

LAKE COUNTY, ILLINOIS

Community Development Block Grant (CDBG)

Duplication of Benefits Policy

General Duplication of Benefits Policy

Background

Lake County administers assistance through the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program. The County and all subrecipients are responsible to verify that each program provides assistance to a person or entity only to the extent that the person or entity has a need that has not been fully met by funds that have already been, or will be paid, from another source.

This duplication of benefits (DOB) policy explains methods and procedures to prevent the duplication of benefits, as required by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155), as amended by section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115–254; 132 Stat. 3442). The Stafford Act requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance¹.

A Duplication of Benefits occurs when:

- A beneficiary (person, household, business, government, or other entity) receives financial assistance, and
- The assistance is from multiple sources for the same purpose, and
- The total assistance received for that purpose is more than the total need for assistance.

There is not a Duplication of Benefits when funds are:

- For a different purpose
- For the same purpose but a different allowable use
- Not available to the applicant
- A private loan, or
- An asset or line of credit

This document provides structure for determining the amount of CDBG assistance that will not duplicate assistance from other resources for individual entities or across collective activities and programs. For purposes of this plan, the term "County" refers to Lake County and agencies responsible for delivering assistance.

Preventing Duplication of Benefits

¹ <https://www.federalregister.gov/documents/2011/11/16/2011-29634/clarification-of-duplication-of-benefits-requirements-under-the-stafford-act-for-community>

To analyze and prevent the duplication of benefits, the County will use the following process prior to providing assistance:

1. Assess the applicant's total need
2. Determine the total assistance available to the person or entity
3. Calculate the unmet need (excluding any non-duplicative amounts) and the maximum award
4. Maintain adequate documentation of the analysis

The Coronavirus Aid, Relief, and Economic Security (CARES) Act

On March 27, 2020, the CARES Act was signed into law and allocated funds to HUD and created the CDBG Coronavirus Response (CDBG-CV) grant. This assistance is intended to supplement, not replace, other public, private and nonprofit sector resources designated to address needs and purposes related to the coronavirus. The County administers several government-funded grant programs and must consider whether CDBG-CV funds will duplicate assistance provided by another program.

To comply with DOB requirements, grantees are required by the CARES Act to establish and follow procedures to ensure that DOB does not occur. Establishing a process to effectively identify and prevent duplication of benefits 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.

Lake County includes DOB policies and procedures specific to the CDBG COVID Housing Relief Program (CHRP) and Economic Development programs to ensure that policies and procedures accurately reflect the specific components of each program. Policies and procedures for each program supported with CARES Act funding are commensurate with risk of duplication of benefits and ensure CDBG-CV funding is spent on eligible activities.

Applicability

The policies and procedures described above, as well as those in this section, apply to all CDBG-CV allocations as well as to FY2019 and FY2020 formula CDBG allocations used to prevent, prepare for, and respond to coronavirus.

COVID Housing Relief Program (CHRP) Policy and Procedure

In order to prevent duplication of benefits in rental assistance, Lake County's DOB policies and procedures include the following components:

1. Lake County requires 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. This is documented in the program application (*Lake County COVID Housing Relief Program (CHRP) Intake Packet*). Each applicant signs the application, which states the following:
"As a person or entity receiving CDBG-CV assistance, I agree to repay assistance that is determined to be duplicative. By signing below, this constitutes an agreement with Lake County in compliance with Lake County's Duplication of Benefits policy."

2. Lake County utilizes the following method to assess whether the use of these funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate the need and the resources available to meet that need.
 - a. Each applicant is asked to disclose all other assistance, including utility assistance and emergency rental assistance, that the applicant has applied for. Each applicant is also asked to disclose all other permanent or temporary rental assistance that the applicant receives. Applicants must sign a certification that the answers to these questions are true and accurate to the best of the applicant's knowledge. The answers to these questions are taken into consideration when determining eligibility for assistance and calculating maximum assistance.
 - b. The landlord of each applicant is asked to certify that they have not received rent payments, from a CHRP provider or any other program, that covers the unpaid rent listed above and that the above information is true and accurate to the best of his or her knowledge.
 - c. Prior to providing assistance, each provider must search the ServicePoint database to confirm that the applicant is not receiving CHRP assistance from any other provider.
3. To analyze for and prevent duplication of benefits, CHRP providers complete the following steps:
 - 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).
 - d. Document analysis: Document calculation and maintain adequate documentation justifying determination of maximum award.

Economic Development Policy and Procedure

In order to prevent the duplication of benefits in Economic Development-related programs, Lake County's DOB policies and procedures include the following components:

1. Lake County requires that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must complete a DOB affidavit to identify all current assistance received by a business for disaster related losses. This is documented in the program application (*COVID-19 Emergency Small Business Loan Fund Duplication of Benefits Affidavit*). At the end of the affidavit, the applicant acknowledges the document is free of any false representations or statements that would be punishable by imprisonment.
2. Lake County must consider whether the use of these funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate the need and the resources available to meet that need.
3. To analyze and prevent duplication of benefits, the application review includes the following steps:
 - 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).

- d. Document analysis: Document calculation and maintain adequate documentation justifying determination of maximum award.

Recapture

To recover funds found to duplicate other assistance, Lake County's policies and procedures include the following components:

1. Lake County requires 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. This may be documented through a subrogation agreement or similar clause included in the agreement with the person or entity. Lake County will monitor compliance based on risk of duplication of benefits for each activity in conjunction with other monitoring activities.
2. Lake County assesses whether the use of CDBG-CV 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. Lake County evaluates 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 and establishes lines of communication for preventing duplication of benefits. Lake County targets CDBG-CV activities to address unmet needs and gaps to reduce the risk of duplication of benefits.

Note Regarding Subsidized Loans

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
3. Loan assistance is used toward a loss suffered as a result of a major disaster or emergency