



# Public Service Grants

## Program Guidelines

Version 1.0  
January 2026

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## Version History

Version	Date	Summary Description
1.0	January 2026	Original



# Program Summary

## Purpose

The purpose of the Public Service Program is to support essential service providers that address the most urgent and persistent needs of low and moderate-income households in Iowa. Recognizing the critical role that community-based organizations play in reducing food insecurity and preventing or responding to homelessness, IEDA will offer Public Service funding exclusively through two targeted grant opportunities: **1) Food Pantries and 2) Homelessness Service Providers.**

By focusing resources on these high impact service areas, the program aims to strengthen local safety nets, improve access to nutritious food, support individuals and families experiencing housing instability, and enhance overall community resilience. These investments complement broader CDBG goals by ensuring that vulnerable Iowans receive the immediate, stabilizing services necessary to achieve long-term housing, health, and economic stability.

The program is funded through the Community Development Block Grant (CDBG) and is designed to meet HUD's National Objective of benefiting low- and moderate-income (LMI) persons under 24 CFR § 570.201(e), 570.482(s)(2) or 42 USC 5305(a)(8): "Costs associated with the operation of programs for the homeless or for AIDS patients, such as staff costs, utilities, maintenance, and insurance." Food pantry services are eligible as public services pursuant to 24 CFR § 570.201(e), subject to the public services cap at 24 CFR § 570.200(g) and meeting the limited clientele national objective at 24 CFR § 570.208(a)(2).

## Definitions

- **Unit of General Local Government (UGLG):** Any city, county, town, township, parish, political subdivision of a state, or public agency that has the authority to undertake activities eligible for assistance under the Community Development Block Grant (CDBG) program. Terms for the UGLG are also **"Applicant"** and **"Subrecipient"**, depending on the implication of award status for any CDBG funds.
- **Subrecipient Partner:** A public or private nonprofit organization, or a public agency, that is designated by a recipient to receive CDBG funds to carry out an eligible activity on behalf of the UGLG. **For the purposes of this document, "Subrecipient Partner" refers to a partnering Nonprofit entity receiving grant funds from IEDA and a sponsoring UGLG.**
- **Grant Administrators:** A Grant Administrator (GA) is an individual who has engaged with the Iowa Economic Development Authority (IEDA) for inclusion into the Certified Grant Administrator (CGA) Program for training and certification requirements necessary to administer Community Development Block Grant (CDBG) projects in Iowa. GAs are responsible for ensuring full compliance with federal and state regulations across all phases of a CDBG funded project. **Applicants can acquire a list of Certified Grant Administrators by contacting IEDA.** Please see IEDA's CGA Policy and Training Resources for detailed .funded project.-funded project.
- **Grant Administration:** Per HUD, Grant Administration is defined as "...reasonable administrative costs and carrying charges related to the planning and execution of community development activities assisted in whole or in part with CDBG funds..." (CPD 13-07). Essentially, all activities



that are required to manage the grant award itself and ensure full compliance with federal and state regulations. These tasks are focused on the grant, not on the physical project. Grant Administration must be performed by an IEDA Certified Grant Administrator (CGA).

- **Project / Activity Delivery:** Per HUD, Project / Activity delivery costs (ADCs) are defined as "...those allowable costs incurred for implementing and carrying out eligible CDBG activities. All ADCs are allocable to a CDBG activity, including direct and indirect costs integral to the delivery of the final CDBG-assisted activity. CDBG expenditures for activity delivery costs are not governed by 24 CFR 570.205 and 570.206..." ([CPD 13-07](#)). Generally, this refers to all activities required to implement and execute the eligible project, including technical, construction-related, and beneficiary-related tasks. These tasks are focused on the physical project and its delivery, not on grant compliance.
- **Entitlement Community:** Principal cities of Metropolitan Statistical areas, cities with populations over 50,000 or urban counties with population over 200,000.
- **Low- and Moderate-Income (LMI) individual or household** is one whose income is **at or below 80 percent of Area Median Income (AMI)**, as established annually by the U.S. Department of Housing and Urban Development (HUD).
- **LMI Limited Clientele (LMC)** refers to activities that **directly benefit LMI individuals**, rather than a defined geographic area. Public service activities meet the LMC national objective when they either Document that the persons served are LMI, **or** Serve a population HUD presumes to be principally LMI (such as persons experiencing homelessness).
- **LMI Community:** A Low- and Moderate-Income (LMI) Community is a geographic area—usually a Census block group, Census tract, or other defined service area—in which at least 51% of the residents are low- and moderate-income persons, defined as those whose household incomes are at or below 80% of Area Median Income (AMI).
- **Recipient:** Iowa Economic Development Authority (IEDA), as the receiving entity of the HUD program funds on the behalf of the state of Iowa.
- **Vendor:** Any contractor or consultant hired by the Applicant / ULG or the Subrecipient Partner to perform services or provide products to support the proposed project.

Additional definitions can be found in the CDBG Management Guide.

## Administration

This program is administered by the Iowa Economic Development Authority (IEDA). IEDA is a state agency which administers Community Development Block Grant (CDBG) awards issued to the State of Iowa by the U.S. Department of Housing & Urban Development (HUD). Administrative activities are led by the IEDA CDBG team.



## Available Funds

Program	Budget
Public Service	\$1,210,432

## Maximum Award

The maximum assistance available is \$100,000 per project. An Applicant may only have (1) active award per UGLG sponsorship with Subrecipient Partner and no more than (2) sponsored awards in total. Meaning, a sponsoring UGLG may be supporting no more than (2) active awards to a Subrecipient Partner, and each Subrecipient Partner can only have (1) Active award.

## Eligible Activities

### *I. Food Pantries*

#### **1. Personnel Costs**

- a. Staff salaries and wages (e.g., pantry coordinators, intake workers, distribution staff)
- b. Fringe benefits
- c. Volunteer coordination staff

#### **2. Supplies & Materials (Non-food)**

- a. Storage supplies (bins, crates, shelving accessories)
- b. Bags, boxes, or packaging materials
- c. Cleaning and sanitation supplies
- d. PPE for staff/volunteers (gloves, masks, sanitizer)

#### **3. Facility Operating Costs**

- a. Utilities (electricity, water, gas)
- b. Internet and phone service needed for intake/operations
- c. Janitorial services
- d. Reasonable operating expenses directly tied to service delivery

#### **4. Leasing Costs**

- a. Rent or lease payments for the portion of the facility used for the food pantry
- b. Leasing of storage space
- c. Leasing equipment needed for operations (e.g., pallet jacks, refrigerators, freezers)

#### **5. Essential Equipment (Non-construction, Non-capital)**

- a. Refrigerators and freezers (portable)
- b. Shelving units
- c. Carts, dollies, pallet jacks
- d. Computers/tablets for intake
- e. Security systems or cameras (if needed for pantry operations)

#### **6. Transportation Cost**



- a. Fuel for delivery vehicles
- b. Vehicle leasing (if used exclusively for program service hours)
- c. Mileage reimbursement for staff/volunteers picking up food donations

## 7. Client services / Intake Cost

- a. Eligibility screening and documentation
- b. Record-keeping or appointment scheduling software
- c. Translation and interpretation services

## II. Homelessness Service Providers:

### a. Shelter Expenses:

- i. Staffing for shelter intake, monitoring, case management, crisis intervention, and security
- ii. Supplies: bedding, blankets, cots, hygiene kits, towels, personal care items
- iii. Operational costs: utilities, janitorial services, laundry fees, pest control
- iv. Transportation assistance for shelter entry or transfers (bus passes, ride vouchers)
- v. Food services (meals, snacks)
- vi. Clothing, winter gear, or basic necessities for clients
- vii. On-site supportive services: housing navigation, workforce readiness, benefits enrollment
- viii. Childcare during shelter appointments or case management sessions
- ix. ADA accommodations (e.g., visual alarms, special mattresses—non-capital items)

### b. Street Outreach

- i. Outreach worker salaries
- ii. Engagement supplies: water, blankets, hygiene kits, harm-reduction supplies (as permitted), referral materials
- iii. Mobile case management and assessment
- iv. Hot spot outreach teams and mobile crisis response
- v. Transportation to shelter, detox, or health appointments
- vi. Coordination with local CoC providers for by-name-list updates
- vii. Cell phones, tablets, or hotspots for mobile outreach staff (non-capital)

### b. Rapid Rehousing

#### i. Housing Search & Placement

- Housing locator staff
- Landlord engagement and relationship-building activities
- Application assistance and transportation for unit viewings
- Tenant screening fees, background checks, and application fees
- Move-in support: lease-up assistance, move-in supplies

#### ii. Short- to Medium-Term Financial Assistance

- Rental assistance (short-term or medium-term)
- Security deposits
- Utility deposits and payments



- One-time arrears to support move-in stability (e.g., last month's rent)
- iii. **Supportive Services Focused on Housing Stability**
  - Case management specific to rapid rehousing
  - Budgeting, household management, and tenancy-skill training
  - Conflict mediation with landlords
  - Employment support and financial coaching
  - Assistance in obtaining identification, documentation, or benefits

### c. Homelessness Prevention

#### i. Financial Assistance to Maintain Housing

- Rental arrears for up to 6 months
- Utility arrears or shut-off prevention
- Emergency rental stipends to avoid displacement
- Per Iowa Code subsection 562A.9(4), late fees are limited to:
  - a. *If rent is less than \$700/mo., \$12 per day or \$60 per month;*
  - b. *If rent is more than \$700/mo., \$20 per day or \$100 per month;*

#### ii. Legal and Mediation Services

- Eviction prevention legal aid
- Tenant-landlord mediation
- Fair housing services related to maintaining tenancy

#### iii. Housing Stability Services

- Case management to stabilize at-risk households
- Benefits navigation (SNAP, SSI/SSDI, TANF, Medicaid)
- Financial capability training, credit counseling
- Conflict resolution and household mediation
- Support for domestic violence survivors at imminent risk of homelessness

#### iv. Light-Touch Prevention Support

- Transportation to court hearings or mediation sessions
- Application fees for new units (if the current one cannot be preserved)
- Purchase of essential household items to maintain safe habitability (e.g., smoke detectors, non-capital items)

### d. Permanent Supportive Housing

(Note: Only **services** are eligible under Public Services—not construction or rehab of supportive housing units.)

