



The State of Iowa  
**New Housing Construction  
Rental Program Guidelines**

Version 1.0, June 2026

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## Version History

Version	Date	Summary Description
1.0	June2026	Original



# Program Summary

## Program Summary

### Purpose

HUD has allocated \$134,687,000 in CDBG-DR funds to the State of Iowa in response to the June 2024 Midwest Flooding (FEMA DR-4796-IA), through the publication of the Federal Register, Vol. 90, No. 10, January 16, 2025 (FR-6512-N-01). This allocation was made available through the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158).

The New Housing Construction Rental program will fund the construction of single-family and multifamily units on vacant lots within existing neighborhoods or in new neighborhoods developed for residential purposes. The units will serve as rental units. All rental units will have an affordability period of 20 years. At least 51% of units in a project must be rented to LMI households and subject to the 65% HOME rent limits for the affordability period. Rehabilitation projects are not eligible for this program.

### Administration

This program is administered by the Iowa Economic Development Authority (IEDA), IEDA is a state agency which administers Community Development Block Grant-Disaster Recovery (CDBG-DR) awards issued to the State of Iowa by the U.S. Department of Housing & Urban Development (HUD). Administrative activities are led by the IEDA Disaster Recovery Team Lead and members of both the Disaster Recovery and Federal Programs teams.

### 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 Disaster Recovery (CDBG-DR) program.
- **Subrecipient:** For this program, the 'Applicant' becomes a Subrecipient of IEDA for any awarded funds. Subrecipients are responsible for the compliant design, administration and implementation of their projects and programs. IEDA will oversee, provide technical assistance to, and monitor subrecipients.
- **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 grant funded projects in Iowa. GAs are responsible for ensuring full compliance with federal and state regulations across all phases of the funded project. Applicants can acquire a list of Certified Grant Administrators by contacting IEDA. Please see [IEDAs CGA Policy and Training Resources](#) for details.
- **Grant Administration (CDBG-DR) Per HUD, Program Administration Costs (PACs)** for CDBG-DR are defined as "reasonable general costs (including carrying charges) of grant management that do not include staff and overhead costs directly related to carrying out other CDBG-DR eligible activities" ([CPD Notice 2023-06](#)). **These apply to IEDA staff to administer the grant at the State level.**



- **Project Delivery (CDBG-DR)** Per HUD, Activity Delivery Costs (ADCs) for CDBG-DR are defined as “allowable costs incurred for implementing and carrying out eligible CDBG-DR activities. All ADCs must be allocable to a CDBG-DR activity and include direct costs integral to the delivery of the final CDBG-DR assisted activity” ([CPD Notice 2023-06](#)) For CDBG-DR programs, Project / Activity Delivery refers to the implementation-level tasks required to carry out a specific CDBG-DR activity approved in the Action Plan and established in DRGR. Under IEDA’s CDBG-DR model, nearly all reimbursable work performed by external CGAs is classified as Project / Activity Delivery, **not ‘Grant Administration’**.
- **Developer:** A developer is a for-profit or nonprofit individual or entity that the grantee provides CDBG-DR funding to for the purpose of constructing new housing. Subrecipients will enter into development agreement with a developer who maintains site control of the project site.
- **Tribes:** [Federally recognized Indian tribes](#), bands, nations, and Alaska Native villages, as defined under Title I of the Indian Self-Determination and Education Assistance Act
- **Low to Moderate Income Household:** These are households that make at or below 80% of the area median income of the county in which the housing unit is built. Income verifications must be completed in accordance with 24 CFR 5.609 (Part 5 Annual Income). Income verifications are valid for 12 months from the date verification is completed.
- **Recipient:** Iowa Economic Development Authority (IEDA), as the receiving entity of the HUD program funds on behalf of the state of Iowa.
- **Vendor:** Any contractor or consultant hired by the Applicant/UGLG or the Subrecipient to perform services or provide products to support the proposed project.

### Project Specific Definitions

- **Affordable Rental Units:** The number of units contained in the mortgaged property and contained in the agreement for covenants and restrictions that are occupied by low- and moderate-income persons or households at any given time. The number of affordable units as described in the guidelines are to be retained at all times as affordable rental units throughout the Period of Affordability through income limitations of the tenants occupying those units and through rent limitations for the tenants occupying those units.
- **Development Agreement:** This is the agreement executed between the Subrecipient/Responsible Entity and the Developer. This is NOT a subrecipient agreement per HUD regulations, as it does not delegate the roles and responsibilities of the subrecipient/Responsible Entity down to the Owner/Developer. The subrecipient/Responsible Entity retains all responsibilities, and the Developer owns the property and executes the project.
- **Multi-Family Rental:** Describes projects that have more than five rental units.
- **Single-Family Rental:** Describes projects that have between one to four rental units.
- **Period of Affordability:** The term in which the assisted units must maintain the required tenant income verification and rent limits.



## Available Funds

Program	Budget
New Housing Construction Rental Program	\$10,000,000

## Maximum Awards

Housing Construction Incentive Per Unit	Mitigation Construction Incentive Per Unit	Infrastructure in Support of Housing Incentive Per Unit*
Up to \$150,000	Up to \$20,000	Up to \$35,000 (or 35% of housing construction costs whichever is lower)

All incentives will be applied for on the New Housing Construction Rental Program application.

\*Infrastructure in support of housing will be awarded competitively and not available to every awarded unit. There is \$10,000,000 allocated to Infrastructure in support of housing and will be utilized by this program as well as the New Housing Construction Single-Family Owner-Occupied Program.

## Eligible Activities

The Housing and Community Development Act of 1974 (HCDA) eligible activities include new construction, acquisition, clearance: Section 105(a) 1, 4, 5, 8, 11, 14, 15 and 24. Applicable waivers identified in the Allocation Announcement Notice (90 FR 4754) and Universal Notice (90 FR 1754).

Housing and Community Development Act of 1974 (HCDA) Eligible Activities	
<b>Section 105(a)(1)</b>	Acquisition of real property (including air rights, water rights, and other interests therein) which is: <ul style="list-style-type: none"> <li>A. Blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;</li> <li>B. Appropriate for rehabilitation or conservation activities;</li> <li>C. Appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;</li> <li>D. To be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or</li> <li>E. To be used for other public purposes</li> </ul>
<b>Section 105(a)(4)</b>	Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings).



### Housing and Community Development Act of 1974 (HCDA) Eligible Activities

<b>Section 105(a)(8)</b>	<p>Provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15% of the amount of any assistance to a unit of general local government (or in the case of non-entitled communities not more than 15% statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15% of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through 2000 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25% in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in each of the fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25% in each fiscal year for activities under this paragraph.</p>
<b>Section 105(a)(11)</b>	<p>Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;</p>
<b>Section 105(a)(14)</b>	<p>Provision of assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property;</p> <ul style="list-style-type: none"> <li>A. Acquisition of real property;</li> <li>B. Acquisition, construction, reconstruction, rehabilitation, or installation of             <ul style="list-style-type: none"> <li>i. Public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and</li> <li>ii. Commercial or industrial buildings or structures and other commercial or industrial real property improvements; and</li> </ul> </li> <li>C. Planning;</li> </ul>



### Housing and Community Development Act of 1974 (HCDA) Eligible Activities

<b>Section 105(a)(15)</b>	<p>Assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in non-entitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;</p>
<b>Section 105(a)(24)</b>	<p>Provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to— (A) subsidize interest rates and mortgage principal amounts for low- and moderate income homebuyers; (B) finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers; (C) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees); (D) provide up to 50 percent of any down payment required from low- or moderate income homebuyer; or (E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by low- or moderate-income homebuyers.</p>

### Eligible Costs

Examples of eligible costs within these activities include:

- Acquisition costs
- Demolition and site work
- Construction hard costs, including contractor fees
- Resiliency and energy efficiency measures
- Architectural and engineering design
- Other soft costs such as environmental review, soils tests, and market studies
- Professional fees
- Permitting fees
- Marketing, sales, and lease up costs



## Ineligible Activities

As per [24 CFR 570.207](#), IEDA will not fund the following activities through the 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-DR 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>Purchase of equipment</b>	<p>The purchase of equipment with CDBG-DR funds is generally ineligible.</p> <p>Construction equipment: The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing or depreciation is eligible. The purchase of construction equipment for use as part of a solid waste disposal facility is eligible.</p> <p>Furnishings and personal property: The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property, not an integral structural fixture is generally ineligible.</p>
<b>Operating and maintenance</b>	<p>Any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Examples of ineligible operating and maintenance expenses are:</p> <p>Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements.</p> <p>Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.</p>

## Ineligible Costs

The following costs are ineligible to be funded by or reimbursed with CDBG-DR:

- Costs incurred prior to a formal commitment
- Advances of any type
- Interest and financing costs for other funding sources
- Funding of reserves
- Offsite Improvements, except where the improvement is contiguously adjacent to the project parcel and directly serves the housing units
- Reimbursement of any capital investment or prepaid expenses

## National Objectives

Low- to moderate-income (LMI) households specifically Low to Moderate Income Housing (LMH) national objective. At least 51% of constructed rental units must be occupied by LMI households. These are households that make at or below 80% of the area median income of the county in which the housing unit is built.



