- Costs for storage of personal property on real property already owned or leased by the displaced person or person to be moved temporarily; and
- Refundable security and utility deposits.

## ***4.6 Relocation Benefit Amounts***

### ***4.6.1 Fixed Payment for Moving Expenses***

A displaced business may be eligible to choose a fixed payment in lieu of the payments for both actual moving and related expenses, as well as actual reasonable re-establishment expenses. Such fixed payment, except for payment to a nonprofit organization, shall equal the average annual net earnings of the business, but not less than \$1,000 nor more than \$53,200. The displaced business is eligible for the payment if the agency determines that:

- (1) The business owns or rents personal property which must be moved in connection with such displacement and for which an expense would be incurred in such move and the business vacates or relocates from its displacement site;
- (2) The business cannot be relocated without a substantial loss of its existing patronage (clientele or net earnings). A business is assumed to meet this test unless the agency determines that it will not suffer a substantial loss of its existing patronage;
- (3) The business is not part of a commercial enterprise having more than three other entities which are not being acquired by the agency, and which are under the same ownership and engaged in the same or similar business activities;
- (4) The business is not operated at a displacement dwelling solely for the purpose of renting such dwelling to others;
- (5) The business is not operated at the displacement site solely for the purpose of renting the site to others; and
- (6) The business contributed materially to the income of the displaced person during the 2 taxable years prior to displacement.

### ***4.6.2 Determining the number of businesses to be Displaced***





In determining whether two or more displaced legal entities constitute a single business, which is entitled to only one fixed payment, all pertinent factors shall be considered, including the extent to which:

- (1) The same premises and equipment are shared;
- (2) Substantially identical or interrelated business functions are carried out and business and financial affairs are commingled;
- (3) The entities are held out to the public, and to those customarily dealing with them, as one business; and
- (4) The same person or closely related persons own, control, or manage the affairs of the entities.

#### **4.6.3 Farm operation.**

A displaced farm operation may choose a fixed payment, in lieu of the payments for both actual moving as well as related expenses and actual reasonable re-establishment expenses, in an amount equal to its average annual net earnings as computed in accordance Section 4.6.5 of this document, but not less than \$1,000 nor more than \$53,200. In the case of a partial acquisition of land, which was a farm operation before the acquisition, the fixed payment shall be made only if the agency determines that:

- (1) The acquisition of part of the land caused the operator to be displaced from the farm operation on the remaining land; or
- (2) The partial acquisition caused a substantial change in the nature of the farm operation.

#### **4.6.4 Nonprofit organization.**

A displaced nonprofit organization may choose a fixed payment of \$1,000 to \$53,200, in lieu of the payments for both actual moving as well as related expenses and actual reasonable reestablishment expenses, if the agency determines that it cannot be relocated without a substantial loss of existing patronage (membership or clientele). A nonprofit organization is assumed to meet this test unless the agency demonstrates otherwise. Any payment in excess of \$1,000 must be supported with financial statements for the two 12-month periods prior to the acquisition. The amount to be used for the payment is the average of 2 years annual gross revenues less administrative expenses.

#### **4.6.5 Average annual net earnings of a business or farm operation.**

The average annual net earnings of a business or farm operation are one-half of its net earnings before Federal, State, and local income taxes during the 2 taxable years immediately prior to the taxable year in which it was displaced. If the business or farm was not in operation for the full 2 taxable years prior to displacement, net earnings shall be based on the actual period of operation at the displacement site during the 2 taxable years prior to displacement, projected to an annual rate. Average annual net earnings may be based upon a different period of time when the agency determines it to be more equitable. Net earnings include any compensation obtained from the business or farm operation by its owner, the owner's spouse, and dependents. The displaced person shall furnish the agency proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence, which the agency determines is satisfactory.

### **4.7 Reestablishment Expenses**

In addition to the payments available for moving costs, a small business, farm, or nonprofit organization is entitled to receive a payment, not to exceed \$33,200, for expenses actually incurred in relocating and re-establishing such small business, farm, or nonprofit organization at a replacement site.

#### **4.7.1 Eligible expenses**

Re-establishment expenses must be reasonable and necessary, as determined by the Subrecipient. They include, but are not limited to, the following:

- (1) Repairs or improvements to the replacement real property as required by Federal, State, or local law, code, or ordinance.





- (2) Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- (3) Construction and installation costs for exterior signing to advertise the business.
- (4) Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling, or carpeting.
- (5) Advertisement of replacement location.
- (6) Estimated increased costs of operation during the first 2 years at the replacement site for such items as:
  - (i) Lease or rental charges;
  - (ii) Personal or real property taxes;
  - (iii) Insurance premiums; and
  - (iv) Utility charges, excluding impact fees.
- (7) Other items that the agency considers essential to the re-establishment of the business.

#### **4.7.2 Ineligible expenses.**

The following is a nonexclusive listing of re-establishment expenditures not considered to be reasonable, necessary, or otherwise eligible:

- (1) Purchase of capital assets, such as office furniture, filing cabinets, machinery, or trade fixtures.
- (2) Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
- (3) Interest on money borrowed to make the move or purchase the replacement property.
- (4) Payment to a part-time business in the home which does not contribute materially to the household income.
- (5) Construction costs for a new building at the business replacement site, or costs to construct, reconstruct or rehabilitate an existing building.

#### **4.8 Relocation Claims**





To receive reimbursement for eligible relocation items, each claim packet will be reviewed (signed form plus supporting documentation) and determine whether the request is reasonable and necessary. Documentation is very important, such as paid invoices, receipts, and photos.

The submission of a claim does not guarantee reimbursement. Reimbursement depends on many factors including:

- Eligibility for reimbursement is allowable under the provisions of state and federal laws, codes, and policies.
- The claim for reimbursement of incurred costs is considered to be actual, reasonable, and necessary.
- Documentation that verifies payment and eligibility for reimbursement, such as copies of business taxes, paid invoices/receipts, photographic documentation.

Business owners have two (2) years from the date to vacate from the subject site to file claims for reimbursement of relocation benefits. Legal fees are generally ineligible for reimbursement in the relocation program.


Appendix	Document Name
Appendix 16	Site Occupancy Record - Non-Residential (HUD 1378 – Appendix 9)
Appendix 17	Site Record - Photographs
Appendix 50	Claim Moving Expenses - Business (HUD 1378 – Appendix 16)
Appendix 51	Claim Payment in Lieu Actual Moving (HUD 1378 – Appendix 17)

[>>> Documentation](#)



## 5. APPEALS

When a household, person, or business feels that they have not been accorded all protected rights and protections under the URA, they must have an avenue to appeal and seek review of how their case was handled. The displacing agency must establish an appeal process, and that process should be described in the formal relocation plan. It should also be made public and provided in writing to each affected household, person, or business.

An appeal should be in writing and filed with the displacing agency within a  60-day period. The appeal process should establish the opportunity for the affected household, person, or business to be heard by a person other than the one who made the decision or determination being appealed. This process should be established in accordance with local standards and state law pertaining to administrative hearing procedures. In the case of CDBG projects, the appeal may be filed with the Team Lead for CDBG program at the Iowa Economic Development Authority.

Actions that may be appealed include:

- Determination as a “displaced person”.
- The amount of relocation benefit provided.
- Comparable housing unit offered.
- Failure to inspect replacement unit in a timely manner.
- Failure to meet time deadlines for filing a claim for relocation benefits.

A household, person, or business has the right to be represented, to review pertinent records, and to receive a prompt, written decision on the matter appealed. In most cases, a household, person, or business that is dissatisfied may also submit a written request for the local HUD Field Office to review the decision. Notwithstanding the appeal process, a household, person, or business is not precluded nor limited in seeking judicial review once all administrative remedies have been exhausted.





## 6. RECORDKEEPING

HUD program participants using CBDG-DR funds for relocation purposes must keep detailed records documenting that procedure were followed according to program rules and regulations. At a minimum, all pertinent relocation records must be kept for five the years past the latest of:

1. The last payment for relocation and acquisition for the project has been made.
2. The date the project was completed.
3. The date by which all issues resulting from litigation, negotiation, audit, or other actions (e.g., civil rights compliance) have been resolved.

This section discusses the specific record keeping requirements that pertain to HUD-assisted relocation activities.

### *6.1 Records to be Retained for Displaced Households*

A separate case file must be maintained for each displaced person. At a minimum, each file must include the following items:

- Personal Identification Information
  - Name.
  - Address.
  - Date of initial occupancy.
- For residential tenant-occupants, files must also include:
  - Age.
  - Sex.
  - Racial or ethnic group classification.
  - Presence of disability in the household.
  - Income of each member of the household.
  - Monthly rent and estimated average monthly utility cost for the displacement dwelling.
- For homeowners, files must include the agency “acquisition cost” of the unit.
- For nonresidential occupants, files must include information concerning:
  - Type of enterprise (business).
  - Whether the business is a minority business enterprise.

In all cases, whether temporary relocation and permanent displacement, each file must contain documentation that the person received timely written notice of the following:

- Evidence that the person received:





- Early written notice of the possible displacement.
- General description of the relocation payments.
- Information concerning advisory services for which the person may be eligible, including eligibility conditions.
- Procedures to obtain payments.
- For residential occupants, assistance to relocate to a comparable dwelling unit.
- Timely written notice of eligibility for relocation assistance.
- For those displaced from a dwelling, the specific comparable replacement dwelling and the related cost to be used to establish the upper limit of the replacement housing payment.
- Relocation needs and preferences.
- Dates of personal contacts.
- Services provided.
- Referrals to replacement properties
  - Date of referral.
  - Date of availability.
  - Reason(s) person declined referral.
  - If residential, include:
    - Rent and utility cost, or sale price.
    - Evidence of referrals to comparable replacement dwelling(s) and suitable housing that is consistent with the grantee's responsibility to affirmatively further fair housing.
- A copy of 90-day notice and vacate notice, if issued
- Identification of:
  - Address of actual replacement property.
  - Rent and utility costs, or sale price if dwelling.
  - Date of relocation.
  - Whether the replacement unit is located in an area of minority concentration.
- A copy of replacement dwelling inspection report showing both condition of unit and the date of inspection.
- A copy of the:
  - Approved claim form and related documentation.
  - Evidence that the person received payment.
  - If applicable, evidence that the person received Section 8 or HOME Tenant-Based Rental Assistance.
  - Copies of any appeals or complaints filed and the grantee's response.