#### i. Intensive Case Management & Clinical Services

- Long-term case management services
- Behavioral health counseling
- Substance-use treatment referrals and care coordination
- Crisis intervention and suicide-prevention support
- Peer support specialists

#### ii. Housing Stabilization & Retention Services

- Tenancy-support education
- Home visits to support stability
- Lease compliance support
- Landlord mediation
- Assistance maintaining unit habitability (non-capital supplies)

#### iii. Life Skills & Independent Living Supports



- Budgeting, medication management, transportation training
- Cooking, cleaning, and personal organization skills
- Employment readiness, job coaching, supported employment services

**iv. Health & Wellness Supports**

- Transportation to medical appointments
- Coordination with primary care, mental health, and substance-use providers
- Assistance obtaining prescriptions, durable medical equipment (non-capital), or health insurance

**v. Community Integration Activities**

- Social-support activities to reduce isolation
- Support groups (recovery circles, wellness groups, etc.)

**Eligible Activities**

<i>Section 24 CFR 570.201(e)</i>	Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under <u>§ 570.207(b)(4)</u> ), homebuyer downpayment assistance, or recreational needs. If housing counseling, as defined in <u>24 CFR 5.100</u> , is provided, it must be carried out in accordance with <u>24 CFR 5.111</u> .
<i>Section 24 CFR 570.482(c )(2)</i>	The following activities shall not be subject to the restrictions on public services under section 105(a)(8) of the Act: (i) Support services provided under section 105(a)(23) of the Act, and paragraph (c) of this section; (ii) Services carried out under the provisions of section 105(a)(15) of the Act, that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, <u>and other similar services (i.e, Public Services and Food Pantries)</u> ; and (iii) Services of any type carried out under the provisions of section 105(a)(15) of the Act pursuant to a strategy approved by a state under the provisions of <u>§ 91.315(e)(2) of this title</u> . Food pantry services are eligible as public services pursuant to <u>24 CFR § 570.201(e)</u> , subject to the public services cap at <u>24 CFR § 570.200(g)</u> and meeting the limited-clientele national objective at <u>24 CFR § 570.208(a)(2)</u> .
<i>Section 42 USC 5305(a)(8)</i>	Activities eligible for assistance.

**Ineligible Activities**

As per 24 CFR 570.207, IEDA will not fund the following activities through the Public Services program:



### Ineligible Activities

<b>General government expenses</b>	Expenses required to carry out the regular responsibilities of the unit of the general local government are not eligible for assistance.
<b>Political activities</b>	CDBG funds cannot fund the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.
<b>Project Design Documents</b>	The expenses associated with a Preliminary or Final design of any project will not be eligible under this grant program. Only those conceptual designs that are required to convey meaning for a municipality to approve of the eligible plans identified are eligible to be included in the program.
<b>Construction</b>	Construction costs of any kind will not be eligible under this program.

### National Objectives

Activities funded under the Public Services Program must meet HUD's Low- and Moderate-Income (LMI) national objective, as defined at 24 CFR § 570.208(a) or Low- and Moderate-Income Limited Clientele (LMC) under 24 CFR 570.483(b)(2). Projects must be designed to **provide a direct benefit to low- and moderate-income persons, or presumed LMI persons (LMC)** meaning the activity either:

- Serves individuals or households whose incomes are verified as LMI, or
- Provides services to a clearly identifiable group that is *presumed to be primarily LMI* under HUD regulations.

The program does **not** rely on an LMI Area Benefit (LMA) determination. Instead, compliance with the LMI objective is demonstrated through **beneficiary-based eligibility**, ensuring that CDBG funds are targeted to persons with the greatest financial need. This approach promotes equity, accountability, and alignment with HUD's intent that CDBG assistance primarily benefit low- and moderate-income populations.

There are (4) methods for Applicants to demonstrate LMC status:

#### LMC Pathway

##### Presumed Group

#### What the Applicant Must Provide

- Policy stating service restricted to a HUD presumed LMI group + documentation verifying group membership.

##### Income Verification

- Completed income certifications or supporting documents + HUD income limits + roster showing ≥51% LMI.

##### Nature & Location

- Narrative explaining why service is inherently LMI-focused + LMISD service area data + intake logs.

##### Restricted LMI-Only Program

- Written program rules limiting to LMI persons + individual income documentation.

*See expanded LMC guidance in the Appendix.*



## Eligible Applicants

Units of general local government (UGLGs), that are Non-Entitlement communities, are the eligible Applicants for these funds, and will establish a subrecipient agreement with the participating nonprofit entity ("Subrecipient Partner") for implementation of the program. Additionally, all must work with a Certified Grant Administrator (CGA' - council of government or IEDA-approved consultant) to submit the application and conduct grant administration / project delivery.

## Required Match

Applicants must demonstrate that they have a minimum **\$5,000 Match** of cash or in-kind services. **Shelter Assistance Funds (SAF) are not eligible for use as Match.**

Match funds must be:

- Committed (not speculative);
- Available within the project timeframe;
- Legally authorized;
- Not double-counted;
- Allowable under both funding sources;

Allowable evidence of all forms of Match are:

- Applicant UGLG Board Resolution of Local Match;
- Bond Resolution;
- Executed Grant / Loan agreements by other State / Federal funding agencies;
- Loan approval letters documenting committed (not promissory) funds;

In-kind services are only eligible as Match if the activity is conducted AFTER an executed grant agreement with IEDA. Match funds are required to be expended in-kind with CDBG grant funds through the course of the project; not at the end or beginning.

In-kind match (also called non-cash match), which is the value of any real property, equipment, goods, services, or donated building contributed by the UGLG or Subrecipient Partner's proposed project, provided that, if the contribution had been paid for with CDBG funds, the cost would have been allowable.

### *Eligible types of matching contributions.*

The matching requirement may be met by one or both of the following:

(1) **Cash contributions.** Cash expended for allowable costs, as defined in OMB Circulars A-87 ([2 CFR part 225](#)) and A-122 ([2 CFR part 230](#)), of the UGLG or Subrecipient Partner.

(2) **Noncash contributions.** The value of any real property, equipment, goods, or services contributed to the UGLG or Subrecipient Partner's proposed project, provided that if the UGLG or Subrecipient Partner had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building.

### ***Calculating the amount of noncash contributions.***

- (1) To determine the value of any donated material or building, or of any lease, the UGLG or Subrecipient Partner must use a method reasonably calculated to establish the fair market value.
- (2) Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the UGLG or Subrecipient Partner's organization. If the UGLG or Subrecipient Partner does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.
- (3) Some noncash contributions are real property, equipment, goods, or services that, if the UGLG or Subrecipient Partner had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if UGLG or Subrecipient Partner has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.

### **Exception Policy**

IEDA will consider exceptions to the program guidelines on a case-by-case basis. All exceptions must be submitted in writing with the application and include a justification. **Exceptions should enhance the benefit to LMI households or areas.** Exceptions cannot violate federal, state, or local laws or regulations. Exceptions must still meet HUD's requirements of necessary and reasonable, comply with federal accessibility standards, and accommodate a person with disabilities if applicable. A written response will be authorized in writing to the applicant upon approval or denial of the application requesting an exception.

## **Application for Assistance**

IEDA will open an application window for eligible Applicants to apply to the program. Applications will be available on IowaGrants. The applications will be reviewed competitively and evaluated to ensure that the proposed projects meet the minimum criteria outlined in these Program Guidelines. If all funds are not obligated, future rounds will be established, at no less than two rounds per year, until the funds in this program are fully expended. After evaluation, the scoring will be forwarded onto IEDA leadership for the award. IEDA will identify awardees and notify selected and non-selected Applicants in writing. Selected Applicants will then enter into a grant agreement with IEDA that will formalize conditions of the grant.

### **Citizen Participation**

All Applicants, including Units of Local Government and Subrecipient Partners, must ensure meaningful access to program information and services for individuals with Limited English Proficiency (LEP) in accordance with Title VI of the Civil Rights Act of 1964 and HUD's LEP Guidance (72 FR 2732). This obligation is reinforced through IEDA's own planning documents. The State of Iowa Citizen Participation Plan, which is incorporated into the State's Consolidated Plan, requires that program materials and public hearings be made accessible to non-English speakers, including by providing translators and written translations upon request and ensuring that approved Consolidated Plan documents are available "in a manner accessible to non-English speakers or those with disabilities." In addition, IEDA



maintains a formal Language Access Plan, which describes the reasonable steps required under HUD's LEP framework—such as the Four-Factor Analysis—and affirms that both IEDA and its subrecipients must provide meaningful language assistance so LEP individuals can access CDBG-funded programs and services. **Applicants may either adopt IEDA's Language Access Plan or develop their own HUD-compliant Language Access Plan that meets Title VI and Executive Order 13166 requirements.**

- **IEDA Citizen Participation Plan:**
  - <https://opportunityiowa.gov/media/6807/download?inline>
- **IEDA Language Access Plan:**
  - <https://opportunityiowa.gov/media/6834/download?inline>

## Public Hearing Requirement

According to IEDAs Action Plan and Citizen Participation Plan, Applicants are required to solicit public feedback on the projects for which they are applying for funding by holding a public hearing on the Notice of Funding Availability (NOFA). Additionally, according to [Iowa Code 362.3](#), the notice of the public hearing should be published or posted for review no less than 4 days and no more than 20 days prior to the hearing. If awarded, Applicants will be required to host an additional public hearing before closing out the project.