## Low to Moderate Income Housing National Objective: LMI Occupancy Requirements

Rental Housing	LMI Occupancy Requirement
Single Unit	Must be occupied by LMI household
2 attached units (duplex)	1 unit must be occupied by LMI household
Triplex	2 units must be occupied by LMI household
Quadraplex	3 units must be occupied by LMI household
More than 4 units in a single structure	Minimum of 51% of total units occupied by LMI households.

### Disaster Tie-back

This program addresses the unmet needs tied to providing new resilient, affordable housing to improve the housing stock in the disaster-impacted Most-Impacted-and-Distressed (MID) areas. The State intends to market to tenants affected by the June 2024 Midwest Flooding to help address the disaster's impact on the tenant community but will not restrict the program to disaster-impacted persons as the affordable housing stock overall was severely impacted by the disaster. The newly constructed units will be rented first to disaster impacted households. Impact includes but is not limited to property damage, property loss, displacement, buyout, loss of business, loss of employment, economic loss, commute time to employment or childcare significantly increased due to disaster impact, physical or mental health issues related to the disaster, etc.

### Eligible Applicants

Units of general local government (UGLGs) and tribes are the eligible applicants for these funds. UGLGs and tribes will identify a developer on their applications to IowaGrants and enter into a development agreement. Applicants who receive a CDBG-DR award from IEDA will be considered the "Subrecipient."

### Eligible Areas

CDBG-DR funding will be provided to:

- HUD-identified MID areas: Cherokee County, Clay County, Sioux County and Woodbury County
- Grantee-identified (State) MID Areas: Lyon, Buena Vista, Dickenson, Osceola, and Pottawattamie counties

The HUD-identified MID areas will receive priority because 80% of the CDBG-DR allocation needs to be spent in the HUD-identified MID areas.



## Required Match

There is no required match for this program; however, additional consideration will be provided to those applications that demonstrate a greater degree of leveraged funds.

## 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 for 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.



# Development Details

## Development Details

### Developer Incentives

Cities, counties, and tribal governments (subrecipients) within the disaster-affected area will apply to IEDA through a competitive application cycle for rental housing projects. Prior to applying for funding from IEDA eligible applicants will procure developers. After the award, these entities will fund developers to build new rental housing units. Subrecipients will enter into development agreement with a developer who maintains site control of the project site. A developer is a for-profit or nonprofit individual or entity that the grantee provides CDBG-DR funding to for the purpose of constructing new housing.

The Developers will receive incentives that can be drawn down during construction. All incentives are per unit. The incentives are as follows:

- **Housing Construction:** maximum assistance is **up to \$150,000 per unit**. The incentive will be used to assist with housing construction costs to keep the unit affordable. This is the main source of developer funding for this program. The maximum number of units awarded in a project cannot exceed 25 units, with option for an Applicant to request a waiver. Waivers are predicated upon a communities' demonstrated housing need and ability to lease to a higher LMI population.
- **Mitigation Construction:** maximum assistance is **up to \$20,000 per unit**. All construction must utilize building materials and methods that can better withstand storm events and mitigate against future natural disaster damage. However, if developers would like to install additional mitigation measures, developers can apply for an additional incentive. The Incentive is optional and will be used toward the purchase and installation of building materials. More information can be found in the Mitigation Section of these guidelines.
- **Infrastructure in Support of Housing Incentive:** maximum assistance is **up to \$35,000 per unit**. The incentive is optional and will be used to support the construction of infrastructure for the new housing development. More information about this incentive can be found in the Infrastructure in Support of Housing Section of these guidelines.

The developer incentives will be awarded as a grant, with 10% retainage held until the project meets the National Objective. All costs must be reasonable and subject to cost reasonableness assessment by IEDA.

### Maximum Rental Price

The maximum rental price of the housing units cannot exceed the 65% HOME rent limits for the county in which the rental unit is located, minus the utility allowance as calculated annually by the local housing authority. This figure affords the widest available opportunities for LMI households to rent the housing units while, coupled with program incentives, they still allow for the construction of high-quality housing exceeding the sale price in value.



# Application for Assistance

## 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 one round 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 awardees will then enter into a grant agreement with IEDA that will formalize conditions of the grant.

### 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 four days and no more than 20 days prior to the hearing. If awarded, applicants will be required to host an additional public hearing called the Status of Funded Activities (SOFA) before closing out the project. Public hearing notices must also use social media platforms to alert residents of public hearings.

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 cover the following minimum points:

- How the need for the activities was identified.
- How the proposed activities will be funded and the sources of funds.
- The date the CDBG-DR application will be submitted.
- The requested amount of federal funds.
- 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.
- 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 construction, the applicant must conduct at least one SOFA hearing that covers the following minimum points:

- A general description of accomplishments to date.
- A summary of expenditures to date.
- A general description of the remaining work.
- A general description of changes made to the project budget, performance targets, activity schedules, scope, location, objectives or beneficiaries.

## Housing Development Approach

The purpose of this program is to provide affordable new housing in the HUD MID Areas and State MID. The goal is to build an affordable housing rental market that's more resilient to future natural disasters.

IEDA will make awards to cities, counties, tribes, as subrecipients, for the construction of new rental housing. Subrecipients will procure a Developer. Subrecipients will enter into a development agreement with a Developer who maintains site control of the project site. A developer is a for-profit or nonprofit individual or entity that the subrecipient provides CDBG-DR funding to for the purpose of constructing new housing. Local government agencies and local housing authorities are not Developers and would only be allowed to construct a property if they were a tribal government. Tribal governments will need to procure if they are awarded and not already working with a private or nonprofit Developer.

## Housing Types

IEDA will seek to award program funds to a diverse range of neighborhoods and communities to avoid a concentration of LMI housing in a singular area. IEDA will also seek to award a variety of rental housing types that provide disaster-affected households with a range of options, including options for those experiencing disabilities.

HUD CDBG-DR funded multifamily projects must comply with accessibility requirements based on the Fair Housing Act and Section 504 of the Rehabilitation Act, rather than the ADA, unless it is a public facility. Multifamily new construction projects with five or more units on one site or contiguous sites requires 5% of units, or a minimum of one, to be mobility accessible and 2% of units, or a minimum of one, for sensory impairments. For single family projects of one to four units, accessibility must be provided to the maximum extent feasible. IEDA requires at a minimum the National Green Building Standard (NGBS) Silver rating for all new construction. The NGBS includes universal design, which ensures access to the units for persons with mobility, hearing, or vision impairments. Any exceptions to universal design granted under this program will not reduce the total number of universally-design multifamily units below the federal requirements.

## Housing Disaster-Impacted Households

To prove tie-back to the disaster, rental units will be marketed to disaster-impacted households for four months before being offered to an eligible member of the public. "Disaster-impacted households" are defined as those that have suffered property damage or loss, displacement,



etc. During this four-month period, IEDA hopes to avoid having completed rental housing units sitting empty, before being able to rent to an income-eligible member of the public. For this reason, IEDA is proposing a Tenant Pool Approach to ensure that disaster-impacted residents have the first opportunity to rent the housing units.

### **Step 1: Marketing the Tenant Pool**

At a developer-chosen time, after IEDA approval of the environmental review, the developer will reach out to the grant administrator to begin marketing the rental units and establishing a pool of eligible tenants. All marketing materials must contain approximately the following language:

*“Those who were impacted by the July 2024 Disaster Event will receive the first opportunity to rent the homes”.*

The grant administrator will also receive a sample of marketing materials. Once the developer has notified the grant administrator of marketing efforts beginning, the four-month period will commence.

Developers will utilize social media platforms to advertise the availability of units and application opening and closing date.

### **Step 2: Initial Income Qualification**

During the four-month disaster-impacted marketing window, the grant administrator will receive applications from households interested in renting the unit. This tenant application will include a self-certification for applicants to describe how they were impacted by the disaster. Only applicants with a certified disaster impact will be requested to complete the income verification documentation. Once an income verification is complete, the 12-month term of eligibility commences; if the tenant has not signed the lease agreement by the end of the 12 months, the income must be reverified.

Income verifications must be completed in accordance with [24 CFR 5.609](#) (“Part 5” Annual Income) and submitted in IowaGrants. For more detail on the “Part 5” process, please see the resources in Appendix.

### **Step 3: Processing Eligible Tenants**

The Developer and Grant Administrator will maintain a list of eligible tenants that will be contacted for lease signing once the units are made available. Eligible tenants will each have at least 30 days to sign a lease agreement. Eligible tenants will be processed in phases. Disaster-impacted residents will have the first opportunity to rent a unit. Of this group, households determined as LMI will be provided priority.



Eligible Tenant Processing Phases	Phase I	Phase II	Phase III	Phase IV
LMI Household	✓		✓	
Non-LMI Household		✓		✓
Disaster-Impacted	✓	✓		

IEDA’s Lease Addendum template must be used for lease-up. Tenants will be required to have income verified by the property manager and verified all documentation is complete by the CGA prior to execution of the lease agreement and final move-in using the Housing Unit Verification Form. A Housing Unit Verification form must be completed in IowaGrants at the time of project completion and the initial lease-up in order to verify that the National Objective was met. The project will not meet the National Objective until ALL units are rented. If the National Objective is not or cannot be met, all funds may be required to be paid back in full. For subsequent annual assessments, the tenant may self-certify income every year to meet the Period of Affordability requirements.