## 6.2 Records for Valuation





The establishment and use of clear and consistent standards for awarding compensation for displacement and property loss are key to meeting the URA's mandate to "provide for uniform and equitable treatment" of displaced persons and "promote confidence in Federal land acquisition practices." The use of appraisals is an important element of this process. Ensuring the public's faith in appraisals developed for URA purposes is a high priority for HUD and the Federal Government.

To this end, HUD has developed strict rules governing the use of appraisals for the valuation of property and the documentation that serves as evidence that these rules have been followed.

In general, agencies are encouraged, but not required, to obtain at least two appraisals of high value properties and properties requiring a complicated valuation process. In such cases, additional appraisals are used to serve as independent and objective confirmation of the validity of the valuation reached.

HUD requires that, at a minimum, a detailed appraisal shall contain the following items:

- A statement describing the purpose and/or function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.
- An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.
- All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices. When sufficient market sales data is available to reliably support the fair market value for the specific appraisal assignment encountered, the Agency may require only the market value for the specific appraisal approach. If more than one approach is used, there shall be an analysis and reconciliation of approaches to value that are sufficient to support the appraiser's opinion of value.
- A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
- The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

In cases where the purchase price for the property exceeds the amount offered, a written justification explaining the basis for the settlement must be included in the Agency's files.

### ***6.3 Records for Real Property Acquisition***

For each HUD-assisted project involving real property acquisition, grantees are required to keep records documenting that the acquisition process followed URA policies and requirements. For each project, files must include a list identifying all parcels acquired



for the project. Such a list may be maintained in a suitable computer-generated format that also indicates, for project management purposes, progress made in carrying out the acquisition program.

In addition, a separate file must be maintained for each parcel acquired. At a minimum, the property file must include:

- Identification of the property and property owner(s).
- Evidence that the owner was informed on a timely basis about the acquisition and his or her rights.
- A copy of each appraisal report (discussed above), including review appraiser's report, and evidence that the owner was invited to accompany each appraiser on appraiser's inspection of the property.
- A copy of the written purchase offer and a summary statement of the basis for the determination of just compensation, and date of delivery to the owner.
- A copy of the purchase contract and documents conveying the property.
- A copy of the closing statement identifying identical purchases, and evidence that the owner received all net proceeds due from the sale.
- A copy of any appeal or complaint filed and the Agency's response.

## *6.4 Confidentiality of Records*

It is the responsibility of the grantee to safeguard the confidentiality of the information kept in files maintained for URA record keeping purposes. These records are not to be made available as public information, unless required by applicable law. Only authorized staff of the grantee or HUD shall have access to them.

However, upon written request of the affected person, the grantee shall give the person or the person's designated representative the opportunity to inspect and copy all pertinent records, EXCEPT material that the grantee determines should not be disclosed to the person for reasons of confidentiality.

### **>>> Documentation**





Appendix	Document Name
Appendix 52	Residential Relocation Management Report (HUD 1378 – Appendix 21)
Appendix 53	Non-Residential Relocation Management Report (HUD 1378 – Appendix 22)
Appendix 54	Comparison Chart Voluntary vs. Involuntary Acquisition (HUD 1378 – Appendix 23)
Appendix 55	Acquisition Checklist (HUD 1378 – Appendix 24)
Appendix 56	HUD Monitoring Checklist – Acquisition
Appendix 57	HUD Monitoring Checklist – Relocation





## 7. APPENDIX

Appendix	Supporting Documentation	Samples of Documents to Include
Appendix 01	IEDA URA Applicability Screening Form	
Appendix 02	<a href="#">HUD Guide Form Relocation Plan</a>	
Appendix 03	<a href="#">HUD Appraisal Scope of Work</a>	
Appendix 04	<a href="#">Appraisal Contract (HUD 1378 - Appendix 20)</a>	
Appendix 05	Iowa Appraiser Certification	X
Appendix 06	<a href="#">Notice to Owner – Voluntary (HUD 1378 – Appendix 31)</a>	
Appendix 07	<a href="#">Notice to Owner – Voluntary (HUD 1378 – Appendix 32)</a>	
Appendix 08	IEDA Voluntary Acquisition (Alternative Valuation)	
Appendix 09	<a href="#">Notice of Intent – Involuntary (HUD 1378 – Appendix 30)</a>	
Appendix 10	IEDA Written Offer of Just Compensation Template	
Appendix 11	<a href="#">HUD 1 Settlement Statement</a>	
Appendix 12	Title Report	X
Appendix 13	Administrative Settlement > <a href="#">Purchases above Market or FMV</a> > <a href="#">Purchases below Market Value</a>	
Appendix 14	Iowa Condemnation Case – Court Record	X
Appendix 15	<a href="#">Site Occupancy Record – Residential (HUD 1378 - Appendix 8)</a>	
Appendix 16	<a href="#">Site Occupancy Record – Non- Residential (HUD 1378 - Appendix 9)</a>	
Appendix 17	Site Record – Photographs (Interior/Exterior – Displacement Unit)	X
Appendix 18	Government-issued Photo Identification	X
Appendix 19	IEDA Resident/Occupant Interview Form	





Appendix 20	IEDA Income Certification (Program Form)	
Appendix 21	Current Lease or Occupancy Agreement	X
Appendix 22	Tenant Paid Utility Bills (2 to 3 months)	X
Appendix 23	IEDA Certification – Legal Status (Program Form)	
Appendix 24	Power of Attorney (if applicable)	X
Appendix 25	<a href="#">HUD Brochure - 1041 - CPD “When an Agency Acquires a Property”</a>	
Appendix 26	<a href="#">HUD Brochure – 1042 – CPD “Relocation Assistance When Tenants Displaced from Their Homes”</a>	
Appendix 27	<a href="#">HUD Brochure – 1044 – CPD “Relocation Assistance to Displaced Homeowner Occupants”</a>	
Appendix 28	Method/Manner of Notice Delivery	X
Appendix 29	General Information Notice: > <a href="#">Tenant Not-Displaced (HUD 1378 – Appendix 2)</a> > <a href="#">Business Not-Displaced (HUD 1378 – Appendix 2a)</a> > <a href="#">Tenant Displacement (HUD 1378 – Appendix 3)</a> > <a href="#">Business Displacement (HUD 1378 – Appendix 3a)</a> > <a href="#">HUD Brochure (HUD-1043) – Relocation Assistance to Displaced Businesses, Non-profit Organizations and Farms</a>	
Appendix 30	<a href="#">Notice of Non-Displacement – Residential Tenant (HUD 1378 – Appendix 4)</a>	
Appendix 31	Notice of Eligibility for Relocation Assistance: > <a href="#">Homeowner (HUD 1378 – Appendix 5)</a> > <a href="#">Residential Tenant (HUD 1378 – Appendix 6)</a> > <a href="#">Non-Residential (HUD 1378 – Appendix 7)</a>	
Appendix 32	IEDA 90 Move Notice Template	
Appendix 33	IEDA Combined NOE/90 Day Move Notice Template	
Appendix 34	<a href="#">Record of Advisory Assistance/Case Log (HUD 1378 – Appendix 10)</a>	
Appendix 35	Option #1 – IEDA Individual Property Memorandum Template	
Appendix 36	Option #2(a) – Relocation Plan (See Appendix 02)	X
Appendix 37	Option #2(b) – IEDA Project-wide Determination Template	
Appendix 38	Individual Comparable Replacement	X
Appendix 39	<a href="#">Selection Comparable Replacement Dwelling (HUD 1378 – Appendix 12)</a>	





Appendix 40	<a href="#">Claim for Replacement Housing – Homeowner HUD Form 40057 (HUD 1378 – Appendix 13)</a>	
Appendix 41	<a href="#">Claim for Replacement Housing – Renter HUD Form 40058 (HUD 1378 – Appendix 14)</a>	
Appendix 42	<a href="#">Claim for Temporary Relocation Expenses – HUD Form 40030</a>	
Appendix 43	IEDA Temporary Relocation Notice	
Appendix 44	<a href="#">Move-In Notice (HUD 1378 – Appendix 29)</a>	
Appendix 45	Tenant Rent Roll	X
Appendix 46	Relocation Moving Reimbursement	X
Appendix 47	<a href="#">Claim for Moving Expenses - HUD-40054 (HUD 1378 – Appendix 11)</a>	
Appendix 48	IEDA Section 104(d) One-for-One Unit Replacement Plan Template	X
Appendix 49	IEDA URA Relocation Specialist/Program Staff Certification	
Appendix 50	<a href="#">Claim Moving Expenses - Business (HUD 1378 – Appendix 16)</a>	
Appendix 51	<a href="#">Claim Payment in Lieu Actual Moving (HUD 1378 – Appendix 17)</a>	
Appendix 52	<a href="#">Residential Relocation Management Report (HUD 1378 – Appendix 21)</a>	
Appendix 53	<a href="#">Non-Residential Relocation Management Report (HUD 1378 – Appendix 22)</a>	
Appendix 54	<a href="#">Comparison Chart Voluntary vs. Involuntary Acquisition (HUD 1378 – Appendix 23)</a>	
Appendix 55	<a href="#">Acquisition Checklist (HUD 1378 – Appendix 24)</a>	
Appendix 56	<a href="#">HUD Monitoring Checklist – Acquisition</a>	
Appendix 57	<p><b>HUD Monitoring Checklist – Relocation:</b></p> <ul style="list-style-type: none"> <li>&gt; <a href="#">Guide for Review of Relocation and Real Property Acquisition Policies and Procedures</a></li> <li>&gt; <a href="#">Guide of Review of Project Occupancy</a></li> <li>&gt; <a href="#">Guide for Review of Relocation of Residential Displaced Person – Individual Case File</a></li> <li>&gt; <a href="#">Guide for Review of Relocation of Non-Residential Displaced Person – Individual Case File</a></li> </ul>	

## FAIR HOUSING & OUTREACH PLAN

### Background

HUD has required the State of Iowa to affirmatively further fair housing in its CDBG activities. In light of the substantial amount of funding provided by CDBG-DR, HUD has required the State to





particularly address fair housing and outreach to protected classes in all of its 2020 CDBG-DR programs and activities.

Applicant subrecipients for all programs (cities, counties, tribes) for 2020 CDBG-DR and 2019 CDBG-DR new subrecipients for CDBG-DR post January 1, 2023, will need to provide a Fair Housing and Outreach Plan when submitting applications. This **short plan** should address how the subrecipient local government will conduct outreach on the benefits of CDBG-DR programs to protected classes, and what mandatory and elective fair housing activities the subrecipient local government anticipates taking if awarded. Subrecipients should be careful to focus on benefits to all protected classes.