Public hearings can be held in conjunction with other public meetings. The meeting notice must be posted in a newspaper of general circulation. The public hearing must include discussion of the following:

- How the need for the activities was identified;
- How the proposed activities will be funded and the sources of funds;
- The date the CDBG application will be submitted;
- The requested amount of federal fund
- The estimated portion of federal funds that will benefit low-and moderate-income persons;
- Where the proposed activities will be conducted;
- Plans to minimize displacement and the unit of general local government's anti-displacement and relocation plans required under § 570.488;
- Plans to assist persons actually displaced; and
- The nature of the proposed activities.

Applicants will be required to provide proof of the public hearing in the application including:

- A copy of the public hearing notice;
- Meeting minutes, including comments and responses;

During the project implementation, the applicant must conduct at least one status of funded activities (SOFA) hearing that covers the following minimum points:

- A general description of accomplishments to date;
- A summary of funding of the proposed activity and sources of funds;
- A summary of expenditures to date;
- A general description of the remaining work;
- The location of the proposed activity;

- A general description of changes made to the project budget, performance targets, activity schedules, scope, location, objectives, or beneficiaries.

## Application Workshop

- Application Workshop scheduled for [February 12, 2026](#)
- Application Window schedule will be [3/02/26 – 5/01/26](#)

## Application Criteria

During the review of projects, IEDA will assess projects on the following criteria:

- Applicant must have an active SAM.gov account.
  - ***If awarded, SAM.gov account must be kept active through the life of the grant agreement.***
- The project description is complete and clearly describes the need for the project;
- The project is ready to proceed and the Applicant includes timelines with milestones;
- The other sources of funding are well documented;
- The other sources of funding are available at the time of application;
- The budget is comprehensive and reasonable for the project scope;
- The project aligns with other projects and long-term planning efforts;
- The Applicant demonstrates the capacity to manage the grant funding;

Any budget contingencies proposed in the application may not exceed 10%. Each project will be evaluated related to the costs and benefits of the project.

## Required Application Documentation

To be scored, applications must include:

### Standard Application Documents required for scoring:

- Notification of Funding Availability (NOFA):
  - [Affidavit of Public Hearing, Public Hearing Minutes with 9 Points, Resolution Authorizing the CDBG App](#)
- [HUD Form 2880 – Applicant Disclosures;](#)
- [HUD Form 424-B Federal Assurances form;](#)
- [Required Acknowledgement of Environmental Review Requirements;](#)
- [Residential Anti-Displacement & Relocation Assistance Plan \(RARA\);](#)
- [Prohibition of Excessive Force Policy;](#)
- [Equal Opportunity Policy;](#)
- [Code of Conduct;](#)
- [Procurement Policy;](#)
- [2 CFR 200 Competition Certification of Compliance;](#)
- [Affirmative Fair Housing Policy;](#)
- Community Development Housing Needs Assessment;
  - ***Must be current to within the last year & presented at a public meeting.***
- Language Access Plan;
- Project Budget and Match Worksheet;



- Project Team Identification (See below);
- Project Delivery / Administration Staffing Plan, that identifies all participating GA members;

**Program Specific Application Documents :**

- A Subrecipient Partner Agreement for the project;
  - (Examples provided in the Appendix)
- Proof of procurement for Administration / Project delivery if not utilizing a COG;
- Participating entity / Subrecipient Partner Inventory Tracking & Disposal Rules;
  - (Examples provided in the Appendix)
- Support documentation for the project budget;
  - 3-year Operating Budget, including sources of funds;
  - Evidence of Match;
- Project Schedule of critical milestones;
- **Food Pantries:**
  - Performance statistics for CY2024 and CY2025 as reported in the Food Bank of Iowa's online ordering system including the number of households served and total number of individuals in those households.
  - If the Food Pantry is required to report the age range of each person served to the Food Bank of Iowa, those statistics should also be included.
- **Homelessness Service Providers:**
  - Support letter from Coordinated Services Region and/or Continuum of Care;
  - Service performance numbers from CY2024 and CY2025 (if the Subrecipient Partner reports in HMIS/DVIMS, CY2024 and CY2025 performance reports reflecting the proposed Public Services project must be included in the application submission);

In addition to the above documentation all fields in IowaGrants.gov application form must be completed. **Incomplete application will not be reviewed or scored.**

## Project Team Identification

All projects will be required to submit a detailed description of the proposed project team with their application. The plan will clearly indicate who will be providing what supportive roles to the Applicant (UGLG) and the Subrecipient Partner. The details will include designation of the project team including, including their roles and responsibilities. All roles must be contractually established (except city official), and all are eligible for reimbursement. These include but are not limited to:

- Chief Elected Official (CEO) – oversee City's contractual obligations to the project and all project contractors / vendors;
- Municipal Admin Lead – oversee the financial matters;
- Local Counsel – represent the Applicant interests for all contractual / acquisition matters
- Grant Administrator (GA) – oversee all state / federal funding compliance elements that apply to the project, IowaGrants data entry, City team liaison;
- Subrecipient Partner – Executive and operational members actively participating in the proposed project;



## Project Costs

Any contingencies proposed in the application budget may not exceed 10%. As contingencies turn into project costs they will need to be supported with documentation to be claimed for reimbursement. CDBG funds are made on a reimbursement basis and therefore, Applicants must have project match / financing for the project to pay all vendors and other expenses prior to being reimbursed by IEDA. Therefore, IEDA will require Applicants to demonstrate project financing and submit supporting documentation for eligible incurred project costs prior to release of funds.

## Grant Administration

IEDA will only award applications with a Grant Administrator (GA) identified to perform administration services on the behalf of the Applicant team. All GA's performing any activity on a CDBG project must comply [with IEDA's Certified Grant Administrator \("CGA"\) Policy](#). All Applicants will be required to contract with a GA that appears on IEDA's list of Conditional or Certified Grant Administrator. If the proposed GA is not in the CGA Program, then they must first contact IEDA to be read into the program rules and enter the training cycle for certification.

Iowa law permits local governments to obtain services from a Council of Governments through a Chapter 28E intergovernmental agreement, which is not subject to competitive procurement requirements applicable to private vendors. (<https://www.legis.iowa.gov/docs/ico/chapter/28E.pdf>)

The GA working with the project will be required to maintain an active IEDA Certified Grant Administrator certification. The GA will provide a lump sum estimate for administration in the application for CDBG funding. Administration must be substantiated by documentation of costs incurred.

The GA should provide to the Applicant a list of all team members that will participate in the project, and include this in the application, as noted in the [Required Application Documents](#). This list should specifically list individuals that will perform critical cross-cutting functions, such as Environmental Review, Procurement, Federal Labor Standards, Section 3 Reporting, etc.

Additional CGA eligibility notes for the CGA Policy:

*"In order to be eligible for the CGA program, the proposed grant administrator (GA):*

- *If a member of a for-profit consulting firm, the proposed CGA must demonstrate that they are NOT performing roles of a design professional (e.g., the project Architect / Engineer of record) and must have a distinct contract for grant administration / project delivery duties apart from any other services – this ensures that an entity is not self-performing compliance checks against itself.*
  - *If extenuating circumstances are experienced by a Subrecipient in acquiring a CGA, the Subrecipient may formally request a waiver;*"

Grant Administration generally includes but is not limited to:

- Performing general oversight, and coordination duties required by the award under 24 CFR 570.206(a).
- Maintaining the environmental review process in accordance with 24 CFR Part 58.
- Establishing and maintaining required project files, policies, records, and reporting systems pursuant to 24 CFR 570.503(b).
- Preparing and submitting reimbursement claims and supporting documentation consistent with

Uniform Administrative Requirements at 2 CFR Part 200.

- Ensuring compliance with procurement rules, civil rights requirements, fair housing, labor standards, Section 3, and LMI documentation consistent with 24 CFR Part 570 Subpart K.
- Performing Federal Labor Standards (Davis Bacon) and Section 3 compliance activities required under 24 CFR 570.603 and 24 CFR Part 75.-Bacon) and Section 3 compliance activities required under 24 CFR 570.603 and 24 CFR Part 75.
- Completing required performance reports, monitoring responses, closeout documentation, and maintaining retention of records in accordance with 2 CFR 200.334–200.337.

A full description of anticipated duties and responsibilities of the GA can be found in the CDBG Management Guide. **The maximum reimbursable cost for administrative cost is not to exceed 5% total grant award.**

## Project Delivery

In addition to identifying a Grant Administrator (GA) to perform general program administration, each CDBG project must also budget for and document Project Delivery (Activity Delivery) costs. Project Delivery refers to the eligible costs incurred to implement and carry out a specific CDBG-funded activity, including all tasks necessary to determine eligibility, complete regulatory requirements, and bring the project to completion in accordance with HUD rules.

Under HUD guidance, Activity Delivery Costs (ADCs) are distinct from general administration. ADCs include staff time, consultant costs, and related expenditures that are directly allocable to a specific project and necessary for completing activities eligible under 24 CFR 570.201–570.204. These costs are considered part of carrying out the project itself, not part of the overall management of the grant program. HUD also clarifies that general program administration may not include costs “directly related to carrying out activities” under these sections.