For more information on tracking the affordability period, see the Period of Affordability under the Implementation section of these guidelines.

### Application Criteria

IEDA has selected funding criteria to best address the disaster-related unmet needs identified in each affected community and ensure timely project completion. A minimum threshold score will be established to ensure high-quality projects are selected. The criteria used to evaluate each competitive application and award funds will include:

- Applicant has an Active SAM.gov account and Unique Entity Identifier (UEI) #;
  - ***If awarded, SAM.gov account must be kept active throughout the life of the grant agreement.***
- All new units will be constructed outside of the 100- and 500-year regulatory floodplains, as dictated by the Federal Flood Risk Management Standards (FFRMS).
- 51% of the rental units per project must be rented to LMI households at project completion.
  - ***For smaller rentals of a single unit, it must be rented to only LMI individuals during the entire period of affordability.***
- All costs must support an eligible activity.
- All units will have access and connection to municipal utilities, including water, sewer and broadband. Projects dependent on wells and/or septic systems will not be eligible. Municipalities must demonstrate that the proposed units to be constructed can be supported by the existing water / sewer / stormwater utility infrastructure at the time of the application. If the Applicant is additionally seeking water / sewer / stormwater repairs via FEMA-PA or CDBG-DR funding, that construction must not be dependent upon constructing proposed



housing units as a means to expand economic benefit beyond the replacement of list housing stock.

- All units must be connected to publicly owned streets.
- The project will be located in one of the HUD- or grantee-identified MID areas.
- The Developer must demonstrate ownership or site control of the building site.
- Degree to which the Applicant's proposed plans Affirmatively Further Fair Housing.
- The development team has financial stability and demonstrates experience in housing development
- The project is ready to proceed, and the project schedule is detailed and feasible.
- The other sources of funding are well-documented and make up all cited project gap funding that the requested CDBG-DR funds do not cover.
- The pro forma and rent calculation worksheet is detailed and filled out completely and shows the project will be sustainable after the Period of Affordability.
- The budget is comprehensive and reasonable for the project's scope.
- Evidence that each home will be constructed based on a set of blueprints.
- Evidence that the development team has someone on staff or a hired architect/engineer/project manager that will perform construction inspection activities.
- The designs and plans demonstrate that future hazards will be mitigated and that recommendations provided during the IEDA design consultation period were incorporated.
- The development team has experience with the National Green Building Standard (NGBS) and they are integrated into the design a minimum of the Silver NGBS rating, including if they intend to comply with the U.S. Department of Energy Zero Energy Ready Homes program requirements and obtain certification.

### ***Required Application Documentation***

To be scored by IEDA, eligible applicants must include all items identified in this section in their application.

#### **Standard Application Documents: *(Required for Scoring)***

- Notification of Funding Availability (NOFA):
  - *Affidavit of Public Hearing, Public Hearing Minutes with 9 Points, Reso Authorizing the App*
- [HUD Form 2880 – Applicant Disclosures](#);
- [HUD Form 424-B Federal Assurances form](#);
- [Required Acknowledgement of Environmental Review Requirements](#);
- [2 CFR 200 Competition Certification of Compliance](#);
- Community Development & Housing Needs Assessment;
- Financial commitment document (includes terms for all non-CDBG funding sources)



### **Housing Program-Specific Application Documents:**

- Site control documentation
- Proof of sufficient water/ sewer infrastructure for the proposed project
- Map of project location
- Floodplain map
- Current site(s) zoning and an outline of any needed rezonings with a timeline for completion
- Evidence the proposed Developer team has site control;
- Project Design Documents (Site Plan, Rendering, Concept, etc.)
- Project Cost Estimates
- Developer pro-forma
- Support documentation for the project budget
- Demonstration of the ability to obtain construction financing for the entire project
- DOB worksheet
- CDBG-DR Subrogation Agreement signed by the applicant
- Documentation of request for Infrastructure in Support of Housing (if applicable)
- Documentation of request for Mitigation Incentive (if applicable)
- Project timeline/Gantt chart
- Marketing plan, including outreach plan for LMI and underserved populations
- Project team identification

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

### ***Project Team Identification***

All projects will be required to submit the proposed Project Team Detail with their application. The detail will include designation of the project team including, including their roles and responsibilities, clearly indicating supportive roles to the applicant. All must be contractually established (except city officials), and all are eligible for reimbursement. These include, but not limited to:

- CEO: Oversees the UGLG's contractual obligations to the project and all project contractors/vendors.
- Municipal Admin Lead: Oversees financial matters.
- Grant Administrator: Oversees all state and federal funding compliance elements that apply to the project, IowaGrants data entry, and UGLG team liaison.
- Local Counsel: Represents the applicant's interest in all contractual or acquisition matters.
- Municipal Utilities – If the Applicant has a separate municipal utility provider, distinct from the UGLG's departmental staff, that entity **MUST** be part of the project team and demonstrated to be part of project planning and implementation.
- Architect/Engineer:



- Develop plans and assure that contractor builds to plans ;
- Must be a procured licensed professional to work in the State of Iowa;
- General Contractor: Ensure the contractor and subs adhere to contract scope, project schedule, and budget as cited in bids and quotes.
- Labor Compliance Officer: Grant Administrator-designated member that reviews payrolls and completes interviews.
- **For Housing Projects:**
  - Developer: Oversees the planning, financing, and execution of new housing construction in accordance with program requirements.
  - Project Manager (PM): Overall coordination of the project; they can be the Architect/Engineer, or UGLG staff.
  - Housing Inspector: ensures all codes and standards are met and performs the final inspection prior to leasing.
  - Auditor: Individual designated by the Subrecipient; may be a consultant.

## Roles and Responsibilities

### *IEDA Responsibilities*

As the CDBG-DR Recipient, IEDA is responsible for ensuring program compliance and providing oversight throughout the development process. In carrying out these responsibilities, IEDA will:

- Develop program policies and procedures.
- Verify underwriting materials, including income eligibility and the amount of assistance requested.
- Approve final award amounts and authorize the amount and terms of direct assistance provided.
- Disburse CDBG-DR funds to developers for the construction of program-funded housing units.
- Provide required program forms, such as Development Agreements and funding documents and issue any necessary addenda.
- Issue guidance on setting and adjusting rents, ensuring consistency with federal and program requirements.
- Review and resolve grievances or appeals submitted through the program's established process.

### *Subrecipient Responsibilities*

Subrecipients are responsible for managing program activities, ensuring compliance with federal and state requirements, and overseeing Developers to ensure successful delivery of eligible housing units. Subrecipient responsibilities include:



- Procure and contract with a qualified Developer through an RFP process.
- Execute a development agreement incorporating IEDA requirements and milestones.
- Serve as the Responsible Entity (RE) for environmental review compliance under 24 CFR Part 58.
- Contract with an IEDA-certified Grant Administrator (CGA) or eligible COG for project delivery.
- Submit all required reporting, claims, and documentation through Iowa Grants.
- Ensure compliance with federal requirements (Section 3, Davis-Bacon, URA, Fair Housing, Civil Rights).
- Conduct required public hearings (NOFA and SOFA) and maintain documentation.
- Verify that constructed units meet program standards and are sold to qualified LMI buyers.
- Maintain financial records, internal controls, and procurement files consistent with 2 CFR 200.
- Support IEDA with oversight and compliance.

### ***Developer Responsibilities***

As part of the program, developers play a key role in constructing program-funded housing units. They are selected by Subrecipients and receive funding through them, while ensuring compliance with program requirements and supporting tenants through lease-up and occupancy. Developers will:

- Maintain site control and provide required design documents, plans, and specifications.
- Construct units in compliance with local/Iowa building code, NGBS Silver minimum, and mitigation requirements.
- Demonstrate and maintain construction financing prior to reimbursement.
- Submit standardized payment applications (AIA/EJCDC or equivalent) with required cost documentation.
- Market units
- Coordinate with the Grant Administrator on tenant intake, lease agreements, and eligibility steps.
- Ensure units pass all inspections before lease up and provide required program materials.
- Comply with federal labor standards, fair housing requirements, and all program rules.
- Maintain accurate records and provide documentation for IEDA monitoring and project closeout.

### ***Tenant Responsibilities***

To ensure eligibility and maintain compliance with program requirements, tenants must:

- Complete the lease application and provide all required documentation.
- Submit income verification materials and respond to requests for additional information.
- Disclose all sources of assistance to support the Duplication of Benefits (DOB) review.



- Cooperate with the subrecipient, developer, and IEDA during eligibility review.
- Use the property as their primary residence for the required occupancy period.
- Notify the subrecipient/IEDA of any changes in occupancy or income eligibility.

## Project Costs

Any contingencies proposed in the application budget must be at least 10% but may not exceed 15%. As contingencies turn into project costs, they will need to be supported with documentation to be claimed. The developer fee proposed in the application budget may not exceed 10% profit. Contractors and sub-contractors profits must be capped at 10% profit. The grant administrators' Project Delivery fees will not exceed 10%.