IEDA will monitor the subrecipient’s progress on the fair housing & outreach plan when conducting monitoring for 2020 CDBG-DR projects. This plan may be amended by the subrecipient after award with notification provided to IEDA.

### Protected Classes

Population	Type	Population	Type
Race	FHA, Iowa Civil Rights Act Protected Class	Disability	FHA, Iowa Civil Rights Act Protected Class
Color	FHA, Iowa Civil Rights Act Protected Class	Sexual Orientation	FHA, Iowa Civil Rights Act Protected Class
National Origin (including immigrants & refugees)	FHA, Iowa Civil Rights Act Protected Class	Gender Identity	FHA, Iowa Civil Rights Act Protected Class
Religion	FHA, Iowa Civil Rights Act Protected Class	Citizenship	Iowa Civil Rights Act Protected Class
Sex (including sexual orientation and gender identity)	FHA, Iowa Civil Rights Act Protected Class	Political Affiliation	Iowa Civil Rights Act Protected Class
Familial Status	FHA, Iowa Civil Rights Act Protected Class	Indigenous Populations	Action Plan-identified Vulnerable & Underserved Population

### Outline:

The Fair Housing & Outreach Plan should include the following elements:

- Performing outreach and engagement to understand the needs of impacted participants
- Creating a personalized recovery plan (during the application phase) that addresses the needs of the local community
- Coordinating with government agencies and developers
- Coordinating with local organizations to ensure that protected classes are aware of the assistance and can access it
- Coordinating with local nonprofit organizations that provide services to people experiencing homelessness, people with disabilities, and historically underserved





populations to ensure the promotion of the program and help remove their barriers to access the assistance

- Completing a Language Access Plan and identifying language access needs for the community
- Steps to affirmatively further fair housing

### Part 1: Outreach & Engagement

The fair housing plan should describe what outreach and engagement has been done with protected classes, and what further outreach & engagement will be done.

For **housing programs**, this plan should include what outreach the subrecipient intends to conduct to protected classes to identify homeowners for rehabilitation or buyouts, renters for new rental units, and prospective buyers of new single-family housing units (1-4 units on a parcel for the purposes of 2019 & 2020 CDBG-DR).

For **infrastructure programs**, including the stormwater infrastructure, tree planting, and generators for critical facilities programs, this plan should include what outreach & engagement the subrecipient has done on the need for the infrastructure project and how the subrecipient will prioritize locations to benefit protected classes and low to moderate income populations.

Outreach and engagement should also include contact information for the Iowa Civil Rights Commission and local departments to report violations of fair housing.

### Part 2: Personalized Recovery Plan

The fair housing plan should describe the disaster recovery needs of the community and how the project/s being applied for will benefit the community's recovery.

### Part 3: Coordination with Government Agencies and Developers

The fair housing plan should describe coordination with government agencies (federal, state, and/or local) and with developers on how to promote the benefits of the proposed project/s to protected classes.

For **housing programs** in rural areas (outside of Cedar Rapids, Robins, Hiawatha, Marion, and Marshalltown) this intended coordination should include coordinating with USDA Rural Development lending programs. See site eligibility here:

<https://statics.teams.cdn.office.net/evergreen-assets/safelinks/1/atp-safelinks.html>.

For **housing programs**, this intended coordination should include government agencies that assist low to moderate income persons and persons within protected classes with credit counseling, financial counseling, and homeownership assistance. The plan should also indicate encouraging potential homebuyers to seek down payment assistance from the Iowa Finance Authority.

### Part 4: Coordination with Local Organizations



The fair housing plan should include a description of occurred or intended coordination with local organizations, including intended coordination, on outreach to protected classes and vulnerable populations on benefiting from the proposed project/s.

This should include nonprofit organizations that provide services to people experiencing homelessness, people with disabilities, and historically underserved populations. This outreach should help to reduce barriers to accessing the housing programs and benefiting from infrastructure projects. Applicant subrecipients are also encouraged to promote the assistance of organizations, such as the Iowa Finance Authority’s homeless program & down payment assistance programs, Habitat for Humanity, and Iowa PATH, for immediate needs prior to the completion of 2019 (awarded post January 1, 2023) and 2020 CDBG-DR projects.

For **housing programs**, applicant subrecipients should describe how they intend to partner with nonprofits to assist low to moderate income persons and persons within protected classes with credit counseling, financial counseling, language interpretation and translation, and homeownership assistance.

**Part 5: Language Access Plan**

The fair housing plan should include a Language Access Plan for including Limited English Proficiency (LEP) population in disaster recovery. This plan will include a Four Factor Analysis which looks at the following:

1. Number or proportion of LEP persons eligible to be served or likely to be encountered by the applicant subrecipient
2. The frequency with which LEP individuals encounter the programs
3. Nature and importance of the program, activity, or service provided by the programs to people’s lives
4. Resources available to the applicant subrecipient and cost of LEP compliance

**Data Resources**

The American Community Survey (ACS) data table “Language Spoken at Home by Ability to Speak English for the Population 5 Years and Over” is one resource to identify the top LEP populations in the city or county (lowest available geographic area for the applicant subrecipient).

**Safe Harbor**

HUD outlines “safe harbor” guidelines in 72 FR 2732. IEDA has adopted these guidelines to demonstrate strong evidence of compliance with HUD’s LEP guidance. See the table below for these safe harbors:

1,000+ of the eligible population in the service area, or among current beneficiaries	Translate vital documents
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> 5% of the eligible population or beneficiaries, and 50+ in number	Translate vital documents
> 5% of the eligible population or beneficiaries, and 50 or less in number	Translate written notice of right to receive free oral interpretation of documents
5% or less of the eligible population or beneficiaries, and less than 1,000 in number	No written translation is required

Applicant subrecipients will be required to translate as needed based on their submitted Language Access Plan. For instance, IEDA will translate vital documents into Spanish as strong evidence of compliance because the LEP Spanish population is relatively large, especially in the 2020 CDBG-DR MID areas of Marshall and Linn. Six languages (e.g., French, Vietnamese, Arabic) exceed the 1,000-person safe harbor threshold but are well below the 5% threshold; therefore, IEDA will not translate vital documents for these languages, but can provide “I Speak” cards and an on-demand language line to facilitate the request of services in all the languages listed above. See the Language Access Plan on IEDA’s Disaster Recovery webpage for more information: <https://www.iowaeda.com/disaster-recovery/>.

### Part 6: Steps to Affirmatively Further Fair Housing

Applicant subrecipients should also specify which mandatory and elective activities to affirmatively further fair housing that they intend to complete. Applicants must indicate how they will complete at least two of the mandatory activities, which are as follows:

Mandatory Activity	Description
1	Advertise, publicize, and pass an affirmative fair housing policy that will certify that the local government adheres to the requirements of the federal Fair Housing Act and the Iowa Civil Rights Act of 1965 (adoption and use of the Equal Housing Opportunity logo and the Equal Housing Opportunity statement)
2	Identify and publish the name and contact information of a Discrimination Complaint Officer within the agency or jurisdiction for any housing-related bias or discrimination complaint
3	Refer housing discrimination complaints and assist in filing complaints with the Iowa Civil Rights Commission, the U.S. Department of Housing and Urban Development, or a local civil rights commission

Applicants will also indicate which of the following elective activities that they will complete. The list of elective activities includes the following:



Elective Activity	Description
1	Advertise the availability of housing and related assistance to population groups that are the least likely to apply through various forms of media (i.e. radio stations, posters, flyers, newspapers, Facebook, city web page) in English and other languages spoken by eligible families within the project service area
2	Include a flyer about fair housing in a local utility or tax bill and send it to every household within the municipality
3	Have the Responsible Entity staff attend a fair housing training or conference
4	Organize a letter writing campaign to local legislators and/or local government staff about the need to fund and support fair housing programs
5	Sponsor trainings for realtors, bankers, landlords, homebuyers, tenants, public housing authority and other city/town employees to educate them on their fair housing rights and responsibilities. This activity MUST be done in collaboration with the Iowa Civil Rights Commission or a local civil rights commission
6	Provide training/educational programs about fair housing for financial, real estate, and property management professionals at local firms, including their obligations to comply with the federal Fair Housing Act and the Iowa Civil Rights Act of 1965 (this can be done by partnering with a bank, board of realtors association, or other local group and helping to sponsor a program taught by a qualified entity such as the Iowa Civil Rights Commission
7	Conduct meetings with advocacy groups for members of the protected classes on the availability of affordable and accessible housing and determine housing needs to plan future projects
8	Establish and/or fund fair housing organizations in areas where there are no such organizations
9	Conduct fair housing testing to ensure that local housing providers and/or lenders do not discriminate (fair housing testing must be conducted by a HUD-certified fair housing agency)
10	Assist Housing Choice Voucher program participants to help locate and secure housing outside of racially concentrated areas of poverty (RCAPs) or outside of areas nearby RCAPs
11	Conduct outreach to housing providers and housing developers to discuss affordable and accessible housing needs in RCAPs and near RCAPs
12	Evaluate the local zoning ordinance against fair housing benchmarks identified in this AI, using the Zoning Risk Assessment Tool. Evaluate the need for amendments to the zoning ordinance and make them.
13	Organize a tester recruitment event in collaboration with the Iowa Civil Rights Commission to help document instances of housing discrimination.

## Questions

Any questions may be submitted to Katie Shelton, CDBG Project Manager, at [Katie.Shelton@IowaEDA.com](mailto:Katie.Shelton@IowaEDA.com) or 515.348.6207.





## GREEN STREETS POLICY AND PROCEDURE

Responsible Personnel or Unit: IEDA Disaster Recovery Project Managers, Green Streets SME

### Overview

The Iowa Green Streets Criteria (Green Streets) is the State of Iowa's green and resilient building standard for new construction and reconstruction with CDBG-DR funds. The criteria is built off of the 2020 Enterprise Green Communities standard, with slight adaptations to be more reflective of the building conditions and environmental circumstances within Iowa.

Green Streets incorporates practices that are equivalent to or exceed the ENERGY STAR energy performance standard and awards additional optional points to projects incorporating the DOE Zero Energy Ready Home energy performance standards.

All projects must incorporate all applicable baseline requirements. All projects must also incorporate optional practices that result in the projects equaling or exceeding 40 optional points. See the following link to the Green Streets webpage: <https://www.iowaeda.com/green-streets/after-2020/>.