### Eligible Project Delivery Activities

Project Delivery activities include, but are not limited to, the following tasks when they are performed for a specific CDBG-assisted project:

- Initial environmental review activities required under 24 CFR Part 58 for the specific project (e.g., site assessments, statutory checklists, consultations, SHPO/THPO correspondence).
- Initial income surveys or beneficiary documentation required to establish LMI national objective compliance for the project.
- Project-specific procurement, bidding, and contracting support directly tied to the activity.
- Project-level monitoring, inspections, site visits, and compliance reviews necessary to carry out the activity.
- Project-specific financial management, such as tracking invoices, verifying requests for payment, and documenting activity-level expenditures.
- Consultant or professional services retained solely to carry out tasks specific to the project.
- Conducting procurement support, contractor coordination, bid package preparation, and compliance checks in accordance with 2 CFR 200.317–200.327. *(Typically performed by an Architect or engineer of record)*
- Technical Services for Housing Programs:** Carrying out inspections, code compliance checks, construction oversight, and activity specific project management consistent with eligible activity



delivery costs under 24 CFR 570.201–570.205.

- Conducting activities such as demolition oversight, appraisal coordination, Codes reviews/inspections, lien development, and participation in mortgage closings for housing programs.
- Ensuring activity-specific documentation is prepared and maintained to demonstrate compliance and eligibility for reimbursement.

All Project Delivery costs must be reasonable, necessary, and directly attributable to the CDBG activity that is being carried out.

### ***Contract Requirements***

To maintain program integrity and promote financial management best practices, any COG or consultant performing Grant Administration and Project Delivery tasks must ensure that the two scopes of work are clearly defined in either:

- 2 distinct contracts for Grant Administration and Project Delivery, or
- 1 Contract that CLEARLY cites both scopes of work as distinct Tasks that can be tracked according to invoicing that aligns with said Tasks.

### ***Documentation and Reimbursement***

Project Delivery costs must be:

- Identified separately from general program administration in the CDBG application;
- Supported with detailed documentation demonstrating that the cost is directly tied to a specific eligible project activity; and
- Allocated only to the project benefiting from the work.

There is no HUD or IEDA-defined cap on Project Delivery costs; however, all costs must comply with federal cost principles (2 CFR 200) and IEDA may review for cost reasonableness.

A full list of examples, documentation requirements, and cost allocation guidance is provided in the CDBG Management Guide.

## **Selection**

### **Scoring**

IEDA will rank applications based on the composite score generated by IEDA review staff. The State will use the scores, in part, to rank projects, but reserves the right to allocate funds to projects that meet the State's ultimate program objectives. Program requirements, such as the Low/Mod area benefit, are prioritized through scoring criteria and will factor into final funding determinations. In the event that demand exceeds the amount of funds available, those projects with the greatest need and effectiveness will be recommended for funding.

### **Threshold Criteria:**

- Applicant has an Active SAM.gov account and Unique Entity Identifier (UEI) #;



- *Participating Nonprofit Subrecipient Partners only required to possess a UEI, not an active SAM/gov account*
- Grant amount requested does not exceed the program cap;
- Project Admin fee does not exceed program cap;
- Required Uploads are provided, complete and fully executed;
- NOFA Public Hearing Minutes are complete with the 9 elements;
- Project Budget is correct;
- Evidence that beneficiaries meet LMI National Objective (Income Survey or ACS data) or LMC;
- Proposal must be for a NEW level of service, demonstrating evidence to provide more services than provided in CY2025;
- Evidence of Match is provided;
- Independent Audit Reports must be available from both the Applicant and the Subrecipient Partner;
- Proposed CDBG funds must not replace existing local, state or federal funding;
- Must be able to track beneficiary demographics;
- No cancelled funding contracts with Iowa Economic Development Authority or the Iowa Finance Authority in the last 2 years;
- **Food Pantries:**
  - Must provide performance statistics for CY2024 and CY2025 as reported in the Food Bank of Iowa's online ordering system including the number of households served and total number of individuals in those households. If the Food Pantry is required to report the age range of each person served to the Food Bank of Iowa, those statistics should also be included.
- **Homelessness Service Providers:**
  - Must provide HMIS/DVIMS performance reports from CY 2024 & CY2025 for ESG and /or SAF, as applicable;

#### **Scored Criteria:**

- Magnitude of need for the project;
- Degree to which the project is *ready to proceed*;
- Degree to which the project can be *completed in a timely fashion* ;
- Degree to which the project can be leveraged by other funds;
- Degree to which the cost per beneficiary is within a reasonable range
  - CDBG dollars per beneficiary;
- Potential degree of impact the activity will have on the identified need and the standard of living or quality of life of the proposed beneficiaries;
  - ***# of current vs projected services expanded with proposed grant funds;***
  - ***Brief Quantitative and Qualitative impact to the community;***
- Percentage of LMI project beneficiaries;
- Experience and capacity of the Subrecipient Partner in delivering public services;
- **For Food Pantries:**
  - The degree to which the project includes measurable impact goals to increase access to nutritious food for Iowans in need;
  - The degree to which the project will serve Iowans in rural communities with populations under 5,000.
- **For Homelessness Service Providers:**



- The degree to which the Subrecipient Partner participates in Coordinated Entry or Centralized Intake in their Coordinated Services Region;
- Subrecipient Partner's level of data completeness in HMIS/DVIMS (all applicable data fields are checked for completeness, and all must show missing (null) values within specified percentages for points);
- Subrecipient Partner's level of data timeliness (average days from program participant start date to data entry) in HMIS/DVIMS

## Award

### Notice of Award

Once award amounts are determined for local governments, IEDA will notify successful Applicants which is a preliminary offer to enter into a grant agreement. Execution of a grant is contingent on both parties' agreement of the terms and conditions, including project scope, budget, state and federal construction and financial rules and regulations, and timeliness, and other program details described in greater detail in this guidelines document. Awards will be considered final upon receipt of a signed grant agreement between IEDA and the Applicant. Prior to an award, a duplication of benefits review will take place as well as a determination of cost reasonableness and verification that the CDBG award will not supplant funding for the project from other sources.

### Supplanting Funds

Under the CDBG program, grantees must use federal funds to **supplement**—not **supplant**—existing financial resources. Specifically, [24 CFR § 570.200](#) et seq. clearly prohibits substituting CDBG dollars for local, state, or federal funds that are already obligated or budgeted. HUD's Office of Inspector General has emphasized that CDBG was never intended to fund activities that jurisdictions are already required to underwrite through their own budget authority. Instead, supplanting violates the program's intent to **add** capacity to meet unmet community needs—an expectation reinforced in HUD CPD Notices and FAQs for both regular CDBG and CDBG-DR programs. Applicants must document the **need** for CDBG funds, showing that proposed activities wouldn't proceed absent federal assistance, and demonstrate adherence to a "maintenance of effort" standard rooted in the Housing and Community Development Act and HUD policy.

### Cost Reasonableness

All projects must be cost reasonable. IEDA may obtain third-party verification on a case-by-case basis. As such, application budgets must be thorough and accurate for evaluation.

## Grant Agreement

### Terms and Conditions

A written grant agreement will be provided to the UGLG before any disbursement of CDBG funds. At a minimum, the agreement will include the following provisions (in accordance with [24 CFR 570.503\(b\)](#)):

- Statement of Work, detailing the activities to be completed;
- Milestones with Timelines;
- Budget;
- Record and Reports Requirements;



- Program Income Guidance;
- Suspension and Termination Rules;
- Recapture of Funds Guidance;
- Prohibition of Religious Activities;
- Uniform Administrative Requirements to comply with federal and financial standards;

## Post Award First Steps

All funded projects will be required to comply with all federal and state requirements. By signing the federal assurances, **the UGLG and Subrecipient Partner** acknowledges and accepts these requirements. By passing a resolution of support and executing a contract with IEDA, the UGLG assumes the responsibility of enforcing these requirements as the HUD-designated Responsible Entity (RE) in accordance with 24 CFR Part 58.

The following steps will be required after award:

1. IEDA will enter into contract with the UGLG for the award amount;
2. The UGLG enters into agreement with the participating nonprofit to become a Subrecipient Partner to the grant agreement terms and conditions;
3. The UGLG will enter into a contract for project delivery / grant administration with a Grant Administrator (GA) per [IEDA's CGA Policy](#);
4. The GA completes all necessary Environmental Review compliance steps;
5. Release of Funds will be issued by IEDA;
6. IEDA evaluates UGLG and Subrecipient Partner vendor contracts prior to execution for eligible costs;
7. The Subrecipient Partner will provide any stipulated pre-implementation deliverables prior to incurring project costs;

## Release of Funds

Before Release of Funds can be issued by IEDA, an environmental review process in accordance with the National Environmental Policy Act (NEPA) must take place to ensure compliance with all federal and state laws and regulations. The timeline for this will generally take 4-6 months for construction projects, but the specific timeline will be dependent project type and on-site conditions. Once the environmental review checklist is complete, it will be submitted to IowaGrants.

Throughout the environmental review, no choice-limiting actions can be committed by the UGLG or Subrecipient Partner. These include actions to commit or spend CDBG or non-HUD funds for activities including but not limited to:

- Purchase of equipment, supplies or services;

A description of the environmental review process can be found in the CDBG Management Guide.