Prior to the IEDAs obligation of funds for construction, developers will demonstrate that the engineering co-design for a project is feasible, prior to the obligation of funds by IEDA for construction. CDBG-DR funds are made on a reimbursement basis and therefore, project sponsors must have construction financing for the project to pay contractors and other expenses prior to being reimbursed by IEDA. Therefore, IEDA will require the developer to demonstrate construction financing and submit supporting documentation for estimated project costs prior to the Release of Funds.

All trades will utilize the AIA, EJCDC or equivalent standard payment applications for submitting costs with direct and indirect costs clearly indicated under the "general conditions" or "mobilization" pay item. IEDA will also provide a payment application template upon request.

## Developer Selection

Applicants will be able to select the Developers they choose to work with; a request for proposals (RFP) process is required. Along with a list of required qualifications, Applicants should also include the proposed developer agreement in the RFP, such that terms and conditions of the grant funding requirements are made very clear up front. Part of the developer agreement will be the incorporation of the project milestones and the IEDA grant agreement period of performance. Applicants are reminded that the proposed Developer cannot be currently engaged in litigations of any kind. Additionally, they cannot be a developer or contractor on another active funded project, without the consent of IEDA, due to capacity concerns. Any vendors who work in conjunction with the Developers must disclose their ownership structure and partners to demonstrate transparency for conflict-of-interest avoidance and arms-length separation of legal entities. Vendors shall not have more than one business concern under the same project.

## Project Delivery

### *Grant Administrators*

In order to implement projects effectively, subrecipients are required to utilize IEDA Certified Grant Administrators. The costs associated with implementing projects is called project delivery. IEDA will only award applications with a Grant Administrator (GA) identified to perform project delivery services on the behalf of the Applicant / Subrecipient team. All GA's performing any



activity on a 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 CGA list; 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 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;"*

A full description of anticipated duties and responsibilities of the GA can be found in the CDBG Management Guide. **The maximum reimbursable cost for GA cost is not to exceed 10% total grant award.**

### **Eligible Project Delivery Activities**

Eligible Activity Delivery Costs include, but are not limited to, the following when performed for a **specific CDBG-DR assisted project**:

- **Grant Administrators:**
  - Project-specific environmental review activities under 24 CFR Part 58, including site assessments, statutory checklists, agency consultations, and SHPO/THPO coordination.
  - Income surveys and beneficiary documentation required to establish national objective compliance.
  - Preparing and submitting reimbursement requests with supporting documentation in accordance with 2 CFR Part 200;



- Ensuring Activity compliance with procurement standards, civil rights requirements, fair housing, Federal Labor Standards, Section 3, and other cross-cutting requirements under 24 CFR Part 570;
- On-site inspections, construction monitoring, and compliance reviews necessary to implement the activity;
- Activity-level financial management, including invoice review, payment verification, and expenditure tracking;
- Establishing and maintaining required grant files, policies, records, and reporting systems pursuant to 24 CFR 570.503(b);
- **Other Consultants** (such as archaeologist, architects, engineers, if contracted directly to the Applicant):
  - Consultant or professional services retained solely to carry out tasks specific to the funded activity;
  - Project-specific procurement, bidding, and contracting support;
  - Preparation of bid packages, contractor coordination, and procurement compliance activities in accordance with 2 CFR 200.317–200.327 (typically performed by the Architect or Engineer of Record);
  - Housing program technical services, including inspections, code compliance reviews, construction oversight, and project-specific management;
  - Demolition oversight, appraisal coordination, code inspections, lien development, and participation in mortgage or closing activities associated with housing programs;
  - Preparation and maintenance of activity-specific documentation required to demonstrate eligibility, compliance, and reimbursement allowability;

Reminder: Architects / Engineers contracted by the Developer will be billed under the Developers agreement.

All Project Delivery costs must be **reasonable, necessary, and directly attributable** to the specific CDBG-DR activity being carried out and must be adequately documented to support reimbursement.

Please see [IEDA's Training Resources website](#) for more details.

### **Contract Requirements**

To maintain program integrity and ensure proper cost classification, any Council of Governments (COG) or consultant performing CGA services, along with other project delivery activities, must have a scope of work that clearly reflects activity-level implementation responsibilities. Where a single entity performs multiple functions, contracts must ensure that:

- Project / Activity Delivery tasks are clearly defined and separately identifiable, and
- Invoicing aligns with specific activities or projects, rather than general grant management.



IEDA generally does not require separate contracts for CGA activities and other Project Delivery roles, provided that the contract clearly demonstrates that reimbursed costs are tied to activity-level delivery. However, distinct contracts for CGA and any other Project Delivery activities is preferred.

### *Documentation and Reimbursement*

Project Delivery costs must be:

1. Identified separately from general program administration or other consultants Project Delivery fees in the application and resulting contracts;
2. Supported with detailed documentation demonstrating that the cost is directly tied to a specific eligible project activity; and
3. Allocated only to the project benefiting from the work.

There is no HUD or IEDA-defined cap on Project Delivery costs; however, **all CGA fees are capped at 10% and 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

## 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 LMI National Objective and those projects within the HUD-MID areas, 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:**

- Evidence units will be leased to at least 51% LMI persons (or for single-units, that they will be leased to LMI persons only);
- Applicant has an Active SAM.gov account and Unique Entity Identifier (UEI) #;
- NOFA Public Hearing Minutes are complete with the 9 elements;
- The project will be located in one of the HUD- or grantee-identified MID areas;
- All units will be constructed outside the FFRMS Floodplain areas;
- All units will have access and connection to municipal utilities, including water, sewer and broadband (projects dependent on wells and/or septic systems will not be eligible);
- Project Budget is correct & grant amount requested does not exceed the program cap;
- Grant Administration /Project Delivery fees do not exceed program cap;
- Required Uploads are provided and completed as determined by IEDA.
- The development team has capacity to complete the proposed project;
- The developer must demonstrate ownership or site control of the building site.
- The proposed plans meet the NGBS Silver certification;
- HUD Forms 2880 Applicant Disclosures, HUD Form 424-B Federal Assurances form, 2 CFR 200 competition Certification of Compliance have been submitted.
- The Acknowledgement of Environmental Review Requirements has been submitted
- The Community Development & Housing Needs Assessment has been completed

#### **Scored Criteria:**

- Degree to which the project is ready to proceed;
- Degree to which the project can be completed in a timely manner;
- Magnitude of need for the project:
- Degree of other sources of funding are well documented and / or local match inclusion;
- Degree of budget comprehensiveness and reasonableness for the project scope;
- The designs and plans demonstrate that future hazards will be mitigated
- Degree to which project furthers infill and/or orderly development;



- Degree of development team experience with similar projects;
- The level of development of provided plans, renderings & Specifications;
- Required Mitigation features;
- Description of additional mitigation features to justify additional mitigation construction incentive (if applicable)
- Degree of development team experience with NGBS green building standards;
- Degree of impact the activity will have on the identified need and the standard of living or quality of life of the proposed beneficiaries;
- Degree to which the Pro Forma and rent calculations are detailed with respect to the project size/type.
- Percentage of LMI project beneficiaries.

**NOTE: IEDA strongly recommends reaching out to schedule a consultation regarding the Section 106, environmental review procedures and the proposed design, to ensure that the Applicant team is well aware of all program requirements and any risks or limitations that can be identified and resolved prior to a formal submission!**

## Award

### *Notice of Award*

Once award amounts are determined, 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-DR award will not supplant funding for the project from other sources.

### *Supplanting Funds*

Under the CDBG-DR program, grantees must use federal funds to supplement—not supplant—existing financial resources. Specifically, 24 CFR § 570.200 et seq. clearly prohibits substituting CDBG-DR dollars for local, state, or federal funds that are already obligated or budgeted. HUD's Office of Inspector General has emphasized that CDBG-DR 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 CDBG-DR programs.

These include City, County, FEMA, State, and U.S. Army Corps of Engineers (USACE) funding. IEDA will verify that CDBG-DR funds will not be used for activities reimbursable by, or for which funds are made available by, FEMA or USACE.



Applicants must document the need for CDBG-DR 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. IEDA will require applicants to certify that the CDBG-DR funds will not supplant other available funding that has been budgeted or in the case of FEMA and USACE made available to the applicant.

### ***Cost Reasonableness***

All projects must be cost reasonable. IEDA will determine project cost reasonableness through 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.

### **Appeals**

All appeal requests related to program activities are processed and reviewed by IEDA. An initial review of the appeal will be conducted by a panel made up of IEDA staff. This staff is independent from the group that originally made the decision being appealed. Each appeal will be reviewed against program policies and requirements. The panel will make a recommendation to IEDA Leadership which will approve the final selection. Appeal requests to IEDA must be postmarked within 10 calendar days of the date of service on the original correspondence communicating the decision to be appealed. Appeals must be submitted in writing to:

Iowa Economic Development Authority  
1963 Bell Ave., Suite 200  
Des Moines, IA 50315  
Disaster@IowaEDA.com

The applicant's written request should contain the following information:

- Applicant's name;
- Applicant's mailing address;
- Applicant's telephone number;
- Email address (if available);
- The reason(s) the decision or action is being appealed;
- Documentation that supports the request to overturn the decision;

If appropriate, IEDA may contact the applicant to allow the applicant to provide additional documents to address any deficiency or incomplete information, or to be interviewed to determine the merits of the applicant's appeal. If the action or decision is overturned, notification will specify the corrective action to be taken. The applicant shall be notified of the final determination via Correspondence in IowaGrants and in writing via certified mail.