### Compliance

Compliance with Green Streets is managed at several stages. These include:

- Application
- Monitoring
- Closeout

### Application

When launching programs applicable to Green Streets, IEDA offers design consultations with each prospective applicant. The purpose of these sessions is to review the development team's proposed designs, building materials, and stormwater management practices and provide constructive feedback. These sessions help to ensure that the project will be preliminarily designed in a compliant manner and help provide the development team with suggestions to not only meet but exceed the baseline requirements. As of the 2020 CDBG-DR grant, the scoring process for applications includes a narrative from the applicant on how the development team incorporated these suggestions into their project design.

The application stage will conclude with applicants submitting Appendix A: Green Development Plan and Checklist and Appendix B: Certification of Intent to Comply.

**Appendix A** outlines all baseline and optional requirements. Applicants will indicate: Description of the process used to select the green building strategies, systems, and materials that will be incorporated into the project.

Statement of the overall project mission and green development goals developed during integrated design process and expected outcomes from addressing those goals.  
The name and role of the champion for the practice (member of the development team responsible for implementing the practice)

Strategies for accomplishing the practice (how the development team intends to meet it)





See the following link to Appendix A: Green Development Plan and Checklist: <https://www.iowaeda.com/UserDocs/2020green-development-plan-and-checklist-appx-a-dec2022.pdf>

Appendix B requires certification that both the applicant and development team intend to comply with the baseline requirements of Green Streets and the optional criteria they selected on the application.

See the following link to Appendix B: Certification of Intent to Comply: <https://www.iowaeda.com/UserDocs/AppxB-CertificationOfIntentToComplyForm.pdf>

## Monitoring

IEDA monitors compliance with Green Streets through the “Green Streets Criteria” component of IowaGrants. The component includes the following documents during monitoring of the projects as they are underway.

Throughout the project, the development team will work with an IEDA-procured Home Energy Rating System (HERS) evaluator to ensure compliance with the ENERGY STAR or DOE Zero Energy Ready Homes efficiency standards. The development team will also work with their regional representative from the Iowa Department of Agriculture and Land Stewardship (IDALS) Urban Conservation team to design the stormwater management and maintenance plans in compliance with Green Streets.

When monitoring the project, the IEDA disaster recovery project manager assigned to the project will utilize the Green Streets Monitoring Checklist to ensure that the developer is implementing the Appendix A-Green Development Plan and Checklist as submitted or amended.

See the following items that are uploaded and monitored through IowaGrants for Green Streets:

- Appendix A: Green Development Plan and Checklist. Required at application. It is required prior to starting construction. It should be uploaded in IowaGrants prior to paying first preliminary design, preliminary engineering, project delivery, etc. claim.
- Appendix B: Certification of Intent to Comply. Required at application. It is required prior to starting construction. It should be uploaded in IowaGrants prior to paying first preliminary design, preliminary engineering, project delivery, etc. claim.
- Appendix C: Certificate of Construction Contract Document Compliance. Required prior to starting construction. It should be uploaded in IowaGrants prior to paying first construction claim. See the link to Appendix C: <https://www.iowaeda.com/UserDocs/AppxC-CertOfConstContractDocComplianceForm.pdf>.
- Appendix F: HOME Energy Rating System (HERS) Index Certification. This form is a tool used by the project designer to cross-reference project specifications with Green Streets. It is optional to use and provide.

## Stormwater Related

- Appendix I: Stormwater Management Milestone Checklist. Approval by a technical advisor from the Urban Conservation Team at the Iowa Department of Agriculture and Land Stewardship (IDALS) at 90% or greater completion of designs is required prior to starting construction. Appendix I is required prior to starting construction. It should be





uploaded in IowaGrants prior to paying first construction claim. Not required for conversion projects without significant open space. See the link to Appendix I: <https://www.iowaeda.com/UserDocs/2020green-streets-appx-i-stormwater-mgmt-milestone.pdf>

### **Energy Related**

- HERS: Preliminary Home Energy Rating System (HERS) report. Depicts the initial findings from the calculations of the project design. It is required prior to starting construction. It should be uploaded in IowaGrants prior to paying first construction claim.
- Building Construction Documents: These documents outline the designs for constructing the project. For the 2019 grant, it is required at closeout. For the 2020 grant, it is required prior to starting construction. It should be uploaded in IowaGrants prior to paying the first construction claim.

### **Building Code/Energy Related**

The following are all options for Building Plan Approval/Verification or ImageTrends Registered Verification dependent on the project size and the local municipality's building code enforcement

- ImageTrend: For 1-unit and 2-unit single-family (for sale and for rent) projects in communities that do not enforce their local building codes, the project should be registered by the developer with the Iowa Department of Public Safety (DPS) so that it may be inspected in compliance with the state building code. Grant administrator should upload a screenshot of the submittal through ImageTrends prior to beginning construction. It is required prior to starting construction. It should be uploaded in IowaGrants prior to paying first construction claim. <https://iowa.imagetrendlicense.com/lms/public/portal#/login>.
- DPS: For 3-plex and 4-plex single-family housing units (for sale and for rent) and rental projects with 5+ units in communities that do not enforce their local building codes, the project should be registered by the developer with the Iowa Department of Public Safety (DPS) and receive approval from the department to proceed construction. It is required prior to starting construction. DPS approval should be uploaded in IowaGrants prior to paying first construction claim. <https://iowa.imagetrendlicense.com/lms/public/portal#/login>.
- Local Building Inspection Approval: In communities that enforce their local building code, the grant administrator should upload approval of the building plan from the local building inspection or equivalent department. This approval may also be issued by the council of government, vendor, or other entity responsible for inspecting the homes in accordance with the State or locally-adopted building codes.

### **Closeout**

IEDA monitors compliance with Green Streets at closeout through the "Green Streets Criteria" component of IowaGrants. The component includes the following documents during closeout of the projects:

- Appendix D: Certificate of Compliance with Green Streets at the end of construction. Required at closeout. See the following link for Appendix D: <https://www.iowaeda.com/UserDocs/AppxD-CertificationOfComplianceEndOfConstForm.pdf>
- Appendix E: Home Energy Rating System (HERS) Energy Performance Certification. Required at closeout. See the following link for Appendix E: <https://www.iowaeda.com/UserDocs/appxe-energyperformancecertificationformaug2020.pdf>







- Department of Energy Zero Energy Ready Home Certification: This is the certification prepared by the procured HERS evaluator for projects that complied with DOE Zero Energy Ready Homes. If selected by the development team, it is required at closeout.





## CHAPTER 5: PUBLIC PARTICIPATION & WEBSITE

### In this Chapter:

- Website Procedures
- Citizen Participation Plan
- 2020 Derecho CDBG-DR Language Access Plan





## PROCEDURES TO MAINTAIN A COMPREHENSIVE WEBSITE

Responsible personnel or unit: See below

The IEDA will develop and maintain a comprehensive website dedicated to DR activities assisted with these funds per P.L. 116-20 (2019 CDBG-DR), P.L. 117-43 (2020 CDBG-DR) and applicable Federal Register Notices. IEDA’s Communications Department will maintain the DR Website. The Website will be updated at minimum quarterly to post any new information. Public action plan amendments will be posted within 15 days of HUD approval.

The DR website will contain the following links and responsible personnel:

Website Component	Responsible IEDA Personnel
The action plan created using DRGR (including all amendments)	Disaster Recovery Team Lead
Each performance report (as created using the DRGR system)	Operations Program Manager
Citizen Participation Plan	Disaster Recovery Team Lead
Procurement policies and procedures	Disaster Recovery Team Lead
All executed contracts that will be paid with CDBG-DR funds as defined in 2 CFR 200.22 (including subrecipients’ contracts)	Operations Program Manager
A summary including the description and status of services or goods currently being procured by the grantee or the subrecipient (e.g., phase of procurement, requirements for proposals, etc.).	Operations Program Manager

The IEDA will make the required documents available in a form accessible to persons with disabilities and those with limited English proficiency and take steps to ensure meaningful access to their programs and activities by LEP persons.

Contracts that do not exceed the micro-purchase threshold, as defined in 2 CFR 200.67, will not be posted to the website.

2019 CDBG-DR website link:

<https://www.iowaeda.com/disaster-recovery/2019/>

2020 CDBG-DR website link:

<https://www.iowaeda.com/disaster-recovery/cdbg-derecho/>





# CITIZEN PARTICIPATION, LANGUAGE ACCESS PLAN, ACTION PLAN AMENDMENTS, FAIR HOUSING & OUTREACH

Responsible personnel or unit: IEDA Disaster Recovery Team

## Purpose

In consideration of the citizen participation requirements of 24 CFR Section 91.115, and according to the Secretary’s Waiver documented in Federal Register Notice published February 9, 2018 (for 2019 CDBG-DR) and February 3, 2022 (for 2020 Derecho CDBG-DR), and subsequent relevant notices, the State of Iowa’s Economic Development Authority (IEDA), set forth the following requirements as it relates to the CDBG-DR Program funded by the Department of Housing and Urban Development (HUD). The Citizen Participation Plan (CPP) presents the State’s plan for providing and encouraging all citizens impacted by the 2019 Floods Disaster (DR 4421) and 2020 Derecho Disaster (DR-4557), particularly low- and moderate-income citizens, to participate in the development of the State of Iowa’s Community Development Block Grant-Disaster Recovery (CDBG-DR) Action Plan. The overall purpose of the CPP is to provide for and encourage citizens to participate in an advisory role in the planning, implementing, and assessing of Iowa’s CDBG-DR funded programs.

HUD has identified the following areas as the most impacted and distressed (MID) area(s) due to the Flooding Disaster in 2019 and the Derecho Disaster in August 2020. Additionally, the state has identified impacted and distressed areas designated as state MID’s for the derecho.

### HUD Identified Most Impacted and Distressed (MID) Areas from 2019 Disaster (DR-4421)

2019 HUD MID Counties	Harrison, Mills, and Fremont
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### HUD Identified Most Impacted and Distressed (MID) Areas from 2020 Disaster (DR-4557)

2020 HUD MID Counties	Linn
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### Remaining Counties Adversely Affected and Eligible for CDBG-DR under DR-4557

2020 State MID Counties	Marshall, Benton, and Tama
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## Stakeholder Consultation During Plan Development

To ensure consistency of the CDBG-DR Action Plan with applicable regional redevelopment plans and other recovery initiatives, IEDA will consult with the following stakeholders:

- Indian tribes
- Local governments
- Federal partners
- Nongovernmental organizations
- Private sector
- Other affected parties in the surrounding geographic area
- Organizations that advocate on behalf of members of protected classes, vulnerable populations, and underserved communities impacted by the disaster





- Relevant government agencies including the state and local emergency management agencies that have primary responsibility for the administration of FEMA funds

## CDBG-DR Action Plans – Public Notice and Comment Periods

The State of Iowa received HUD CDBG-DR funds allocated in response to the federally declared flooding disaster in 2019 and derecho disaster in August 2020. Citizen participation requirements for the CDBG-DR Action Plan are in the Federal Register Notices issued February 9, 2018 (for 2019 disasters) and issued February 3, 2022 for 2020 disasters (87 FR 6364). The Federal Register Notices waive regular citizen participation requirements and outlines alternative requirements and a streamlined process for notifying the public regarding the use of CDBG-DR funds.