## Amendments and Extensions

Should any legitimate program additions or deletions be required, IEDA may modify the terms of the grant agreement upon review of the formal request. UGLGs and/or Subrecipient Partners may request a grant amendment to extend the period of performance, for scope changes, or for budget changes that affect the grant award. IEDA will review the submission and determine whether a grant amendment is warranted. UGLGs and/or Subrecipient Partners must submit the request for a grant amendment as soon



as the need is identified, **but not less than 90 days prior to the grant agreement period of performance expires.**

## Implementation

### Timeliness and Project Completion

All IEDA contract awards have a standard three-year period of performance. The IEDA Project Manager will determine if the delays in spending or the completion of deliverables/tasks can potentially result in a negative impact on the project by conducting Risk Assessments on not less than an annual basis. If the discrepancy in spending or progress is deemed reasonable, the IEDA Project Manager will continue to monitor the expenditure rate.

If the IEDA 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 IEDA Project Manager will confer with the CDBG Team Lead for the next steps according to the Risk Assessment and Monitoring Policies. One of the following actions will be taken:

- Annual spending projections will be amended;
- IEDA Project Manager will continue to monitor the project status and implement technical assistance as required;
- A meeting with UGLG, Subrecipient Partner and GA will be held, whereby the Subrecipient Partner will submit a revised quarterly budget projection and/or a plan to overcome progress delay or other remedies as required;
- Terminate the agreement;

## Claims

IEDA will reimburse funds in the form of a grant for actual costs incurred. The grant agreements and documents incorporated by reference will explain the roles and responsibilities, identify the project(s) to be funded with CDBG funds, the total budget, the grant milestones, and the requirements for the use of CDBG funds.

Claims for reimbursement will be submitted by the UGLG's GA via the online [www.iowagrants.gov](http://www.iowagrants.gov) system. The UGLG shall maintain a file of all claim-supporting documentation including claim documents, invoices and payments. NO claim will be processed if the following conditions are present:

- Proof of payment is not present;
- A Contract Clearance does not exist for vendors included in the Claim;
- Any required compliance reporting is not present or up-to-date;

**Claims are due within 6 months of the grant agreement execution, and every 90 days thereafter.** The IEDA Project Manager will notify the recipient if payment is withheld due to delinquent reporting. Once funds requests are approved by project staff, IEDA Fiscal sends payment to each UGLG ACH. Per the grant agreement, the final Claim will be submitted within 30 days prior to the grant agreement period of performance end date.



## Retainage

IEDA will withhold all final claims until vendors are shown to be paid in full and compliance documents and reports are provided. Once the GA and IEDA have affirmed the vendor contracts are satisfied, proof of payment is provided, compliance elements are resolved and the National Objective is met, IEDA will process the final claims.

## Recapture of Funds

UGLGs and Subrecipient Partners must be aware that CDBG funds may need to be **recaptured**—or redirected—when issues arise such as **duplication of benefits**, ineligible costs, or noncompliance with HUD regulations. Under HUD policy and regulations at [24 CFR § 570.200\(k\)](#) and [§ 570.480\(h\)](#), unused or misspent funds must be returned to the state or federal line of credit rather than used for other activities. IEDA must follow HUD's CPD memorandum "Methods for Returning Community Development Block Grant Funds" clarifies that these recapture actions ensure federal dollars remain properly allocated and safeguarded. For example, if a project receives overlapping federal assistance—resulting in a duplication of benefits—or if a UGLG / Subrecipient Partner spends CDBG funds on unapproved costs, IEDA is required to reduce or recapture funding. In such cases, IEDA staff will work with the UGLG / Subrecipient Partner to reconcile any overpayment or eligibility issues before formally requesting repayment. No project may be closed out until all recaptured funds have been fully returned.

## Program Income

Program Income is the gross income received by IEDA *or any of its Subrecipients* that is directly generated from the use of CDBG funds. Information regarding how program income may be generated and used is available at [24 CFR 570.489](#) and [24 CFR 570.504](#), as well as on HUD's website. Unless otherwise agreed to in a signed amendment to this Contract, proceeds generated from the use of CDBG funds are considered program income when the total amount of any CDBG program income received by the UGLG / Subrecipient Partner in a fiscal year exceeds \$35,000, at which time the entire \$35,000 and excess are considered program income. Program income received by the UGLG / Subrecipient Partner shall be returned to IEDA.

# General Program Requirements

## Procurement and Contracting

UGLG & Subrecipient Partner shall follow the state of Iowa procurement requirements in [Iowa Code 26.3](#) and [362.3](#), federal procurement requirements in [2 CFR Part 200.318-326](#) and bonding requirements as found in the CDBG Management Guide. All projects must be cost reasonable. IEDA will determine project cost reasonableness through the competitive application comparison, review, and selection processes and may obtain third-party verification on a case-by-case basis. As such, application budgets must be thorough and accurate for evaluation.

All vendors and contract data must be submitted for Contractor Clearance in IowaGrants. All work for construction & services must be recorded in a written, executed contract and Federal and State language must be included, per the [Contract Requirements for CDBG Projects](#). All vendors must be registered to work in the State of Iowa with the [Iowa Workforce Development](#).



## Violence Against Women Act (VAWA)

UGLG & Subrecipient Partners of HUD-funded programs must fully comply with the Violence Against Women Act (VAWA) and its housing protections, which safeguard applicants and program participants who are survivors of domestic violence, dating violence, sexual assault, or stalking. Under VAWA and HUD's implementing regulations, subrecipients are prohibited from denying admission, terminating assistance, or evicting any individual solely because they are a survivor of violence, and must provide required notices of VAWA rights, certification forms, and access to emergency transfer protections. UGLGs & Subrecipient Partners must maintain strict confidentiality of survivor information, refrain from discrimination or retaliation, and support an individual's right to seek law enforcement or emergency assistance without penalty as required under the 2022 VAWA Reauthorization. These obligations ensure that survivors can safely access HUD-assisted housing and services without further jeopardizing their safety or housing stability.

[Fact Sheet - VAWA Right to Report from Home for CDBG Recipients](#)

## Internal Controls

Internal controls refer to the combination of policies, procedures, defined job responsibilities, personnel, and records that allow an organization (or an agency) to maintain adequate oversight and control of its cash, property, and other assets. The soundness of any Subrecipient Partner's financial management structure is determined by its system of internal controls. Specifically, internal controls refer to the following:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting;
- Compliance with applicable laws and regulations;

With a sound internal control system, a subrecipient can ensure that:

- Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies;
- Resources are protected against waste, mismanagement, or loss;
- Information on the source, amount, and use of funds is reliable, secured, and up-to-date, and this information is disclosed in the appropriate reports and records;

As part of an effective internal control system, one person should be designated as the primary person at the UGLG & Subrecipient Partner organizations responsible for the financial management of a CDBG project. This person should be familiar with their organization's accounting system and how the accounting of CDBG funds is integrated into the subrecipient's existing system. Refer to [2 CFR 200.303](#) for more information.

UGLGs & Subrecipient Partners are required to follow the requirements listed in the CDBG Management Guide.

## Audit Requirements

As per the provisions of [2 CFR 200, Subpart F](#), Audit Requirements, grantees that expend \$1 million or more during their fiscal year in Federal awards must have a single or program-specific audit conducted for that year. UGLGs & Subrecipient Partners must also have a single or program-specific audit if they meet the \$1 million expenditure threshold.



If IEDA is disbursing grant funds to UGLGs, IEDA is required by [2 CFR 200.331](#) to ensure that UGLGs comply with Subpart F. IEDA will verify that UGLG & Subrecipient Partners, if applicable, have prepared financial statements (including the schedule of expenditures of Federal awards), that there are no significant findings in the Single Audit that impact the use of CDBG funding, and if there are findings that the UGLG / Subrecipient Partner have taken corrective action. To that end, IEDA reserves the right to perform due diligence assessments on the status of an applicants Audits from open-source mediums prior to making a recommendation for award. To that end, IEDA reserves the right to perform due diligence assessments on the status of an applicants Audits from open source mediums prior to making a recommendation for award.

UGLGs & Subrecipient Partners are required to follow the requirements listed in the CDBG Management Guide.

## Prevention of Fraud, Waste, and Abuse

IEDA has zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. UGLG, Subrecipient Partner and GA staff will attend HUD OIG fraud training when provided. Any instances of fraud, waste, or abuse should be reported to the HUD OIG at 1-800-347-3735 or [hotline@hudoig.gov](mailto:hotline@hudoig.gov) . All instances of fraud, waste, and abuse discovered by IEDA will be reported to the HUD OIG.

## Financial Management

UGLGs & Subrecipient Partners must insure that they have policies and procedures for expending and accounting for all CDBG funds received and to maintain adequate source documentation to demonstrate that CDBG funds are used in compliance with all the terms and conditions of the award, only spent for reasonable and necessary costs, and not used for general expenses to carry out other responsibilities of State and local governments. The financial policies will also ensure the following are met:

1. The UGLG & Subrecipient Partner will charge the award only allowable costs incurred during the period of performance and any authorized pre-award costs.
2. When grant funds are transferred to Subrecipient Partners, the Subrecipient Partner will minimize the time elapsing between the receipt of funds from the state and the transfer of funds to vendors.
3. If applicable, UGLG & Subrecipient Partners will disburse funds available from program income or send it to the state, before requesting additional grant funding.
4. For any changes made to the approved budget, scope, or objectives, UGLG & Subrecipient Partners will notify IEDA of the changes, and any substantial changes will be approved by IEDA.
5. UGLG & Subrecipient Partners will submit to HUD mandatory quarterly progress reports for IEDA's review of program progress.

UGLGs & Subrecipient Partners are required to follow the requirements listed in the CDBG Management Guide.