# Grant Agreement

## Grant Agreement

### Terms and Conditions

A written grant agreement will be provided to the subrecipient before any disbursement of CDBG-DR 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
- Period of performance
- 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 subrecipient (city, county, or tribe) acknowledges and accepts these requirements. By passing a resolution of support and executing a contract with IEDA, the subrecipient 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 city/county/tribe for the award amount.
2. The subrecipient will enter into a contract for project delivery.
3. The subrecipient completes all necessary Environmental Review compliance steps.
4. Release of Funds will be issued by IEDA.
5. IEDA evaluates subrecipient vendor contracts prior to execution for eligible costs.
6. The subrecipient will provide any stipulated pre-construction deliverable prior to incurring construction costs.

### Section 106 of the National Historic Preservation Act

Part of the environmental review process, Section 106 of the National Historic Preservation Act of 1966 (NHPA) outlines the process of identifying and assessing the potential effects of a federal undertaking on historic and archaeological resources. The process consists of four steps:



1. Initiating the Section 106 process.
2. Identifying and evaluating historic properties.
3. Assessing the undertaking's effects on historic properties.
4. Resolving adverse effects on historic properties.

The first step is to review the Programmatic Agreement IEDA has with the State Historic Preservation Office (SHPO). It is available in the CDBG Management Guide on the IEDA website. It will list if the project is programmatically excluded from review or must complete a full Section 106 review. If a full Section 106 review is necessary, follow the steps as outlined in the CDBG Management Guide.

It is important to initiate the Section 106 process early as it can take a great deal of time if a full section 106 review is necessary and the project will have an impact on historic properties. The length and intensity of the Section 106 process will be dictated by site-specific circumstances, and there is no easy fix for Section 106 issues if they pop up. The sooner the Section 106 process is complete, the easier it will be to form a reasonable timeline for the rest of the environmental review period.

An applicant may have site control only through a non-binding, contingent form of control—such as an option-to-purchase agreement with nominal consideration, explicitly conditioned on completion of the environmental review—without violating the “choice-limiting actions” prohibition under 24 CFR 58.22. Applicants may NOT hold binding purchase contracts, undertake acquisition, construction, rehabilitation, or any action that commits the project to a site before environmental clearance.

**Note: If you have questions or concerns regarding the section 106 process or surrounding choice limit actions, please reach out to IEDA for consultation before proceeding. Choice limiting actions can lead to site ineligibility.**

### 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, but the specific timeline will be dependent 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 subrecipient or its partners. These include actions to commit or spend CDBG-DR or non-HUD funds for activities including but not limited to:

- Purchase of property or structures (including executing an option agreement).
- Bidding (or advertisement of bids).
- Signing construction contracts of any kind.
- Construction, demolition, rehabilitation, repair, conversion, site improvements, and any phase of construction activities.



- Platting and rezoning land (can work on preliminary plans and rezoning needs).
- Apply for building permits.

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 subrecipient grant agreement upon review of the formal request. Subrecipients may request a grant amendment to extend the period of performance, for scope changes, or for budget changes that affect the CDBG-DR grant award. IEDA will review the submission and determine whether a grant amendment is warranted. Subrecipients must submit the request for a grant amendment as soon as the need is identified.

## Timeliness and Project Completion

All IEDA contract awards have a standard three-year period of performance. The grant agreements also require that each Subrecipient provide claims for Activity costs within 6 months of award, and every 90 days thereafter. Further, IEDA has developed projections based on each quarter's expected performance. The project manager will also 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 project manager will continue to monitor the expenditure rate.

If the project manager has concerns about the spending discrepancy or the status of project deliverables/tasks, or the recipient has reported a spending discrepancy for 2 consecutive years, the project manager will confer with the CDBG-DR Team Lead for the next steps according to the Risk Assessment and Monitoring Polices. One of the following actions will be taken:

- Annual spending projections will be amended;
- Project manager will continue to monitor the project status and implement technical assistance as required;
- A meeting with subrecipient and grant administrator will be held and subrecipient 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 CDBG-DR grant agreements and documents incorporated by reference will explain the roles and responsibilities, identify the project(s) to be funded with CDBG-DR funds, the total budget, the grant milestones, and the requirements for the use of CDBG-DR funds.



Claims for reimbursement will be submitted by the subrecipient's Certified Grant Administrator (CGA) via the online [www.iowagrants.gov](http://www.iowagrants.gov) system. The subrecipient 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 included.
- A Contractor 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. Projects that experience protracted Release of Funds will be addressed on a case-by-case basis. As a standard, the IEDA Project Manager will notify the Subrecipient if payment is withheld due to delinquent reporting of any kind. Once funds requests are approved by project staff, IEDA Fiscal sends payment to each subrecipient ACH. Per the Subrecipient Agreement, the final Claim will be submitted within 30 days prior to the grant agreement period of performance end date.

All construction trades will utilize the AIA, EJCDC or equivalent standard form of Payment Applications for submitting costs with direct/indirect costs clearly indicated under the "general conditions" or "mobilization" pay item. IEDA will also provide a payment application template upon request

### ***Retainage Requirement***

IEDA will withhold all final claims until vendors are shown to be paid in full and compliance documents and reports are provided. As such, the subrecipient shall retain 10% of all contract values as retainage until 100% of all Work defined in contractors' scope is completed and the Grant Administrator has acquired all compliance documents, reports, releases of liens from the participating contractors. Once the Grant Administrator 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. IEDA reserves the right to reduce retainage on a case by case basis.

### ***Recapture of Funds***

Subrecipients must be aware that CDBG-DR 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. 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 subrecipient spends CDBG-DR funds on unapproved costs, IEDA is required to reduce or recapture funding. In such cases, IEDA staff will work with the subrecipient 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. Recapture also occurs for violations to the affordability period and other violations.

### ***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-DR 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. Proceeds generated from the use of CDBG-DR funds are considered program income when the total amount of any CDBG-DR program income received by the Subrecipient in a fiscal year exceeds \$35,000, at which time the entire \$35,000 and the excess are considered program income. Program income received by the Subrecipient shall be returned to IEDA. Developers are not subject to Program Income.

IEDA does not anticipate generating program income.

### **Building Codes**

All units shall be designed and constructed in accordance with all locally adopted and enforced building codes and standards. In the absence of locally adopted or enforced building codes and standards, the requirements of the current Iowa State Building Code shall apply. The designated Housing Inspector in conjunction with the architect will oversee compliance with building codes. All homes or buildings are required to have a basement or a FEMA certified safe room that can accommodate all residents.

### ***Green Building Standard***

IEDA requires at a minimum the ICC-700-2025 National Green Building Standard (NGBS) Silver rating for all new construction. Additional points will be awarded for applications that demonstrate a higher certification of the NGBS. The NGBS includes universal design, which ensures access to the units for persons with mobility, hearing, or vision impairments. Any exceptions to universal design granted under this program will not reduce the total number of universally-design multifamily units below the federal requirements.

### ***Radon Testing Requirements***

According to CPD Notice: 23-103, the U.S Housing and Urban Development (HUD) clarified that under 24 CFR 58.5(i)(2)(i) and (ii), all properties proposed for use in HUD programs must be free of hazardous materials such as radon gas, contamination, toxic chemicals and gases, and radioactive substances that could pose a hazard to the health and safety of occupants or interfere with the intended use of the property. The environmental review process, whether falling under Categorically Excluded Subject to 58.5 ("CEST"), Environmental Assessment ("EA"), or Environmental Impact Statements ("EIS"), may not be considered complete until radon evaluation is performed as part of the site contamination analysis. The environmental review process is concluded only when a determination of whether the project site is impacted by radon, and where applicable, mitigation of radon or application of an exemption is documented in the Environmental Review Report (ERR).



Radon testing and mitigation are required for those -projects that meet the following criteria:

- a. Those with a confirmed environmental review level of Categorically Excluded Subject to 58.5 ("CEST"), Environmental Assessment ("EA"), or Environmental Impact Statements ("EIS"), and
- b. For CDBG projects involving a structure that is occupied or intended to be occupied for at least four (4) continuous hours a day.

This requires that all Housing projects are required to conduct a Section 106 Review.

A complete Section 106 form is required when the radon level is found to exceed the 4 pCi/L (picocuries) limit. If the radon level were below the required limit for mitigation, a Section 106 form is still required; however, you are only required to complete the PA form as "Exempt". The cost of testing (admin) and mitigation (part of the overall construction expense) are eligible program costs

### **Prior to Lease Signings**

Prior to signing unit leases, the following must be in order:

- All infrastructure will be completed and operational.
- All units will be inspected and unit quality cleared.
- All site work will be completed.
- Lease documentation must be reviewed by IEDA.
- Income verification of tenants will be validated by the GA and/or IEDA prior to execution of lease agreements or tenant move-in.