## CDBG-DR Citizen Participation Waiver

To permit a more streamlined process and ensure disaster recovery grants are awarded promptly, provisions of 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, 24 CFR 1003.604, and 24 CFR 91.115(b) and (c), with respect to citizen participation requirements, are waived and replaced by the requirements below.

[In accordance with the Federal Register Notice published February 9, 2018, for 2019 CDBG-DR, the streamlined requirements for citizen participation do not mandate public hearings but do require the grantee to provide a reasonable opportunity \(at least 30 days\) for citizen comment and ongoing citizen access to information about the use of grant funds.](#)

The streamlined requirements for 2020 CDBG-DR require the grantee to include public hearings on the proposed action plan and provide a reasonable opportunity (at least 30 days) for citizen comment and ongoing citizen access to information about the use of grant funds. The streamlined requirements for citizen participation for 2020 CDBG-DR offer the flexibility of holding either 1 virtual public hearing or 1 in-person hearing in the HUD MID area.

The streamlined citizen participation requirements 2019 and 2020 CDBG-DR grants are:

- Publication of the Action Plan with opportunity for public comment, and substantial amendment criteria. [Before the grantee adopts the action plan for this grant or any substantial amendment to the action plan, the IEDA will publish the proposed plan or amendment to its CDBG-DR website for no less than a 30-day comment period.](#)
- The manner of publication must include prominent posting on IEDA's official CDBG-DR website and must afford citizens, affected agencies, and other interested parties a reasonable opportunity to examine the plan or amendment's contents and provide comment.
- The topic of disaster recovery should be navigable by citizens from the IEDA's homepage.
- [IEDA will notify affected citizens through methods such as electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, and/or contacts with neighborhood organizations.](#)
- [IEDA will host at least 1 citizen participation hearing within the identified MID eligible area](#)
- [IEDA will document all citizen participation efforts in the final Action Plan](#)





The published Action Plan will meet the effective communications requirements of 24 CFR 8.6 and other fair housing and civil rights requirements, such as the effective communication requirements under the Americans with Disabilities Act.

## POSTING ACTION PLAN & AMENDMENTS

IEDA will post the draft CDBG-DR Action Plan or any substantial amendment for at least 30 days of public comment on the CDBG-DR website. See the following link for 2019 Floods CDBG-DR: <https://www.iowaeda.com/disaster-recovery/2019/>. See the following link for 2020 Derecho CDBG-DR: <https://www.iowaeda.com/disaster-recovery/cdbg-derecho/>. Additionally, IEDA will convene at least one public hearing virtually (for 2020 CDBG-DR) or in the HUD MID Area on the draft CDBG-DR Action Plan after being posted on its website for public comment and prior to submission to HUD. Notice of all hearings will be posted a *minimum of 10 business days* prior to public hearings.

The State of Iowa makes every effort to publish the draft CDBG-DR Action Plan in a manner that affords citizens, units of general local governments, public agencies, and other interested parties a reasonable opportunity to examine its contents and to submit comments. The plan will remain available on the IEDA website throughout the comment period.

To notify the public of the plan's availability, public notification is provided via publication of a public announcement in the local newspaper, and through methods such as promotion by applicable partners (i.e., council of governments), and social media. The public announcement explains that interested parties are given a reasonable opportunity to examine the contents of the plans and submit comments. IEDA will also provide a copy of the plans to interested parties upon request.

The grantee will make the plan available for a **minimum 30-day comment period**.

The grantee considers any comments or views of citizens and units of general local government received in writing or orally in preparing the final CDBG-DR Action Plan. IEDA will address the substance of any comments rather than only acknowledging receipt. A summary of these comments and the grantee's response, including those not accepted and reasons, will be attached to the final posted CDBG-DR Action Plan and uploaded in DRGR.

## Website

To notify the public of the CDBG-DR Action Plan's availability, IEDA will post the CDBG-DR Action Plan and Substantial Amendments to the Action Plan on the CDBG-DR website. See the following for 2019 Floods CDBG-DR: <https://www.iowaeda.com/disaster-recovery/2019/>. See the following for 2020 Derecho CDBG-DR: <https://www.iowaeda.com/disaster-recovery/cdbg-derecho/>. These webpages are linked to the grantee's main website <https://www.iowaeda.com/disaster-recovery/>.

To ensure the public knows how all funds are used and administered, the grantee will also post all performance reports, the CPP, procurement policies, contracts that will be paid with CDBG-DR funds (for 2020 Derecho CDBG-DR), and a description of goods or services currently being



procured on the CDBG-DR website. For further information regarding the website content see Appendix B of the Citizen Participation Plan – Website Policy and Procedure.

## **CDBG-DR Public Hearings**

Per the Federal Register Notice’s approach for 2020 CDBG-DR, at least one public hearing is required during the 30-day comment period. The process below will be followed for a public hearing regarding the use of the 2020 CDBG-DR funds or a Substantial Amendment to the Action Plan.

All public hearings (whether in-person or virtual) will be held at a time and accessible location convenient to potential and actual beneficiaries, and with accommodations for persons with disabilities or limited English proficiency (LEP). Both in-person and webinar-hosted hearings will be promoted through publication in local ads and through methods such as promotion by applicable partners (i.e., a council of governments), and on social media for at least 10 business days prior to the hearing.

## **Time Period for Comments**

IEDA provides at least 30-days for public comment from citizens and units of local government on the CDBG-DR Action Plan.

The CDBG-DR Action Plan will be available on the IEDA CDBG-DR webpage for each applicable grant.

## **Consideration of Comments**

The grantee considers any comments or views of citizens and units of local government received either in writing or orally when preparing the final CDBG-DR Action Plan. The grantee will address the substance of any comments rather than acknowledging receipt. A summary of those comments and the grantee’s response will be attached to the final Action Plan or Substantial Amendment to the Action Plan and uploaded in DRGR.

## **Substantial Amendment**

Substantial amendments to the 2019 and 2020 CDBG-DR Action Plans will require at least 30-days of public notice. The public notice will be made in the same manner as prescribed in this document. The thresholds for a Substantial Amendment to the Action Plans are as follows:

Action Plan – an amendment shall be considered substantial (requiring public notification and comment period) in the following events:

- A change in program benefit or eligibility criteria
- The addition or deletion of an activity
- A proposed change to an adopted method of distribution
- The allocation or reallocation is more than five million dollars or greater of a program budget





Amendments that do not fall within the definition of a substantial amendment are considered **non-substantial amendments**.

For 2019 CDBG-DR this definition meets the State's certified requirement: all amendments must comply with the provisions of the Federal Register published January 2020 (85 FR 4681). That notice references the August 2018 notice (83 FR 40314). On page 40318, the August notice states and IEDA adopts:

*In its action plan, each grantee must specify criteria for determining what changes in the grantee's plan constitute a substantial amendment to the plan. At minimum, the following modifications will constitute a substantial amendment:*

- *A change in program benefit or eligibility criteria*
- *The addition or deletion of an activity; or*
- *The allocation or reallocation of a monetary threshold specified by the grantee in its action plan.*
- *The monetary threshold for Iowa will be an allocation or reallocation in the method of distribution of 20% or more.*

### **Tracking Substantial and Non-Substantial Amendments**

The Disaster Recovery Team Lead and Operations Program Manager will work together to determine if budget changes require a substantial or non-substantial amendment. The Disaster Recovery Team Lead will gather budgetary information the Operations Program Manager and write the amendment. The Citizen Participation Plan will be followed based on the definition of amendment, and the amendment will be submitted to HUD in a timely manner following such process, along with all scheduled action plan and QPR reports. Once approved, the Operations Program Manager will update internal grant management systems and DRGR. The Disaster Recovery Team Lead will update any guidelines and the Action Plan with changes, and also update the website.

### **Citizen Participation Plan and Accessibility for CDBG-DR**

To ensure Limited English Proficiency (LEP) individuals and persons with disabilities have prior notice and access to the public hearings, IEDA will take the following actions:

- Announce public hearings to organizations that represent minorities and persons with disabilities at least 10 business days prior to the public hearing date(s).
- Include a statement in public hearing notices indicating that participants may request language interpretation to assist in their participation, via email or phone.
- Include a statement in notices of public hearings that the location of the meetings is accessible to a person with physical disabilities.
- Include a statement in public hearing notices that attendees can request reasonable accommodations from the grantee to participate in the public meetings.
- The grantee will make a reasonable effort to translate significant documents and include a "Google Translate" on the grantee's website to accommodate LEP communities.

Residents who require special accommodations to attend the hearing should contact the grantee by emailing [Disaster@IowaEDA.com](mailto:Disaster@IowaEDA.com) to make advance arrangements. For hearings that are held in areas that meet the minimum threshold for LEP accommodations, translations will be provided.





IEDA provides guidance to its units of local government on developing a local language access plan (LAP). This guidance is provided as Attachment A of this document. Provisions for interpretation shall be made for LEP residents to encourage and ensure meaningful access to participation in public hearings, communication materials, websites, and public comments.

## Access to Records

Citizens, public agencies, and other interested parties are given reasonable and timely access to the information and records relating to the IEDA's CDBG-DR Action Plan and IEDA's use of assistance under the programs covered by the plan. Presentation materials, resources used to compile the information in the plan, comments compiled at public hearings, and all other related materials are available to the public upon request.

## Complaints

To comply with the requirements regarding complaints, the IEDA has designated an appropriate and practicable procedure to handle complaints from citizens related to the CDBG-DR Action Plan, Substantial Amendments to the Action Plan, and performance reports. Upon receiving a complaint, the IEDA will provide a timely, substantive written response within a 15 working day period.