## Conflict of Interest

No persons who is an employee, agent, consultant, officer, or elected official or appointed official of the UGLG, or of any designated public agencies, or of Subrecipient Partners that are receiving funds under



this part who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

## Monitoring

Monitoring will be conducted via multiple methodologies throughout the project. One method is the Risk Assessment that IEDA will conduct annually per grant agreement. Each activity will have either a virtual desktop or on-site Site Visit at least once during the life of the grant, per the CDBG Management Guide. The Risk Assessment will assist IEDA Project Managers in determining the timing and frequency of documented Site Visits. The Risk Assessment will be conducted through IowaGrants once per year by the IEDA Project Manager, and based on the outcome score, the IEDA Project Manager will determine if / when a subsequent Site Visit is required. Per 200.331(b), IEDA will evaluate each UGLG & Subrecipient Partner's risk of noncompliance with Federal statutes, regulations, and terms and conditions of the subaward for the 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 the GA familiar with CDBG and attended mandatory IEDA trainings;
- Project Compliance – are there outstanding compliance/reporting concerns;
- ***Is the Inventory Disposal & Tracking List being utilized / updated;***
- Program Income- has the contract generated program income;
- Is the program reasonably on track;

The IEDA Project Manager will schedule a Site Visit with the UGLG & Subrecipient Partner upon the expenditure of at least 50% of the CDBG award by a Subrecipient Partner, or upon 50% **implementation**. The IEDA Project Manager will email the UGLG, Subrecipient Partner and GA to schedule the visit. Site Visit information and forms will be made available and completed in IowaGrants. The IEDA Project Manager will instruct grant administrators to provide any additional information identified as needed during a Site Visit. After the Site Visit, a report will be uploaded to IowaGrants and sent to both the UGLG, Subrecipient Partner and GA; any identified findings or concerns will also be communicated along with deadlines for submission of corrective actions. IEDA reserves the right to perform monitoring assessments the project at any point in time based on its assessment of project risk or other considerations.

UGLGS & Subrecipient Partners are required to follow the requirements listed in the CDBG Management Guide.



## Closeout

To close out the project, IEDA staff will verify the following:

- Projects:
  - Confirm that all program activities are complete;
  - Confirm final beneficiary numbers;
  - Confirm compliance with all contracts funded through the program;
- Financials:
  - Confirm that the total reimbursement through the program and verify that the accounting is accurate;
  - Confirm final reimbursement request has been made;
  - Confirm that the program is not overspent against the Action Plan budget;
  - **Confirm Single Audits, as applicable, have been submitted to the Federal Audits Clearinghouse;**
- Administrative
  - Confirm documentation is retained for any critical decisions made or policies developed (for future audits);
  - Close out Applicant files and make sure files are consistently organized;
  - Project Photos acquired for before & post project completion (as applicable).
  - **Inventory Disposal & Tracking List Provided;**
  - Closeout individual activities;

The program will be ready for closeout when the conditions are met:

- All eligible activities are completed;
- All funds are expended in full or remaining funds are planned to be returned to IEDA;
- All reporting requirements were completed;
- Any specials conditions of the program were met;
- All audit and monitoring issues were resolved;

## Records Management

IowaGrants.gov is intended to serve as the primary medium for administering CDBG funds and tracking the various compliance requirements stated in the grant agreement, the CDBG Management Guide and this Program Guide. However, the UGLG & Subrecipient Partner must maintain complete and accurate records that fully document compliance with all CDBG program requirements. This includes maintaining financial, programmatic, procurement, environmental, civil rights, labor standards, and contract records in a manner that provides a clear audit trail and supports IEDA's oversight responsibilities.

Records must demonstrate:

- Activity eligibility and National Objective compliance;
- Proper procurement and contractor selection;
- Compliance with labor standards and other cross-cutting requirements;
- Accurate financial management and documentation of costs;
- Performance outcomes and beneficiary data;
- Resolution of monitoring or audit findings;

Records must be retained for the required federal retention period and must be made available to IEDA, HUD, or other authorized oversight entities upon request.



## Document Retention

The UGLG & Subrecipient Partner must retain all documentation of this project for three years after the entire CDBG grant between IEDA and HUD is closed. UGLGs & Subrecipient Partners may also contact IEDA's CDBG Team to inquire about document retention times for CDBG grant.



## APPENDIX:

1. Iowa Profile Resource for Demographics
2. Subrecipient Partner Agreement Template
3. Inventory Tracking & Disposal Rules
4. Expanded LMI & Limited Clientele (LMC) Guidance



## 1. IOWA PROFILE RESOURCE FOR DEMOGRAPHICS

The Iowa Profile serves as a comprehensive data resource, offering policymakers and community leaders valuable insights across various domains such as housing, public health, safety, transportation, education, quality of life and economy.

The first of its kind tool provides customized reports and enables comparisons with other regions, empowering changemakers in community and economic development to make informed decisions based on regularly updated data from diverse sources. The tool provides essential information for designing effective programs and resources to foster opportunities for Iowans, communities and businesses to thrive.

You can find more information here: [Iowa Profile - Welcome Home Iowa](#)



## 2. SUBRECIPIENT PARTNER AGREEMENT TEMPLATE

THIS CONTRACT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, IOWA, (hereinafter called the "Local Government"); and \_\_\_\_\_, (hereinafter called "the Subrecipient Partner") WITNESSETH THAT:

WHEREAS, the Local Government, at the request of the Subrecipient Partner, has applied to the Iowa Economic Development Authority for a grant of federal funds from the U.S. Department of Housing and Urban Development pursuant to Title I of the Housing and Community Development Act of 1974 and Chapter 23 of the Iowa Administrative Code in order to: \_\_\_\_\_

; and,

WHEREAS, the Local Government has been awarded a grant of funds as aforesaid in the amount of \$\_\_\_\_\_ subject to the condition that the Local Government provide a local matching contribution in the amount of \$\_\_\_\_\_ ; and,

WHEREAS, the parties hereto desire to make a written agreement with respect to said funds and the implementation of the project to which they pertain;

NOW, THEREFORE, the parties hereto have agreed to the terms and conditions as hereafter stated:

**Section 1. Matching Funds.** The Subrecipient Partner shall expend the sum of \$\_\_\_\_\_ of its own funds constituting \_\_\_\_% of the local matching contribution \_\_\_\_\_.

**Section 2. Construction Contracts and Services.** \_\_\_\_\_ and \_\_\_\_\_ shall, for the purpose of constructing the aforesaid proposed project, proceed forthwith to engage the services of an architect/engineer, adopt plans and specifications, and award construction contracts in accordance with the laws and regulations of the State of Iowa and of the United States.



**Section 3. Administration.** The administration of the CDBG Contract # \_\_\_\_\_ and all transactions involving the expenditure of any of the grant funds within the scope of said contract shall be the sole prerogative of the Local Government carried out in such manner as it deems appropriate and consistent with Title I of the Housing and Community Development Act of 1974, 261--Chapter 23 of the Iowa Administrative Code and the contract between IEDA and the Local Government.

**Section 4. Property Ownership.** Any and all improvements or property, real or personal, constructed, installed, or acquired pursuant to this contract shall be and remain the property of the Subrecipient Partner, under the following conditions (if any) \_\_\_\_\_.

\_\_\_\_\_. If, from the date funds are first spent for the property until five years after closeout of the Local Government's grant the use or planned use of the property is proposed to be changed, then the Subrecipient Partner shall notify the Local Government of the proposed change. The Local Government shall contact the Iowa Economic Development Authority for instructions on how to proceed. If the Subrecipient Partner proceeds with a use determined by the IEDA to be inconsistent with the use of the CDBG funds, the Subrecipient Partner shall reimburse the Local Government and the Local Government shall reimburse the IEDA in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds.

**Section 5. Proposed Project.** The Subrecipient Partner shall grant access to the premises and Subrecipient Partners' program records for the Local Government and its contractors to perform such required functions consistent with the CDBG contract as the Local Government shall deem appropriate.

**Section 6. Excess Costs.** It is agreed that if the construction of said project results in contractual liability of the Local Government in an amount greater than said funds as stated in Section 1, the Subrecipient Partner shall be responsible for covering 100% of excess costs and hold the Local Government free of any contractual liability.

**Section 7. Indemnification.** The Subrecipient Partner shall hold the Local Government and its officers and employees harmless from any and all claims, losses, damage or liability whatsoever resulting from or arising out of this contract or the project to which it is pertains.

**Section 8. Unallowable Costs.** If the Local Government determines at any time, whether through monitoring, audit, closeout procedures or by other means or process that the Subrecipient Partner has expended funds which are unallowable, the Subrecipient Partner will be notified of the questioned costs and given an opportunity to justify questioned costs prior to Local Government's final determination of the disallowance of costs. If it is Local Government's final determination that costs previously paid by the Local Government are unallowable under the terms of the Agreement, the expenditure will be disallowed and the Subrecipient Partner shall repay to Local Government any and all disallowed costs.

**Section 9. Events of Default.** The following shall constitute Events of Default under this Agreement:

- a. Material Misrepresentation. If at any time any representation, warranty or statement made or furnished to the Local Government by, or on behalf of the Subrecipient Partner in connection with this Agreement or to induce the Local Government to make a grant to the Subrecipient Partner shall be determined by the Local Government to be incorrect, false, misleading or erroneous in any material respect when made or furnished and shall not

have been remedied to the Local Government's satisfaction within thirty (30) days after written notice by the Local Government is given to the Subrecipient Partner.

- b. Noncompliance. If there is a failure by the Subrecipient Partner to comply with any of the covenants, terms or conditions contained in this Agreement.
- c. Agreement Expiration Date. If the Project, in the sole judgment of the Local Government, is not completed on or before the Agreement Expiration Date.
- d. Misspending. If the Subrecipient Partner expends Grant proceeds for purposes not described in the CDBG application, this Agreement, or as authorized by the Local Government.
- e. Insurance. The following provision shall apply to Activity Number(s) \_\_\_\_\_. If loss, theft, damage or destruction of any substantial portion of the property of the Subrecipient Partner occurs for which there is either no insurance coverage or for which, in the opinion of the Local Government, there is insufficient insurance coverage.

