



CITY OF BELLINGHAM
Community Development Division
CDBG-CV Duplication of Benefits (DOB) Policy

Title: CDBG-CV Duplication of Benefits (DOB) Policy
Created: December 18, 2020
Department: Planning and Community Development Department
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Purpose

As a recipient of federal HUD CDBG-CV funds, the City of Bellingham (“City”) is to ensure that CDBG-CV funds are used consistent with program requirements. HUD requires that there are adequate procedures in place to prevent any duplication of benefits (“DOB”), and to ensure HUD complies with this requirement, this responsibility is passed on to all CDBG-CV grantees. Establishing a process to effectively identify and prevent DOB is critical for CDBG-CV grantees to effectively manage the multiple active funding streams related to coronavirus response and efficiently target CDBG-CV resources to meet unmet needs within the community. This policy ensures that there is no DOB for any entity receiving CDBG-CV assistance from the City.

Definitions

- DOB: Duplication of benefits (DOB) occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance.
- Subrecipient: Subrecipient means a nonprofit organization selected by the City to receive a portion of the City’s CDBG-CV (or other federal) funds.

Scope

This policy applies to all City employees or consultants who oversee agreements or contracts with Subrecipients.

Policy/Conditions

1. Authority

This policy shall be under the direction and authority of the Housing and Services Program Manager, as that authority has officially been delegated by the Director of the Planning and Community Development Department, and by the Mayor of the City of Bellingham. Within the CDBG-CV program, all grantees are bound by Section 312 of the Stafford Act, as amended by section 1210 of the Disaster Recovery Reform Act (DRRA) of 2018, and the OMB Cost Principles within 2 CFR § 200 that requires all costs to be “necessary and reasonable for the performance of the Federal award.”

2. Conditions

Monitoring by staff and/or consultants must address both program wide and project specific issues of CDBG-CV funded activities.

Requirements/Responsibilities

1. City Responsibilities:

- a. Establish a line of communication with applicant for preventing DOB.
- b. Communicate that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must agree to repay assistance that is determined to be duplicative.
 - i. This may be documented through a subrogation agreement or similar clause included in the agreement with the person or entity.
- c. Establish a method of assessing whether the use of these funds will duplicate financial assistance that is already received or is likely to be received (such as insurance proceeds) by acting reasonably to evaluate the need and the resources available to meet that need.

3. Recipient Agency Responsibilities:

- a. Comply with disclosure of any funds received from the list of Federal CARES Act funding sources.
- b. Maintain administrative records, including written agreements and financial reports.

Procedures

1. Monitor current programs - When considering subrecipients of CDBG-CV funds, the City will evaluate current programs available at the local, county, state, and federal level as well as current and anticipated non-governmental assistance from nonprofits or faith-based groups.
2. Agency self-disclosure - Applicants will be asked to disclose any funds received from the list of Federal CARES Act (Appendix A) and coronavirus response programs and funding sources, along with any state, or local funding.
3. Determine/Calculate DOB - The following steps will be taken by the City and/or Subrecipient to:
 - a. Assess Need: Determine the amount of need (total cost);
 - b. Determine Assistance: Determine the amount of assistance that has or will be provided from all sources to pay for the cost;
 - c. Calculate Unmet Need: Determine the amount of assistance already provided compared to the need to determine the maximum CDBG-CV award (unmet need); and
 - d. Document analysis: Document calculation and maintain adequate documentation justifying determination of maximum award.

Note: In DOB calculations, private loans are not considered a form of assistance and should not be considered when calculating duplication of benefits. However, subsidized loans from SBA or FEMA should be included in the duplication of benefits analysis unless one of the three exceptions is met:

1. Short-term subsidized loans (e.g. bridge loans) for costs later reimbursed with CDBG-CV funds,
2. Declined or cancelled subsidized loans, or
3. Loan assistance is used toward a loss suffered as a result of a major disaster or emergency; An example of a subsidized loan is the SBA Economic Injury Disaster Loans (EIDL).