### Complaints should be sent in writing to:

**Steven Stransky**, Disaster Recovery Team Lead  
Iowa Economic Development Authority  
1963 Bell Avenue, Suite 200  
Des Moines, IA 50315  
Steven.Stransky@IowaEDA.com or Disaster@IowaEDA.com  
515.348.6204

**Complaints regarding fraud, waste, or abuse of government funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)).**

Complaints regarding accessibility can be reported to the IEDA's 504 Coordinator. Action Plan publication efforts must meet the effective communications requirements of 24 CFR 8.6 and other fair housing and civil rights requirements, such as the effective communication requirements under the Americans with Disabilities Act.

### Grantee 504 Coordinator:

**Katie Shelton**, CDBG Project Manager  
Iowa Economic Development Authority  
1963 Bell Avenue, Suite 200  
Des Moines, IA 50315  
[Katie.Shelton@IowaEDA.com](mailto:Katie.Shelton@IowaEDA.com)  
515.348.6207





## Use of Citizen Participation Plan

IEDA will follow the citizen participation plan in full and to the best ability possible, as described above.

## Citizen Participation for Local Governments

Recipients of CDBG-DR funds must comply with the State Citizen Participation Plan for CDBG-DR requirements. All applicants and recipients of grant/loan funds shall be required to conduct all aspects of the program openly with access to records on the proposed and actual use of funds for all interested persons. All records of applications and grants must be kept at the recipient's offices and be available during normal business hours. Any activity of the recipient's CDBG-DR project, except for confidential matters relating to housing and economic development programs, shall be open to examination by all citizens.

The applicant/recipient must provide technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals at the level of expertise available at governing offices. All application materials and instructions shall be provided at no cost to any such group requesting them. Citizens shall be provided adequate and timely information to enable them to be meaningfully involved in important decisions at the various stages of the program, including at least the determination of needs, the review of the proposed activities, and the review of past program performance

The Citizen Participation Plan includes citizen participation requirements for local governments receiving CDBG-DR funding that will ensure that citizens are provided with reasonable advance notice of, and the opportunity to comment on, proposed CDBG-DR applications to the State. Local governments shall hold a minimum of two public hearings, including one hearing prior to submission of CDBG-DR applications to the state, which must respond to the disaster impacts and hazard risks identified in the CDBG-DR Action Plan. A second hearing is required to review program performance. To comply with the Citizen Participation requirements of 24 CFR 570.486 and Section 507 and 508 of the Housing and Community Development Act of 1987, CDBG-DR applicants are required to do the following:

1. Conduct at least one public hearing on the activities proposed in the application. The hearing must include a review of the following:
  - a. how the need for the activities was identified;
  - b. how the proposed activities will be funded and the sources of funds;
  - c. date the CDBG-DR application will be submitted;
  - d. requested amount of federal funds;
  - e. estimated portion of federal funds that will benefit low- and moderate-income persons;
  - f. where the proposed activities will be conducted;
  - g. plans to minimize displacement of persons and businesses resulting from funded activities;
  - h. plans to assist persons displaced; and
  - i. the nature of the proposed activities.





2. Conduct at least one public hearing on the status of funded activities. The hearing must include a review of the following:
  - a. general description of accomplishments to date;
  - b. summary of expenditures to date;
  - c. general description of the remaining work; and
  - d. general description of changes made to the project budget, performance targets, activity schedules, scope, location, objectives, or beneficiaries.
3. Publish hearing notices in a manner consistent with requirements of the Iowa Code, Section 362.3, and submit a copy of the public notice and minutes with the application.
4. Ensure the public's reasonable access to all local meetings, project records and information relating to the proposed and actual use of federal funds.
5. Conduct all related public meetings or hearings in public buildings or facilities that are accessible to persons with disabilities.
6. Provide citizens with names and addresses of the following:
  - a. the person(s) authorized to receive and respond to citizen proposals, questions and complaints concerning;
  - b. the person(s) available and able to provide technical assistance to groups representative of low-and moderate-income persons in preparing and presenting their proposals for the request and use of federal funds.
7. Provide translators during or written translations after public hearings attended by non-English speaking residents upon their request whenever they represent a significant proportion of the persons benefited by proposed or actual activities. A determination of what constitutes "...a significant proportion of the persons benefited by proposed or actual activities" shall be at the sole discretion of the IEDA Disaster Recovery Team Lead.





## 2020 CDBG-DR LANGUAGE ACCESS PLAN

### Introduction

The Iowa Economic Development Authority (IEDA) completed this Language Access Plan (LAP) as a grantee to the Department of Housing and Urban Development’s (HUD) Community and Disaster Block Grant–Disaster Recovery (CDBG-DR) funding in compliance with HUD’s language access requirements (outlined in 72 FR 2732). The purpose of this LAP is to ensure that IEDA provides appropriate language assistance so that individuals with Limited English Proficiency (LEP) receive meaningful access to IEDA’s CDBG-DR programs. LEP individuals include persons who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English.

IEDA and its subrecipients are committed to complying with HUD’s language access requirements and will update this LAP as new census data becomes available.

By completing a LAP, IEDA describes the reasonable steps the agency is taking to provide meaningful access for LEP individuals to IEDA’s CDBG-DR-funded activities, programs, and services. Completing a LAP and incorporating language assistance measures into IEDA’s operations achieves several goals:

1. LEP individuals receive the language access services they need to access CDBG-DR funded activities and programs in the state
2. LEP individuals receive outreach in their native languages and are informed about CDBG-DR programs and language assistance
3. IEDA staff receive ongoing training on the LAP and language assistance measures
4. IEDA continuously monitors and evaluates LAP implementation

### Four Factor Analysis

As described in HUD’s 72 FR 2732, the LEP requirement is flexible and fact-dependent, and the starting point is a community-level assessment that balances the following four factors:

5. Number or proportion of LEP persons eligible to be served or likely to be encountered by IEDA
6. The frequency with which LEP individuals encounter the programs
7. Nature and importance of the program, activity, or service provided by the programs to people’s lives
8. Resources available to IEDA and the costs of LEP compliance

Iowa Economic Development Authority’s CDBG-DR service area includes the following four (4) counties that were impacted by the 2020 Derecho: Benton, Linn, Marshall, Tama.

As such, IEDA completed a four-factor analysis for the four counties to determine the appropriate level of language access for each of its CDBG-DR programs and ensure meaningful access by LEP individuals to critical services without imposing undue burdens on small





businesses, small local governments, or small nonprofit entities. Some activities may be more important than others and/or have a greater impact on or contact with LEP persons, and thus may require more language assistance.

**Factor 1: Number and proportion of LEP persons eligible to be served or encountered by the programs**

IEDA estimated the proportion of LEP persons in the service area using 2011-2015 American Community Survey (ACS) data (*Table B16001: Language Spoken at Home by Ability to Speak English for the Population 5 Years and Over*). LEP persons are defined as those that “speak English less than very well” in the ACS data.

**Table 1: Top 10 LEP populations**

Primary Language Spoken	Number who speak English less than very well	Percentage who speak English less than very well
Spanish	130,407	37.10%
Other Slavic Languages	13,237	48.50%
German	12,761	30.10%
Chinese (including Mandarin, Cantonese)	12,515	44.30%
Arabic	9,791	38.80%
Vietnamese	9,781	67.70%
French (Including Cajun)	9,157	59.40%
Swahili or Other Languages of Central, Eastern, and Southern Africa	9,151	52.70%
Yiddish, Pennsylvania Dutch, or Other West Germanic Languages	5,896	11.30%
Thai, Lao, or Other Tai-Kadai Languages	4,631	52.80%





Table 2 below demonstrates the top 3 LEP populations of the service area, by county.

**Table 2: Top 3 LEP populations, by county**

Primary Language Spoken	Number who speak English less than very well	Percentage who speak English less than very well
<b>Benton</b>		
Spanish	71	0.30%
Other Indo-European languages:	27	0.11%
French, Haitian, or Cajun:	25	0.10%
<b>Boone</b>		
Spanish	173	0.69%
Other Asian and Pacific Island languages:	1	0.00%
None	N/A	N/A
<b>Cedar</b>		
Spanish	77	0.44%
Other and unspecified languages:	21	0.12%
None	N/A	N/A
<b>Clinton</b>		
Spanish	197	0.45%
Chinese (incl. Mandarin, Cantonese):	56	0.13%
Russian, Polish, or other Slavic languages:	30	0.07%
<b>Dallas</b>		
Spanish	1,660	1.99%
Other Indo-European languages:	553	0.66%
Russian, Polish, or other Slavic languages:	271	0.32%
<b>Greene</b>		
Spanish	128	1.52%
Tagalog (incl. Filipino):	21	0.25%
Other Asian and Pacific Island languages:	4	0.05%
<b>Grundy</b>		
Spanish	63	0.54%
Chinese (incl. Mandarin, Cantonese):	15	0.13%
German or other West Germanic languages:	7	0.06%
<b>Guthrie</b>		
Spanish	96	0.95%
Other Asian and Pacific Island languages:	20	0.20%
None	N/A	N/A
<b>Hardin</b>		
Spanish	236	1.46%





Primary Language Spoken	Number who speak English less than very well	Percentage who speak English less than very well
Other Indo-European languages:	20	0.12%
Arabic:	14	0.09%
<b>Iowa</b>		
Spanish	66	0.43%
German or other West Germanic languages:	32	0.21%
Russian, Polish, or other Slavic languages:	11	0.07%
<b>Jackson</b>		
Spanish	35	0.19%
Other Asian and Pacific Island languages:	20	0.11%
German or other West Germanic languages:	16	0.09%
<b>Jasper</b>		
Spanish	239	0.68%
Arabic:	151	0.43%
Other Indo-European languages:	51	0.15%
<b>Johnson</b>		
Spanish	1,829	1.29%
Arabic:	1,528	1.08%
French, Haitian, or Cajun:	1,232	0.87%
<b>Jones</b>		
Chinese (incl. Mandarin, Cantonese)	122	0.63%
Spanish:	12	0.06%
French, Haitian, or Cajun:	10	0.05%
<b>Linn</b>		
Spanish	1,138	0.54%
Other Indo-European languages:	1,064	0.50%
French, Haitian, or Cajun:	669	0.32%
<b>Marshall</b>		
Spanish	3,470	9.33%
Other Asian and Pacific Island languages:	664	1.79%
Vietnamese:	162	0.44%
<b>Muscatine</b>		
Spanish	1,481	3.71%
French, Haitian, or Cajun:	73	0.18%
Other and unspecified languages:	61	0.15%
<b>Polk</b>		
Spanish	9,939	2.20%





Primary Language Spoken	Number who speak English less than very well	Percentage who speak English less than very well
Other Asian and Pacific Island languages:	4,007	0.89%
Other and unspecified languages:	2,608	0.58%
<b>Poweshiek</b>		
Spanish	120	0.69%
Chinese (incl. Mandarin, Cantonese):	28	0.16%
Russian, Polish, or other Slavic languages:	24	0.14%
<b>Scott</b>		
Spanish	1,800	1.11%
Vietnamese:	857	0.53%
Other Indo-European languages:	335	0.21%
<b>Story</b>		
Chinese (incl. Mandarin, Cantonese)	2,175	2.34%
Spanish:	471	0.51%
Vietnamese:	372	0.40%
<b>Tama</b>		
Spanish	508	3.20%
Other and unspecified languages:	31	0.20%
German or other West Germanic languages:	29	0.18%
<b>Washington</b>		
Spanish	496	2.40%
German or other West Germanic languages:	141	0.68%
Chinese (incl. Mandarin, Cantonese):	37	0.18%

HUD outlines “safe harbor” guidelines in 72 FR 2732, which IEDA has followed to demonstrate strong evidence of compliance with HUD’s LEP requirements (see Table 3 below).