### **Mitigation Measures & Mitigation Construction Incentive**

#### ***Mitigation Measures***

This program will provide high-quality, durable, resilient, mold-resistant, energy-efficient, decent, safe, sanitary housing. Mitigations measures may include, but are not restricted to:

- Using flood resistant nonporous flooring materials
- Adding waterproof veneer to foundation, exterior walls, windows and doorways
- Elevating the home foundation and sealing cracks
- Enhancing drainage systems (e.g., installing backflow valves)
- Installing flood barriers (e.g., floodgates or flood panels)
- Incorporating new wind resistant features
- Using mold-resistant products

All new construction work will be designed to incorporate mitigation measures to withstand damage against the impact of future disasters.



Certain projects may be funded with the Mitigation Set-Aside allocation. These projects will address a mitigation need, like flooding and wind, identified in the mitigation needs assessment for the MID areas.

In order for a project to meet the requirements to be funded with mitigation set-aside funding the project must:

- Meet the definition of mitigation activities - activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.
- Address the current and future risks as identified in the mitigation needs assessment in the Action Plan.
- Be an eligible activity as listed in this policy
- Align with existing hazard mitigation plans submitted to the Federal Emergency Management Agency (FEMA) or other state, local, or tribal hazard mitigation or long-term recovery plans.

### **Mitigation Incentive**

In addition to the developer incentive a mitigation incentive is also available. The amount of subsidies is listed in the Maximum Award section of this document. The incentive is to increase the housing units' resilience above and beyond the required mitigation measures. The incentive will boost the already designed features that will help the home withstand to future natural disasters. Funding will only be available to mitigate against disasters identified in the applicant county's Hazard Mitigation Plan.

### **Infrastructure in Support of Housing Incentive**

'Infrastructure in Support of Housing' incentives can only be claimed when used in support of public infrastructure to support the specific rental construction. The public infrastructure must be owned and maintained by the city/county/tribe through either the transfer of ownership or another legal agreement. Additionally, the incentive cannot be used to increase the communities' treatment works capacity; it can only be used to extend the water, sewer or other utilities piping and appurtenances to the development site. Regardless of whether grant funds are used to support infrastructure for the housing units, all water and sewer infrastructure must be in place before housing unit construction can begin.

Public infrastructure must be accessible to the general public and serve a delineated service area. No utilities on private property will be considered public infrastructure (e.g., service lines from the right-of-way into the housing unit). Examples of public infrastructure include but are not limited to:

- Streets
- Street curbs and gutters
- Street trees
- Access roads



- Bridges
- Sidewalks
- Multi-use paths/trails
- Water lines and supporting infrastructure
- Sewer lines and supporting Infrastructure
- Stormwater lines and supporting infrastructure
- Electric, gas, and broadband lines

In addition to publicly owned utilities, assistance to non-profit or for-profit privately owned utilities is allowable. If assisted, the privately owned utilities must comply with the following:

1. The funded activity must comply with applicable CDBG–DR requirements.
2. That the activity prioritizes activities that will benefit areas where at least 51% of the residents are LMI persons and demonstrate how assisting the private, for-profit utility will benefit those areas.
3. The level of assistance provided to a private, for-profit utility addresses only the actual identified needs of the utility.
4. The level of assistance to a private, for-profit utility, based on the business’s financial capacity, in order to ensure that assistance is based on actual identified need.

For all applications that require the construction of infrastructure in support of housing, the applicant will provide a line-item request for each infrastructure item based on anticipated costs of construction, provide support documentation for these costs, and demonstrate that funding is not available through other existing federal, state, or local programs (e.g. TIF, DOT, general fund, etc.). All infrastructure in support of housing is subject to federal labor standards, Davis Bacon prevailing wage compliance and any other applicable state and local public works requirements. Infrastructure contracts must be separate from housing contracts.

Infrastructure in support of housing is available to both the owner-occupied and rental new housing construction programs. Higher scoring applications in both programs will receive the first opportunity to access these funds based on a demonstration of need.

The amount of subsidies available can be found in the Maximum Award section.

Higher scoring applications in both programs will receive the first opportunity to access these funds based on a demonstration of need. All infrastructure in support of housing construction is subject to Davis Bacon if it exceeds \$2,000 in funds. Infrastructure in support of housing that is constructed by a developer is exempt from procurement. Infrastructure in support of housing that is constructed by the subrecipient is subject to procurement. Any construction contracts procured through awarded projects must comply with the Bonding Requirements.



## Period of Affordability

The affordability period will be 15 years for single-family housing units (1-4 rental units on a site) in a project awarded 4 or fewer units, and 20 years for multi-family housing units (5+ rental units on a site) or in a project awarded 5 or more rental units. The affordability period restrictions will be recorded as a covenant running with the land. Incentive amounts per unit will be recorded as a forgivable mortgage on a non-receding basis and subject to recapture if the terms of the affordability period are violated.

At least 51% of units must be leased to LMI persons with household income at or below 80% of the area median income. In the instance of single unit constructed, this will be only rented to LMI persons during the affordability period.

During the lease application period, income verification must be completed by the GA prior to tenant move-in that occurs in a 2-phase process:

1. Draft submission to assess for LMI and other eligibility concerns and then
2. A final submission with fully executed documents to retain in the project file.

The maximum rental price of the housing units cannot exceed the 65% HOME rent limits for the county in which the rental unit is located, minus the utility allowance as calculated annually by the local housing authority. This figure affords the widest available opportunities for LMI households to rent the housing units while, coupled with program incentives, still allow for the construction of high-quality housing exceeding the sale price in value.

## Tracking the Affordability Period

Each project will be required to annually submit an affordability period compliance spreadsheet to IEDA. This report will be due for the prior calendar year (January 1-December 31) and submitted to IEDA by January 15th. It may be submitted to the IEDA Disaster Recovery Team or otherwise designated contact via email.

All tenants for initial occupancy will be required to complete income verification ahead of lease signing. When calculating income for tenants, verifications must be completed in accordance with 24 CFR 5.609 (“Part 5”) and submitted in IowaGrants. For more detail on the “Part 5” process, please see the resources in Appendix. Unless otherwise changed by HUD for the HOME program, tenants will be expected to provide two months of supporting documentation of pay stubs, employer verification coming directly from the employer and not the tenant, employment offer letter when moving into a unit. Full-time, undergraduate students under the age of 24 are not generally allowed. Income verifications are valid for twelve (12) months from the date verification was completed.

For the following Period of Affordability, the developer will recertify the tenants’ income annually and provide completed certification forms to IEDA (see Period of Affordability Documents in Appendix). The original LMI to Market-rate ratio of units must be maintained during this entire period. Self-certifications of income will be allowed for up to three renewals (years 1-4). Before



the tenant renews for their fifth year in the rental community, they will be required to undergo a full income verification.

The annual compliance spreadsheet will include the following:

**Tab 1**

Required Row	Details
Subrecipient	City/County/Tribe originally awarded CDBG-DR funds
Contract number	Original contract number between IEDA and the subrecipient
Rental project name	Name of the rental project
Rental project owner	Owner of the rental project
Rental project owner contact information	Email and phone number
Rental community address	Address, including city, for the rental community
Review date	Should be as of December 31

**Tab 2**

Required Column	Unit Type
Unit number	All units
LMI/Market Rate indication for the unit	All units
Number of bedrooms	All units
Rent amount	All units
Tenant last name	Income restricted
Date of most recent income verification	Income restricted
Date of most recent income self-certification	Income restricted
Tenant income	Income restricted
Number of persons in the household	Income restricted
80% Area Median Income for household size	Income restricted
Self-reported female head of household	Income restricted
Self-reported Hispanic/Latino ethnicity	Income restricted
Self-reported race	Income restricted

IEDA reserves the right to monitor projects at any point during the affordability period and review supporting documentation for information submitted on annual compliance spreadsheets.



## Connection to Publicly Owned Infrastructure

All housing units must be connected to utilities at the time of completion, including to municipal water, sewer, and broadband. No applications proposing connections to wells or septic tanks will be accepted. All housing units must be connected to publicly owned streets.



# General Program Requirements

## General Program Requirements

### Floodplain Requirement

All Activities must occur outside of the HUD-defined Federal Flood Risk Management Standard (FFRMS) Floodplain. Under HUD's 2024 Final Rule, the FFRMS floodplain may extend beyond the FEMA mapped 100-year and 500-year floodplains through the Climate Informed Science Approach (CISA), the 500-year floodplain approach, or the Freeboard Value Approach. No exceptions are permitted for new construction within the FFRMS floodplain. In limited circumstances where rehabilitation or other nonconstruction activities occur within the FFRMS floodplain, the applicant must provide documentation demonstrating compliance with all applicable elevation, floodproofing, mitigation, and environmental review requirements under 24 CFR Part 55, including justification of how the activity will preserve or enhance safe access for LMI households and how any flood risk reduction measures—existing or planned—adequately address future flood hazards.

### Procurement and Contracting

Subrecipients 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.

Developers are not required to procure their contractors or subcontractors.

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

CDBG-DR funds are not required to follow the Build America, Buy America Act (BABA). It requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver.

Any construction contracts procured through awarded projects must comply with the Bonding Requirements.