**Section 10. Notice of Default.** Local Government shall issue a written notice of default providing therein a fifteen (15) day period in which the Subrecipient Partner shall have an opportunity to cure, provided that cure is possible and feasible.

**Section 11. Remedies upon Default.** If, after opportunity to cure, the default remains, Local Government shall have the right, in addition to any rights and remedies available to it to do one or both of the following:

- a. exercise any remedy provided by law;
- b. require immediate repayment of up to the full amount of funds disbursed to the Subrecipient Partner under this Agreement plus interest.

**Section 12. Miscellaneous.** Neither party to this contract shall assign its rights and obligations hereunder without the prior written authorization of the other party. This contract shall be governed by the laws of the State of Iowa. In the event any provision of this contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. The terms and conditions of this contract may be amended only by written instrument executed by both parties and, when necessary, with the concurrence of the State of Iowa, Iowa Economic Development Authority. Such amendments include any deviation from the recipient program schedule, or other terms and conditions provided for by the Iowa Economic Development Authority contract number which is by this reference incorporated herein and made a part hereof of this Subrecipient Partner agreement.

**Section 13. Federal Laws.** By virtue of the federal funding provided for under this agreement, the parties hereto shall be bound by and adhere to all applicable federal laws, rules, policies, orders, and directions, including by way of specification but not limited to the following:

- a. The requirements of Executive Order 11246, as amended by Presidential Executive Order 11375 and the regulations issued under the Order at 41 CFR Chapter 60.

- b. The requirements of Executive Orders 11625, 12432, and 12138. Consistent with responsibilities under these Orders, the provider must make efforts to encourage the use of minority- and women-owned business enterprises in connection with activities funded under this part.
- c. The maintenance of books, records, documents and other such evidence pertaining to all costs and expenses incurred and revenues received under this contract/subagreement to the extent and in such detail as will properly reflect all costs, direct and indirect, of labor, materials, and equipment, supplies, services, and other costs and expenses of whatever nature, for which payment is claimed under their contract/subagreement as specified in 261- Chapter 23, Iowa Administrative Code and 2 CRF 200
- d. At any time during normal business hours and as frequently as deemed necessary, the parties heretofore shall make available to the Iowa Economic Development Authority, the State Auditor, the General Accounting Office, and the Department of Housing and Urban Development, for their examination, all of its records pertaining to all matters covered by this contract/subagreement and permit these agencies to audit, examine, make excerpts or transcripts from such records, contract, invoices, payrolls, personnel records, conditions of employment, and all other matters covered by this contract/subagreement.
- e. 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); and regulations which implement these laws.
- f. Contracts in excess of \$100,000 shall require compliance with the following laws and regulations: Section 306 of the Clean Air Acts (42 U.S.C. 1857(h)); Section 508 of the Clean Water Act (33 U.S.C. 1368); Executive Order 11738; EPA Regulations - 40 CFR, Part 15; as applicable.
- g. Procurement. For purposes of this agreement Cities and Counties are required to adopt the federal procurement policies and procedures that align with Federal provisions of 2 CFR 200.318-200.326. The Procurement Policy is found in "Iowa Community Development Block Grant Management Guide", as found on the Authority's website at [www.iowaeconomicdevelopment.com/Community/CDBG](http://www.iowaeconomicdevelopment.com/Community/CDBG).
- h. BABA requirements. The Grantee must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the Grantee's infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

### i. CIVIL RIGHTS

(a) DISCRIMINATION IN EMPLOYMENT. The Local Government & Subrecipient Partner shall not discriminate against any qualified employee or applicant for employment because of race, color, religion, sex, national origin, age, sexual orientation, gender identity, familial status, physical or mental disability. The Local Government & Subrecipient Partner may take affirmative action to ensure that applicants are employed and that employees are treated without regard to their race, color, religion, sex, national origin, age, sexual orientation, familial status, gender identity, or physical or mental disability. Such action shall include, but may not be limited to, the following: employment, upgrading, promotion, 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 Local Government & Subrecipient Partner agree to post notices setting forth the provisions of the nondiscrimination clause in conspicuous places so as to be available to employees. Upon the State's written request, the Local Government & Subrecipient Partner shall submit to the State a copy of its affirmative action plan, containing goals and time specifications, and accessibility plans and policies as required under Iowa Administrative Code chapter 11—121.

(b) CONSIDERATION FOR EMPLOYMENT. The Local Government & Subrecipient Partner shall, in all solicitations or advertisements for employees placed by or on behalf of the Recipient, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age, sexual orientation, gender identity, physical or mental disability, or familial status.

(c) SOLICITATION AND ADVERTISEMENT. The Local Government & Subrecipient Partner shall list all suitable employment openings in the State Employment Service local offices.

(d) CIVIL RIGHTS COMPLIANCE IN EMPLOYMENT. The Local Government & Subrecipient Partner shall comply with all relevant provisions of the Iowa Civil Rights Act of 1965 as amended; Chapter 19B.7 and Chapter 216, Code of Iowa; Federal Executive Order 11246, as amended; 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 1973 as amended (29 U.S.C. Section 794); and the Age Discrimination Act of 1975 as amended (42 U.S.C. Section 6101 et seq.). The Local Government & Subrecipient Partner 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.

(e) CERTIFICATION REGARDING GOVERNMENT-WIDE RESTRICTION ON LOBBYING. The Local Government & Subrecipient Partner certifies, to the best of his or her knowledge and belief, that:

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

(ii) 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, a Member of Congress, an officer or employee, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Federal Lobbying" in accordance with its instruction.

(iii) The Local Government & Subrecipient Partner shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

(iv) 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.

(f) PROGRAM NONDISCRIMINATION. The Local Government & Subrecipient Partner shall conform with requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and HUD regulations issued pursuant thereto contained in 24 CFR Part 1. No person in the United States shall, on the basis of race, color, national origin, sex or religion or religious affiliation, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity 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. 12101-12213) or Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) shall also apply to any such program or Project.

(g) FAIR HOUSING. The Local Government & Subrecipient Partner 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 recipient shall also comply with Section 109, Title I of the Housing and Community Development Act of 1974, as amended.

(h) SECTION 3 COMPLIANCE. The Local Government & Subrecipient Partner shall comply with provisions for training, employment, and contracting in accordance with 24 CFR part 75, Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u). All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

- (i) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- (ii) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- (iii) The contractor agrees to post copies of a notice advising workers of the Contractor's commitments under Section 3 in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- (iv) The contractor agrees to provide written notice of employment and contracting opportunities to all known Section 3 Workers and Section 3 Businesses.
- (v) The contractor agrees to hire, to the greatest extent feasible, Section 3 workers as new hires, or provide written justification to the recipient that is consistent with 24 CFR Part 75, describing why it was unable to meet minimum numerical hiring goals, despite its efforts to comply with the provisions of this clause.
- (vi) The contractor agrees to maintain records documenting Section 3 residents that were hired to work on previous Section 3 covered projects or activities that were retained by the contractor for subsequent Section 3 covered projects or activities.
- (vii) The contractor agrees to post contract and job opportunities to the Opportunity Portal, and will check the Business Registry for businesses located in the project area.
- (viii) The contractor agrees to include compliance with Section 3 requirements in every subcontract for Section 3 projects as defined in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- (ix) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
- (x) The contractor will certify that they have followed prioritization of effort in 24 CFR part 75.19 for all employment and training opportunities. The contractor will further certify that it meets or exceeds the applicable Section 3 benchmarks, defined in 24 CFR Part 75.23, and if not, shall describe in detail the qualitative efforts it has taken to pursue low- and very low-income persons for economic opportunities.
- (xi) Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.



(i) NONCOMPLIANCE WITH THE CIVIL RIGHTS LAWS. In the event of the Local Government & Subrecipient Partner's noncompliance with the nondiscrimination clauses of this Contract or with any of the aforesaid rules, regulations, or requests, this Contract may be canceled, 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 provided by law.

(j). Others as applicable

**Section 14. Termination.** The following shall constitute Events of Default under this Agreement:

- a. FOR CAUSE. The Local Government may terminate the Contract in whole, or in part, whenever the Local Government determines that the Subrecipient Partner has failed to comply with the terms and conditions of the Contract.
- b. FOR CONVENIENCE. The Parties may terminate the Contract in whole, or in part, when all parties agree that the continuation of the Project would not produce beneficial results commensurate with the future disbursement of funds.
- c. DUE TO REDUCTION OR TERMINATION OF CDBG FUNDING. At the discretion of the Local Government, the Contract may be terminated in whole, or in part, if there is a reduction or termination of the CDBG Federal block grant funds to the State.

**Section 15. Procedures Upon Termination.** This contract may be terminated with the discretion of the Local Government by providing written notice to be conveyed via certified mail 30 days in advance. Project costs incurred to be paid through the effective termination date.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized representatives.

LOCAL GOVERNMENT: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Attested By: \_\_\_\_\_ Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

SUBRECIPIENT PARTNER: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Attested by: \_\_\_\_\_ Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

### 3. EXAMPLE INVENTORY & DISPOSAL RULES

#### 1. Purpose of Inventory Rules

These rules ensure that all materials, equipment, food stock, and client-service items purchased with program funds are tracked, safeguarded, and used exclusively for eligible program purposes. They also establish clear procedures for disposal, redistribution, or repurposing of items when no longer needed. 2 CFR 200 (Uniform Guidance) Subpart D – Property Standards, which applies to all HUD-funded programs.