**Table 3: HUD’s LEP Safe Harbor Guidelines**

<b>1,000+ of the eligible population in the service area, or among current beneficiaries</b>	<b>Translate vital documents</b>
> 5% of the eligible population or beneficiaries, and 50+ in number	Translate vital documents
> 5% of the eligible population or beneficiaries, and 50 or less in number	Translate written notice of right to receive free oral interpretation of documents
5% or less of the eligible population or beneficiaries, and less than 1,000 in number	No written translation is required

IEDA will translate vital documents<sup>2</sup> into Spanish as strong evidence of compliance because the LEP Spanish population is relatively large, especially in the MID areas of Marshall and Linn. Six languages (e.g., French, Vietnamese, Arabic) exceed the 1,000-person safe harbor threshold but are well below the 5% threshold; therefore, IEDA will not translate vital documents for these languages, but can provide “I Speak” cards and an on-demand language line to facilitate the request of services in all the languages listed above.

**Factor 2: The frequency with which LEP individuals encounter the programs**

HUD’s LEP requirements give grantees flexibility to tailor language assistance by CDBG-DR program based on the frequency with which LEP individuals are likely to encounter each program. For example, programs that serve homeowners, renters, and small business owners may have more contact with LEP individuals and require more robust language access services than infrastructure programs.

Table 4 categorizes IEDA’s CDBG-DR programs by the extent to which they directly interact with members of the public. IEDA provides meaningful language access across all CDBG-DR programs, but IEDA will prioritize LEP training for subrecipients that works on programs that provide direct client assistance and regularly interact with the public.

**Table 4: Language Assistance by Program**

<b>CDBG-DR Program</b>	<b>Direct Client Assistance?</b>	<b>Frequency of Public Contact</b>
New Resilient Affordable SF Housing	Yes	Daily
Infrastructure to Support housing	Yes	Daily
Owner-Occupied Rehabilitation	Yes	Daily
New Housing - Rental	Yes	Daily
Tree Canopy and Tree Replanting Program	No	
Generators for Critical Facilities	No	

**Factor 3: Nature and Importance of the Activity or Service Provided by the Program**

<sup>2</sup> A “vital document” is defined as a document that includes information regarding program eligibility requirements, applications and instructions, program eligibility determinations, and appeals procedures.





IEDA prioritizes language access services for programs, activities, and services with the greatest impact on LEP individuals. IEDA’s LEP outreach focuses on CDBG-DR-funded activities that provide substantial direct benefits to participants including homeowners, landlords, renters, and small business owners.

#### **Factor 4: Resources Available to IEDA and Costs**

IEDA is taking all reasonable steps to ensure meaningful access for LEP individuals to CDBG-DR programs and activities, including completing this four-factor analysis to better understand its jurisdiction’s LEP needs. The following section outlines the reasonable steps that IEDA is taking to provide appropriate language assistance.

### **Language Assistance Measures**

IEDA offers language assistance measures to ensure meaningful access by LEP individuals to CDBG-DR programs, activities, and services. In all cases, IEDA seeks to provide high-quality, accurate, and professional language services to LEP individuals. The following sections describe IEDA’s language assistance measures categorized by high-, medium-, and low-level effort.

#### **LAP Coordinator (MEDIUM EFFORT)**

IEDA designated a LAP Coordinator to oversee LAP implementation and compliance across its CDBG-DR programs. The LAP Coordinator ensures that IEDA staff understand their LAP responsibilities and they provide ongoing training and monitoring to ensure the provision of meaningful language assistance services. On a quarterly basis, IEDA’s LAP Coordinator, will check ACS data to confirm the language assistance required and check that applicable documents are translated into the required languages. **If IEDA staff or the public have questions about language access services, they should contact the LAP Coordinator:**

**Steven Stransky**, Disaster Recovery Team Lead  
Steven.Stransky@IowaEDA.com or Disaster@IowaEDA.com  
515.348.6204

#### **Translation of Vital Documents (HIGH EFFORT)**

A “vital document” is defined as a document that includes information regarding program eligibility requirements, applications, instructions, and appeals procedures. IEDA will professionally translate all vital documents to Spanish and post them on the IEDA CDBG-DR website. Should IEDA receive a request to translate a document into a language other than the languages listed above, IEDA will weigh the program costs and benefits to determine the appropriate measures. Table 5 below lists the vital documents for each CDBG-DR program directly serving LEP individuals.



**Table 5: Vital Documents by CDBG-DR Program**

CDBG-DR Program	Vital Documents
CDBG-DR Grant Documents	Initial Public Action Plan and all amendments; Language Access Plan; Citizen Participation Plan; Surveys; Procurement guidance, training and/or technical assistance; Procurement opportunities
New Resilient Affordable SF Housing	Program guidelines and updates, flyers, notices of funding availability, grant and loan agreements, frequently asked questions, general program or federal compliance notifications
Infrastructure to Support housing	Program guidelines and updates, flyers, notices of funding availability, grant and loan agreements, frequently asked questions, general program or federal compliance notifications
Owner-Occupied Rehabilitation	Program guidelines, flyers, notices of funding availability, grant and loan agreements, frequently asked questions, general program or federal compliance notifications
New Housing - Rental	Program guidelines, flyers, notices of funding availability, grant and loan agreements, frequently asked questions, general program or federal compliance notifications
Tree Canopy and Tree Replanting Program	Program guidelines, flyers, notices of funding availability, frequently asked questions, general program or federal compliance notifications
Generators for Critical Facilities	Program guidelines, flyers, notices of funding availability, frequently asked questions, general program or federal compliance notifications

### Language Line Services

IEDA uses a language line provider upon demand to ensure that LEP individuals understand IEDA’s CDBG-DR programs and services and can fully participate. As needed, IEDA can use this service to ensure that all individuals receive professional interpretation services.

### Website

IEDA’s [website](#) includes resources to help LEP individuals access key information about its CDBG-DR programs, including the Action Plan, program guidelines, applicable procurements, and the LAP coordinator’s email address and phone number.

### “I Speak” Cards

IEDA distributes the U.S. Census Bureau’s “I Speak” cards to all public-facing offices and trains staff to use them. These cards allow visitors to identify their native language so that IEDA can connect them to appropriate language access services.

### LEP Outreach

IEDA conducts community outreach so that LEP populations know how to access CDBG-DR activities, programs, and services, such as:

- Working regularly with culturally-specific organizations to provide information on any changes in programs or services.



Encourage culturally-specific organizations' participation as subrecipients or contractors for outreach and intake.

Participate in culturally-specific organizations' public events, providing staff and materials in Spanish.

See IEDA's Citizen Participation Plan for more information on language access procedures related to public hearings and citizen participation periods.

## **Iowa Economic Development Authority Staff Training**

IEDA requires mandatory trainings for all IEDA staff that interact with the public through CDBG-DR programs. The training ensures that these staff members understand how to provide meaningful language assistance services to LEP individuals and covers the following:

Definition of LEP individuals

State of Iowa and federal regulations governing language access

Cultural sensitivity

Staff roles and responsibilities

How to identify the language needs of an LEP individual

IEDA language access procedures

LAP complaints and appeals process

## **Complaints and Appeals**

IEDA reviews all comments or complaints received by citizens through email, phone, post mail, or in-person. Any written complaints concerning IEDA's compliance with this LAP will be referred to the IEDA LAP Coordinator, and they will provide a written response within 15 working days upon receipt of the complaint. The IEDA will maintain a copy of the written complaint and response. Complaints concerning the general provision of language assistance may be submitted via email, [Disaster@IowaEDA.com](mailto:Disaster@IowaEDA.com), or mail, 1963 Bell Avenue, Suite 200. Alternatively, complaints can be filed directly with the Fair Housing and Equal Opportunity (FHEO) Region VII Office at the following address:

### **Kansas City Regional Office of FHEO**

U.S. Department of Housing and Urban Development

Gateway Tower II

400 State Avenue, Room 200

Kansas City, Kansas 66101-2406

## **Evaluating and Updating the LAP**

The IEDA LAP Coordinator will update this LAP annually as needed to reflect any change in the plan based on the prior year's demographic changes and to ensure relevancy and quality control of language access services. IEDA will review procedures for providing language access services, existing trainings, outreach activities, and the language access data to periodically update the language access program. This LAP can be updated as the needs of the LEP





population and the demands on IEDA to service this population evolve. To inform future LAP updates, the LAP Coordinator will:

Maintain data on the number of LEP individuals that request language access services by primary language spoken

Review updated census data as it becomes available

Consider new resources, including funding, collaborations with other agencies, human resources, emerging technologies, and other mechanisms to improve language access



## ACS Data

NOTE: The data below has been filtered to show only the LEP individuals who “speak English less than very well” according to the ACS data.