### Violence Against Women Act (VAWA)

UGLG & Subrecipients 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. Subrecipients 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](#).

### Section 3

All projects receiving more than \$300,000 in HUD assistance at a project site are required to comply with the Section 3 rule, as detailed in [24 CFR Part 75](#). This includes tracking of all labor hours on the project sites, including projects not subject to Davis Bacon, and qualitative efforts undertaken to demonstrate compliance.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

### Davis Bacon

Projects of eight or more housing units are subject to Davis Bacon prevailing wage requirements. All infrastructure in support of housing is subject to Davis Bacon.

If applicable, Contractors must comply with the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act (CWHSSA), and the Copeland Anti-Kickback Act (the Copeland Act) commonly referred to as the Davis-Bacon and Related Acts (DBRA).

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

### Uniform Relocation Act

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended (the URA) and its implementing regulations at [49 CFR 24](#), establish minimum standards for federally funded programs and projects requiring the acquisition of real property or displaced persons from their homes or businesses. The URA applies broadly to all planned or intended federally funded projects, funded in part or in-whole where acquisition, rehabilitation or demolition occurs in any phase.

At the time of application, the developer must own the project site or be able to demonstrate site control. The application must indicate any impacted properties, and whether the property is owner-occupied or tenant occupied. The project must consider potential impacts to tenants<sup>1</sup>. If an identified project results in tenants leaving their homes involuntarily (being displaced), the tenants may be eligible for Tenant Relocation Assistance under the URA. These requirements apply to the relocation of any displaced person as defined at 49 CFR § 24.2(a)(9). Displaced persons under this definition must be fully informed of their rights and entitlements to relocation assistance and payments provided by the URA and its implementing regulations.

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<sup>1</sup> HUD's [Tenant Assistance, Relocation and Real Property Acquisition Handbook](#) (1378.0)



Subrecipients must budget and plan if relocation occurs. Part of relocation assistance will require determining the needs of potential displaced persons or entities. Subrecipients will need to provide methods for identifying these needs such as site visits, interviews, and orientations as well as budget development variables such as housing market conditions, acquisition costs, relocation payments, and other costs.

Subrecipients are required to follow the [Uniform Relocation Assistance and Real Property Acquisition Policy](#) which is on IEDA's website.

### Minimize Displacement

IEDA will require Subrecipients to minimize displacement associated with funded activities. Subrecipients will be required to submit a Residential Anti-displacement and Relocation Assistance Plan (RARAP) with their applications. The type of activities planned should not result in displacement. However, if displacement does occur, Subrecipients will follow their RARAP by assisting displaced entities and persons and ensure the accessibility needs of displaced persons with disabilities.

IEDA has a CDBG-DR Residential Anti-displacement and Relocation Assistance Plan (RARAP) which can be found on the IEDA website. It is acceptable for subrecipients to adopt the IEDA RARAP or they can create their own.

Subrecipients must budget and plan if relocation occurs. Part of relocation assistance will require determining the needs of potential displaced persons or entities. Subrecipients will need to provide methods for identifying these needs such as site visits, interviews, and orientations as well as budget development variables such as housing market conditions, acquisition costs, relocation payments, and other costs.

### Long-term Sustainability

All newly constructed infrastructure that is assisted with grant funds must be designed and constructed to support the communities' needs for the lifecycle of the constructed infrastructure and withstand extreme weather events. Applicants should provide narratives that cite strong financial plans to support the infrastructure for the life of the infrastructure and cite designs that directly address resiliency.

Additionally, IEDA must identify and implement resilience performance metrics that will protect the public from any risks identified in the Action Plan. IEDA will review projects to determine which metrics are suitable for reporting to HUD through the DRGR system. Examples of resilience performance metrics include:

- Number of non-residential buildings constructed
- Number of public facilities
- Number of fewer outages of critical facilities and utilities
- Number of linear feet of public improvement



- Number of properties with access above 100 year or 500-year flood level
- Number of residents protected from future flooding

For purposes of this requirement, an infrastructure activity includes any activity or group of activities (including acquisition or site or other improvements), whether carried out on public or private land, that assists the development of the physical assets that are designed to provide or support services to the general public in the following sectors:

- Surface transportation, including roadways, bridges, railroads, and transit; aviation; ports, including navigational channels;
- Water resources projects;
- Energy production and generation, including renewable, nuclear, and hydro sources;
- Electricity transmission;
- Broadband;
- Pipelines;
- Stormwater and sewer infrastructure;
- Drinking water infrastructure;
- Schools, hospitals, and housing shelters; and
- Other sectors as may be determined by the [Federal Permitting Improvement Steering Council](#).

For purposes of this requirement, an activity that falls within this definition is an infrastructure activity regardless of whether it is carried out under sections 105(a)(2), 105(a)(4), 105(a)(14), another section of the HCDA, or a waiver or alternative requirement established by HUD.

## Fair Housing and Civil Rights

IEDA, Subrecipients, and developers must ensure that all program activities comply with applicable federal fair housing and civil rights laws. No person may be denied access to the Single-Family New Construction Program based on race, color, national origin, religion, sex, gender identity, sexual orientation, age, familial status, disability, or any other protected characteristic. Program partners must incorporate equal opportunity standards into marketing, outreach, eligibility review, sales practices, and all interactions with applicants.

Subrecipients and developers must include required fair housing language in program materials, provide reasonable accommodations to applicants with disabilities, and ensure effective communication for individuals with limited English proficiency. Any fair housing concerns, complaints, or allegations of discrimination must be documented and referred to IEDA for review and resolution in accordance with state and federal requirements.

## 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'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 Subrecipient organization, responsible for the financial management of a project. This person should be familiar with their organization's accounting system and how the accounting of grant funds is integrated into the Subrecipient's existing system. Refer to [2 CFR 200.303](#) for more information.

Subrecipients 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. Subrecipient and grant Administrator 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

Subrecipients must ensure that they have policies and procedures for expending and accounting for all CDBG-DR funds received and to maintain adequate source documentation to demonstrate that CDBG-DR funds are used in compliance with all the terms and conditions of the CDBG-DR award, only spent for reasonable and necessary costs, and not used for general expenses to carry out other responsibilities of State and local governments. More information on the minimum requirements can be found in the CDBG Management Guide. The financial policies will also ensure the following are met:

1. The Subrecipient will charge the CDBG-DR award only allowable costs incurred during the period of performance and any authorized pre-award costs.
2. When grant funds are transferred to Subrecipients, the Subrecipient will minimize the time elapsing between the receipt of funds from the state and the transfer of funds to contractors. Must be paid within 10 days of receipt of funds.



3. If applicable, Subrecipients 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, subrecipients will notify IEDA of the changes and any substantial changes will be approved by IEDA.
5. Subrecipients will submit to HUD mandatory quarterly progress reports for IEDA's review of program progress.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

### Duplication of Benefits Review and Subrogation

Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act prohibits any person, business, or other entity from receiving duplicative financial assistance for the same disaster recovery purpose from multiple sources of federal and other support (42 United States Code [U.S.C.] 5155(a) and (c)). Duplication occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular disaster recovery purpose. The amount of the duplication is the amount of assistance provided in excess of need.

Per CDBG-DR regulations, the program's Subrecipients are required to disclose all other benefits (e.g., cash, in-kind, grants, loans) received, or which will be received for the proposed project to ensure that federal funds do not duplicate funds received from other sources.

Typical sources of duplication of benefits include, but are not limited to, the following:

- Federal Emergency Management Agency (FEMA) Public Assistance
- FEMA Hazard Mitigation Grant Program
- FEMA National Flood Insurance Program
- FEMA Increased Cost of Compliance Benefits
- U.S. Army Corps of Engineers
- Commercial insurance
- Insurance and personal property replacement
- Forced mortgage payoffs
- Philanthropic cash assistance
- Subsidized loans

IEDA will perform a duplication of benefits analysis for each project that includes:

1. Assessment of applicant's total need
2. Identify total assistance
3. Exclude non-duplicative amounts
4. Exclude funds for a different purpose
5. Exclude funds for the same purpose, different allowable use



6. Identify a final DOB amount (if any) and calculate the award, and
7. Reassess unmet need when necessary.

IEDA will verify that Subrecipients did not have other local or state funds designated or planned for the activity in any capital improvement plan or budget.

Applicants must agree to subrogate (commit to the State) any future payments they may receive after the award amount is determined from sources that represent a potential DOB. The subrogation agreement requires the entity to notify the State if additional funds are received and to assist the State in collecting any amounts owed to the entity from these sources.

IEDA's DOB policy which outlines the DOB process in more detail is available on the IEDA website.

*Warning: Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729.*

### **Conflict of Interest**

No persons who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of Subrecipients that are receiving funds under this part who exercise or have exercised any functions or responsibilities with respect to grant-funded 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 grant assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a grant assisted activity, or with respect to the proceeds of the grant-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

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 visit (“site visits”) at least once during the life of the grant, per the CDBG Management Guide. The Risk Assessment will assist 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 project manager, and based on the outcome score, the project manager will determine if or when a Subsequent site visit is required. Per 200.331(b), IEDA will evaluate each Subrecipient’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 administrator familiar with CDBG-DR and have they attended mandatory IEDA trainings?
- Project Compliance: Are there outstanding compliance or reporting concerns?
- Program Income: Has the contract generated program income?
- QPR Tracking: Is the program reasonably on track?