#### 2. Scope

These requirements apply to any item purchased, donated, or otherwise acquired using:

- CDBG Public Services funds,
- Match funds officially documented for the project, or
- Program income generated within the grant.
- 

Items covered include:

- Food inventory (perishable & non-perishable)
- Supplies (hygiene items, bedding, PPE, cleaning materials)
- Small equipment (scales, refrigerators, carts, computers, tablets, shelving, etc.)
- Client-support materials (clothing, transportation passes, harm-reduction kits, etc.)
- 

*Capital equipment or real property are not eligible in Public Services and therefore not covered here.*

#### 3. Definitions

- **Consumable Inventory:** Items intended for distribution, consumption, or short-term use (e.g., food, hygiene kits, blankets).
- **Non-Consumable Inventory:** Durable items with a useful life of more than one year and a per-unit value below the capital-equipment threshold (typically **< \$5,000**).
- **Sensitive Items:** Items easily lost, stolen, or misused (e.g., gift cards, transportation vouchers, tablets, prepaid phones).

#### 4. Tracking Requirements

##### 4.1. Inventory Log Requirement

All subrecipients must maintain an **Inventory Log** for all non-consumable and sensitive items purchased with grant funds. The log must include:

- Item description
- Quantity purchased
- Serial number (if applicable)
- Purchase date
- Unit cost
- Funding source (CDBG Public Services, match, donation)
- Physical location
- Assigned staff (if applicable)
- Condition status
- Date issued or returned (if applicable)

*Consumable inventory* may be tracked using simplified bulk logs, but must still demonstrate:

- Quantity received
- Quantity distributed
- Current stock levels
- Distribution date ranges
- Documentation supporting LMI benefit (sign-in sheets, case files, distribution logs)

#### 4.2. Minimum Inventory Controls

Subrecipients must:

- Store inventory in secure, staff-monitored spaces.
- Restrict access to authorized personnel.
- Maintain **first-in, first-out (FIFO)** rotation for food items.
- Perform **monthly inventory counts** for consumables.
- Perform **quarterly physical counts** for non-consumables.
- Reconcile records with distribution/activity reports.
- Report losses, theft, or spoilage within **48 hours** to IEDA.

#### 4.3. Sensitive Item Controls

For items such as transportation vouchers, gift cards, bus passes:

- Each item must be logged individually.
- Distribution must tie to a client case file or outreach log.
- Reconciliation must occur weekly.
- Storerooms/safes must remain locked with dual-control access (two staff).

### 5. Disposal Rules

#### 5.1. Consumable Items

Consumables may be disposed of when:

- Expired
- Damaged or unsafe
- Contaminated
- No longer appropriate for distribution (e.g., product recall)

Disposal documentation must include:

- Item description
- Quantity disposed
- Reason for disposal
- Date and signature of staff
- Method of disposal (e.g., trash, compost, return to supplier)

#### 5.2. Non-Consumable Items

Non-consumables purchased with the grant must **not** be discarded, transferred, or repurposed without IEDA approval if the original CDBG purpose has not been satisfied.

Acceptable disposal conditions:

- Broken or non-repairable
- Obsolete due to technological changes
- Unsafe to use
- Beyond reasonable repair cost

Required documentation:

- Condition assessment

- Proposed disposal method (trash, recycling, salvage, transfer to another eligible program)
- Approval from agency supervisor
- Photos if applicable

**IEDA pre-approval is required if:**

- The item has remaining useful value
- The item will be transferred to another program
- The item originally cost more than \$500 per unit

## 6. Redistribution / Transfer Rules

If a non-consumable item still has useful life:

- It must first be offered for continued use **within the same CDBG-funded program**.
- If not needed internally, transfer to another *eligible CDBG activity* or *another nonprofit community service provider* may be allowed with IEDA approval.
- Transfers must not result in private benefit.

## 7. Record Retention

Inventory records must be retained for **five years after grant closeout**, or longer if:

- Required by audit findings
- Litigation is ongoing
- HUD/IEDA requests extended retention

## 8. Monitoring & Compliance

IEDA may:

- Review inventory logs during desk monitoring or on-site visits
- Verify physical inventory against documentation
- Require corrective actions for missing, inaccurate, or incomplete records
- Recover funds if items are misused, transferred without approval, or unaccounted for

## 9. Loss, Theft, or Misuse

Any incident involving loss, theft, fraud, or misuse must be:

1. Reported within **48 hours** to the agency's leadership,
2. Documented in an incident report, and
3. Reported to IEDA within **5 business days**.

Failure to report may result in:

- Disallowed costs
- Repayment to IEDA
- Suspension from additional Public Services funding



## 4. EXPANDED LMI / LMC INCOME GUIDANCE

### 1. Purpose of LMC Procedures

These procedures establish how CDBG-funded Public Services programs will document compliance with the Low-/Moderate-Income Limited Clientele (LMC) national objective under 24 CFR 570.208(a)(2) (Entitlement) and 24 CFR 570.483(b)(2) (State CDBG). CDBG regulations require that Public Services activities principally benefit low- and moderate-income (LMI) persons, either through income documentation, presumed eligibility, or other HUD-approved methods.

[\[hudexchange.info\]](http://hudexchange.info)

### 2. Overview of LMC Eligibility

A Public Service may qualify under the LMC national objective if at least 51% of the persons served are LMI, defined as individuals whose household incomes do not exceed 80% of Area Median Income (AMI).

[\[ecfr.gov\]](http://ecfr.gov)

The following methods may be used to establish eligibility:

1. **Presumed LMI Groups**
2. **Individual Income Verification**
3. **Nature and Location of Service**
4. **Restricted LMI-Only Program**

Each method has specific documentation and recordkeeping requirements described below.

### 3. LMC Eligibility Determination Methods

#### 3.1 Presumed LMI Groups (Automatic Eligibility)

A Public Service qualifies automatically when participation is **exclusively limited** to a HUD-designated “presumed LMI” group:

- Elderly persons (62+)
- Severely disabled adults
- Abused children
- Battered spouses
- Homeless persons
- Illiterate adults
- Persons living with AIDS
- Migrant farm workers

[\[hudexchange.info\]](http://hudexchange.info)

#### Required Documentation

- Written program policy specifying the service is **exclusively** available to a presumed LMI group.
- Intake records confirming the individual is a member of the presumed LMI group.
- Service records limited to eligible presumed LMI participants only.

No income verification is required under this method.



### 3.2 Individual Income Verification (Standard Method)

When a service is **not limited** to a presumed LMI group, the subrecipient must document that **at least 51% of participants are LMI persons**, based on household income and family size using current [HUD Income Limits](#) (updated annually).

#### Acceptable Verification Types

- **Source documentation:** pay stubs, tax returns, benefits letters, or eligibility letters from other income-qualified programs.
- **HUD-compliant Self-Certification:** must include household size, total gross annual income, AMI comparison, and signature/date.

#### Required Documentation

- Completed income verification for each participant.
- Copy of the [HUD Income Limits applicable](#) during the service period.
- Roster showing  $\geq 51\%$  of participants are LMI.
- Procedures describing how staff collect, review, and store income certifications.

### 3.3 Nature and Location of Service (Inherently LMI)

LMC eligibility may be established if:

1. The nature of the service makes it clearly intended for LMI persons, AND
2. The location is in or immediately adjacent to a HUD-identified LMI area.

#### Examples

- A free health clinic located inside a public housing development.
- A food pantry located within an LMI census block group and serving neighborhood residents.

#### Required Documentation

- Narrative describing why the nature of the service inherently benefits LMI persons.
- Map or LMISD data showing the service location is in an LMI area.
- Intake logs or sign-in sheets indicating service to residents of the immediate area.

### 3.4 LMI-Restricted Program (100% LMI)

A Public Service may qualify if participation is **restricted exclusively to LMI persons**, even if the program does not serve a presumed group.

#### Required Documentation

- Written eligibility policy requiring income verification of all participants.
- Income documentation or self-certifications for **all** participants (not just 51%).
- Roster showing program eligibility determinations.

## 4. Intake and Documentation Requirements

All Public Services subrecipients must implement an **intake process** that includes:



#### 4.1 Participant Intake Form

Each participant must complete an intake form that includes:

- Name and demographic information
- Address and household size
- Eligibility method used (Presumed, Income Verified, Nature/Location, or LMI-Restricted)
- Verification attached (if applicable)

#### 4.2 File Maintenance

All LMC supporting documentation must be:

- Maintained for **5 years** after project closeout
- Available for IEDA and HUD monitoring
- Stored securely according to privacy and confidentiality requirements

### 5. Recordkeeping Standards

The applicant/subrecipient must maintain records sufficient to demonstrate compliance with CDBG National Objectives, including:

- Documentation of the eligibility method selected
- Participant income certifications or group membership verification
- HUD Income Limits used
- LMISD data or service area maps (if relevant)
- Policies and procedures governing program intake
- Aggregated reporting demonstrating LMI compliance

HUD requires that for LMC activities, documentation must clearly demonstrate that beneficiaries are LMI persons.

### 6. Monitoring and Compliance

IEDA or its designees will review LMC documentation during:

- Quarterly or annual reporting
- Desk monitoring
- On-site monitoring
- Closeout review

Non-compliance may result in repayment of CDBG funds, corrective actions, or program disallowances.

### 7. Summary Table — LMC Eligibility Methods

LMC Method	Required LMI %	Documentation Required
Presumed Group	Not applicable (100% presumed LMI)	Proof of group membership; program restricted to group
Income Verification	≥ 51% of participants	Income documentation or self-certifications
Nature & Location	Must be inherently LMI	Narrative + LMISD map + service logs
LMI-Restricted Program	100% LMI	Income documentation for all participants