		Spanish	French, Haitian, or Cajun	German or other West Germanic languages	Russian, Polish, or other Slavic languages	Other Indo-European languages	Korean	Chinese (incl. Mandarin, Cantonese)	Vietnamese	Tagalog (incl. Filipino)	Other Asian and Pacific Island languages	Arabic	Other and unspecified languages
Benton	#	71	25	2	0	27	0	0	0	0	0	0	0
	%	0.30%	0.10%	0.01%	0.00%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Boone	#	173	0	0	0	0	0	0	0	0	1	0	0
	%	0.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cedar	#	77	0	0	0	0	0	0	0	0	0	0	21
	%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.12%
Clinton	#	197	6	13	30	8	2	56	0	2	0	0	0
	%	0.45%	0.01%	0.03%	0.07%	0.02%	0.00%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Dallas	#	1,660	69	21	271	553	80	229	150	23	111	142	209
	%	1.99%	0.08%	0.03%	0.32%	0.66%	0.10%	0.27%	0.18%	0.03%	0.13%	0.17%	0.25%
Greene	#	128	0	0	0	0	0	0	0	21	4	3	0
	%	1.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.05%	0.04%	0.00%
Grundy	#	63	0	7	0	3	0	15	0	0	0	0	0
	%	0.54%	0.00%	0.06%	0.00%	0.03%	0.00%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Guthrie	#	96	0	0	0	0	0	0	0	0	20	0	0
	%	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%	0.00%	0.00%
Hardin	#	236	0	0	0	20	0	0	0	0	0	14	0
	%	1.46%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%



		Spanish	French, Haitian, or Cajun	German or other West Germanic languages	Russian, Polish, or other Slavic languages	Other Indo-European languages	Korean	Chinese (incl. Mandarin, Cantonese)	Vietnamese	Tagalog (incl. Filipino)	Other Asian and Pacific Island languages	Arabic	Other and unspecified languages
Iowa	#	66	0	32	11	0	0	0	0	0	7	0	2
	%	0.43%	0.00%	0.21%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.01%
Jackson	#	35	0	16	0	0	0	0	0	5	20	0	0
	%	0.19%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.11%	0.00%	0.00%
Jasper	#	239	31	6	0	51	0	45	15	2	0	151	15
	%	0.68%	0.09%	0.02%	0.00%	0.15%	0.00%	0.13%	0.04%	0.01%	0.00%	0.43%	0.04%
Johnson	#	1,829	1,232	251	118	376	443	1,141	483	98	338	1,528	312
	%	1.29%	0.87%	0.18%	0.08%	0.26%	0.31%	0.80%	0.34%	0.07%	0.24%	1.08%	0.22%
Jones	#	12	10	0	0	0	0	122	7	0	0	0	0
	%	0.06%	0.05%	0.00%	0.00%	0.00%	0.00%	0.63%	0.04%	0.00%	0.00%	0.00%	0.00%
Linn	#	1,138	669	49	168	1,064	94	258	371	23	381	316	624
	%	0.54%	0.32%	0.02%	0.08%	0.50%	0.04%	0.12%	0.18%	0.01%	0.18%	0.15%	0.30%
Marshall	#	3,470	50	5	18	96	0	62	162	0	664	19	1
	%	9.33%	0.13%	0.01%	0.05%	0.26%	0.00%	0.17%	0.44%	0.00%	1.79%	0.05%	0.00%
Muscatine	#	1,481	73	1	26	5	10	10	0	0	39	35	61
	%	3.71%	0.18%	0.00%	0.07%	0.01%	0.03%	0.03%	0.00%	0.00%	0.10%	0.09%	0.15%
Polk	#	9,939	540	211	1,844	1,474	90	670	2,032	294	4,007	1,252	2,608
	%	2.20%	0.12%	0.05%	0.41%	0.33%	0.02%	0.15%	0.45%	0.07%	0.89%	0.28%	0.58%
Poweshiek	#	120	7	16	24	0	12	28	0	0	4	7	0
	%	0.69%	0.04%	0.09%	0.14%	0.00%	0.07%	0.16%	0.00%	0.00%	0.02%	0.04%	0.00%
Scott	#	1,800	149	54	17	335	144	147	857	207	214	50	22



		Spanish	French, Haitian, or Cajun	German or other West Germanic languages	Russian, Polish, or other Slavic languages	Other Indo-European languages	Korean	Chinese (incl. Mandarin, Cantonese)	Vietnamese	Tagalog (incl. Filipino)	Other Asian and Pacific Island languages	Arabic	Other and unspecified languages
	%	1.11%	0.09%	0.03%	0.01%	0.21%	0.09%	0.09%	0.53%	0.13%	0.13%	0.03%	0.01%
Story	#	471	20	0	47	289	361	2,175	372	49	206	37	182
	%	0.51%	0.02%	0.00%	0.05%	0.31%	0.39%	2.34%	0.40%	0.05%	0.22%	0.04%	0.20%
Tama	#	508	0	29	2	0	0	5	0	0	0	0	31
	%	3.20%	0.00%	0.18%	0.01%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.20%
Washington	#	496	0	141	0	6	0	37	0	8	0	0	0
	%	2.40%	0.00%	0.68%	0.00%	0.03%	0.00%	0.18%	0.00%	0.04%	0.00%	0.00%	0.00%
Total	#	24,305	2,881	854	2,576	4,307	1,236	5,000	4,449	732	6,016	3,554	4,088
	%	1.60%	0.19%	0.06%	0.17%	0.28%	0.08%	0.33%	0.29%	0.05%	0.40%	0.23%	0.27%





2004 Census Test

United States Census 2010

LANGUAGE IDENTIFICATION FLASHCARD

ضع علامة في هذا المربع إذا كنت تقرأ أو تتحدث العربية.

1. Arabic

Խոսողո՞ւմ ե՞նք նշում՝ կատարե՞ք այս քանակություն, եթե խոսում կամ կարողում եք հայերեն:

2. Armenian

যদি আপনি বাংলা পড়েন বা বলেন তা হলে এই বাক্সে দাগ দিন।

3. Bengali

ឈ្លូមបញ្ជាក់ក្នុងប្រអប់នេះ បើអ្នកអាន ឬនិយាយភាសា ខ្មែរ ។

4. Cambodian

Motka i kahhon ya yangin ûntûngnu' manaitai pat ûntûngnu' kumentos Chamorro.

5. Chamorro

如果你能读中文或讲中文，请选择此框。

6. Simplified Chinese

如果你能讀中文或講中文，請選擇此框。

7. Traditional Chinese

Označite ovaj kvadratić ako čitate ili govorite hrvatski jezik.

8. Croatian

Zaškrtněte tuto kolonku, pokud čtete a hovoříte česky.

9. Czech

Kruis dit vakje aan als u Nederlands kunt lezen of spreken.

10. Dutch

Mark this box if you read or speak English.

11. English

اگر خواندن و نوشتن فارسی بلد هستید، این مربع را علامت بزنید.

12. Farsi

DB-3309

U.S. DEPARTMENT OF COMMERCE  
Economics and Statistics Administration  
U.S. CENSUS BUREAU





- |   |                    |
|---|--------------------|
| <input type="checkbox"/> Cocher ici si vous lisez ou parlez le français.                                      | 13. French         |
| <input type="checkbox"/> Kreuzen Sie dieses Kästchen an, wenn Sie Deutsch lesen oder sprechen.                | 14. German         |
| <input type="checkbox"/> Σημειώστε αυτό το πλαίσιο αν διαβάζετε ή μιλάτε Ελληνικά.                            | 15. Greek          |
| <input type="checkbox"/> Make kazye sa a si ou li oswa ou pale kreyòl ayisyen.                                | 16. Haitian Creole |
| <input type="checkbox"/> अगर आप हिन्दी बोलते या पढ़ सकते हैं तो इस बक्स पर चिह्न लगाएँ।                       | 17. Hindi          |
| <input type="checkbox"/> Kos lub voj no yog koj paub twm thiab hais lus Hmoob.                                | 18. Hmong          |
| <input type="checkbox"/> Jelölje meg ezt a kockát, ha megérti vagy beszél a magyar nyelvet.                   | 19. Hungarian      |
| <input type="checkbox"/> Markaam daytoy nga kahon no makabasa wenno makasaoka iti Ilocano.                    | 20. Ilocano        |
| <input type="checkbox"/> Marchi questa casella se legge o parla italiano.                                     | 21. Italian        |
| <input type="checkbox"/> 日本語を読んだり、話せる場合はここに印を付けてください。   | 22. Japanese       |
| <input type="checkbox"/> 한국어를 읽거나 말할 수 있으면 이 칸에 표시하십시오.   | 23. Korean         |
| <input type="checkbox"/> ໃຫ້ໝາຍໃສ່ຊ່ອງນີ້ ຖ້າທ່ານອ່ານຫຼືຢາກພາສາລາວ.   | 24. Laotian        |
| <input type="checkbox"/> Prosimy o zaznaczenie tego kwadratu, jeżeli posługuje się Pan/Pani językiem polskim. | 25. Polish         |

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Economics and Statistics Administration  
U.S. CENSUS BUREAU



- |                          |  |                |
|--------------------------|--|----------------|
| <input type="checkbox"/> | Assinale este quadrado se você lê ou fala português.                           | 26. Portuguese |
| <input type="checkbox"/> | Însemnați această căsuță dacă citiți sau vorbiți românește.                    | 27. Romanian   |
| <input type="checkbox"/> | Пометьте этот квадратик, если вы читаете или говорите по-русски.               | 28. Russian    |
| <input type="checkbox"/> | Обележите овај квадратих уколико читате или говорите српски језик.             | 29. Serbian    |
| <input type="checkbox"/> | Označte tento štvorček, ak viete čítať alebo hovoriť po slovensky.             | 30. Slovak     |
| <input type="checkbox"/> | Marque esta casilla si lee o habla español.                                    | 31. Spanish    |
| <input type="checkbox"/> | Markahan itong kuwadrado kung kayo ay marunong magbasa o magsalita ng Tagalog. | 32. Tagalog    |
| <input type="checkbox"/> | ให้กาเครื่องหมายลงในช่องดำท่านถ่านหรือพูดภาษาไทย.                              | 33. Thai       |
| <input type="checkbox"/> | Maaka 'i he puha ni kapau 'oku ke lau pe lea fakatonga.                        | 34. Tongan     |
| <input type="checkbox"/> | Відмітьте цю клітинку, якщо ви читаете або говорите українською мовою.         | 35. Ukranian   |
| <input type="checkbox"/> | اگر آپ اردو پڑھتے یا بولتے ہیں تو اس خانے میں نشان لگائیں۔                     | 36. Urdu       |
| <input type="checkbox"/> | Xin đánh dấu vào ô này nếu quý vị biết đọc và nói được Việt Ngữ.               | 37. Vietnamese |
| <input type="checkbox"/> | באצייכנט דעם קעסטל אויב איר לייענט אדער רעדט אידיש.                            | 38. Yiddish    |



## Program Guidelines

SEE THE PROGRAM GUIDELINES POSTED TO EACH DISASTER RECOVERY WEBPAGE





EQUAL HOUSING  
OPPORTUNITY



# Appendices