IEDA will schedule a Site Visit with the Subrecipient upon the expenditure of at least 50% of the award by a subrecipient, or upon 50% construction. The project manager will email the Subrecipient and Grant Administrator to schedule the visit. Site Visit information and forms will be made available and completed in IowaGrants. The 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 subrecipient and grant administrator; 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.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

# Closeout

## Closeout

The IEDA grant agreement specifies that all closeout deliverables are due to be completed, along with final claims, within 30 days prior to the contract date. To close out the project, IEDA staff will verify the following:

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.
  - Confirm national objective met.
  - **Project Photos acquired for before & post project completion.**
  - NGBS and IDALS Stormwater elements are completed and signed off / certified.
  - All conditions and clearnaces have been filled out and documentation uploaded.
  - All housing unit verifications have been submitted and approved. Ensuring verifications match the number of awarded units.
  - Confirm final compliance reporting is complete:
    - Subrecipient Section 3 Reports, IEDA Semi-Annual Labor Standards Reports;
- Financials:
  - Confirm that the total reimbursement through the program and verify that the accounting is accurate.
  - Confirm that the 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
  - Risk Assessments and Site Visits are complete.
  - All Monitoring issues have been resolved and documented in the project file.
  - Assignment of Leases & Rents documents on file.
  - Executed Rental Covenants & UCC / Addendum on file.
  - Confirm documentation is retained for any critical decisions made or policies developed (for future audits).
  - Closeout applicant files and make sure files are consistently organized.
    - Closeout individual activities.

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

- A final public hearing has been held.



- 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 special conditions of the program were met.
- All audit and monitoring issues were resolved.

### 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. Subrecipients must also have a single or program-specific audit if they meet the \$1 million expenditure threshold.

If IEDA is disbursing grant funds to Subrecipients, IEDA is required by [2 CFR 200.331](#) to ensure that subrecipients comply with Subpart F. IEDA will verify that Subrecipients, 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-DR funding, and if there are findings that the Subrecipient has taken corrective action.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

### Records Management

IowaGrants.gov is intended to serve as the primary medium for administering grant funds and tracking the various compliance requirements stated in the grant agreement, the CDBG Management Guide and this Program Guide. However, the Subrecipient must maintain complete and accurate records that fully document compliance with all 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 Subrecipient must retain all documentation of this project for three years after the entire grant between IEDA and HUD is closed. IEDA grant closeout with HUD is anticipated in 2031. IEDA will notify all Subrecipients when documentation retention is no longer required. Subrecipients may also contact IEDA to inquire about document retention times for the grant.



# Appendix

## Appendix

Marketing Plan Checklist.....A-1  
Income Verification Guidance for Subrecipients .....A-3  
Housing Unit Verification Form.....A-4



## Marketing Plan Checklist

*This checklist is provided as a planning and compliance aid. Developers remain responsible for complying with all applicable federal and state requirements, including Fair Housing laws, CDBG-DR program rules, and local ordinances. Adaptation of this checklist must not result in discriminatory practices or preferential treatment inconsistent with program requirements. Marketing of units on social media should be used as much as possible.*

### Example Marketing Plan Checklist

#### Phase 1: Post-Award / Pre-Construction (0–90 Days After Grant Award)

Objective: Establish compliant marketing infrastructure early.

- Designate a Marketing & Lease-Up Lead (developer, property manager, or third-party consultant)
- Develop a written Marketing & Outreach Plan aligned with Fair Housing and AFFH requirements
- Confirm target LMI income bands, anticipated rents, bedroom mix, and accessibility features
- Coordinate with the Grant Administrator to confirm income verification standards and timing
- Create preliminary project branding (project name, description, expected availability window)
- Prepare compliant marketing templates:
  - Equal Housing Opportunity logo and statement
  - Non-discriminatory language review
- Identify priority outreach partners (housing authorities, service providers, workforce agencies)

#### Phase 2: Early Construction (10–40% Construction Complete)

Objective: Begin awareness-building without accepting applications prematurely.

- Launch a project information webpage or landing page
- Establish a no-commitment interest list (email / phone capture only)
- Distribute informational flyers to:
  - Local employers
  - Community action agencies
  - Disaster recovery case managers
- Conduct informational briefings with:
  - Local housing counselors
  - Nonprofit service providers
- Coordinate with local governments to post information on:
  - City/county websites
  - Community bulletin boards
- Track all outreach activities in a Marketing Log (date, method, audience)



### **Phase 3: Mid-Construction (40–70% Construction Complete)**

Objective: Build a qualified prospective tenant pool.

- Refine projected rent ranges and unit availability dates
- Begin targeted outreach to income-eligible populations, including:
  - Disaster-impacted households
  - Workforce households
  - Seniors or persons with disabilities (if units are designated)
- Coordinate with housing authorities regarding:
  - Housing Choice Voucher compatibility (if applicable)
  - Referral pipelines
- Release anticipated application timeline (without collecting full applications yet)
- Provide pre-screening checklists to interested households (income ranges, household size)
- Conduct informational sessions (virtual or in-person) explaining:
  - Expected rents
  - Income eligibility basics
  - Accessibility and reasonable accommodation processes

### **Phase 4: Late Construction / Pre-Lease-Up (70–90% Construction Complete)**

Objective: Transition from outreach to formal application readiness.

- Publish formal leasing notices with anticipated move-in dates
- Open application intake window (as permitted by program policy)
- Implement standardized application intake procedures
- Coordinate income verification workflow with the Grant Administrator
- Schedule unit tours or open houses (as construction allows)
- Maintain waitlist management procedures consistent with Fair Housing requirements

### **Phase 5: Lease-Up and Initial Occupancy**

Objective: Complete compliant occupancy of LMI-designated units.

- Verify income eligibility for each assisted unit prior to lease execution
- Execute leases consistent with rent limits and affordability requirements
- Document unit designation (LMI vs. non-LMI) in project files
- Update Housing Unit Verification Forms (HUVF), as applicable
- Retain all marketing, outreach, and tenant selection documentation

### **Ongoing Compliance and Recordkeeping (Affordability Period)**

Objective: Maintain defensible records demonstrating ongoing compliance.

- Retain marketing logs and outreach materials
- Maintain tenant files for LMI-designated units



- Document tenant turnover and re-verification events
- Submit required reports to the Grant Administrator / IEDA

### **Best-Practice Notes (Non-Mandatory)**

- Early outreach does not constitute tenant selection and should avoid promises or guarantees
- Interest lists should clearly state that placement is not guaranteed
- Outreach should be geographically and demographically broad to support AFFH
- Coordination with service providers can significantly reduce lease-up delays

## **Income Verification Guidance for Subrecipients**

Under the Federal CDBG/ CDBG-DR regulations, Subrecipients must select and use one of three methods for calculating income to determine if households are eligible to participate in a CDBG program.

IEDA has made the determination that communities receiving CDBG/CDBG-DR funding should use the Part 5 definition of income when collecting information and verifying income for potential homeowners.

The Part 5 definition of income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. A detailed list of income and asset sources can be found in federal regulation 24 CFR 5.609 (regulation attached).

To verify income, the following documents must be collected from homeowners:

- IRS form 1040/ tax return from the most recent year
- Disclosure of all anticipated income for the next 12 months with documentation (sample income verification form attached)

### **Notes**

- Documentation used for CDBG income verification is valid for 12 months.
- 3rd party verification of income is allowed under the CDBG program and is considered a best practice when verifying documentation provided by a homeowner, homebuyer, or tenant. However, 3rd party verification is not required.

### **Additional resources:**

HUD has an on-line income calculator that can be used to help determine a household's annual gross income for establishing eligibility for assistance. Communities and grant administrators may reference the CPD Income Eligibility Calculator at <https://www.hudexchange.info/incomecalculator/>.

HUD's "Technical Guide on Determining Income and Allowances under the HOME Program," is a very thorough and detailed guide. This guide may be helpful when assessing how to handle particular assets. The guide can be found at: <https://www.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf>.




**Income Verification Form Links:**

- Sample Income Verification Form (Initial Lease-Up):  
<https://opportunityiowa.gov/media/3212/download?inline>
- Period of Affordability Self-Certification of Income (Year 2-3):  
<https://opportunityiowa.gov/media/3855/download?inline>

## Housing Unit Verification Form

This form will be filled out in IowaGrants.

 **Housing Unit Verification** - Current Version

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Project Address:

City:

Zip Code:

Total Units in Project:

Construction End Date:

Certificate of Occupancy (if available):  Select file

Home Inspection (if available):  Select file

Period of Affordability End Date:

This field will be completed by your EDA Project Manager upon approval.

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**Property Owner Information**  
Contact information listed here will be used to collect affordability information in years 2 - 5.

Property Owner/Management Company Name:

Address:

City/ State/Zip:

Phone:

E-mail:

Additional Property Owner/Management Company Name (if applicable):

Address:

City/ State/Zip:

Phone:

E-mail:

Support documentation:  Select file