

# ***Buyouts - FEMA Match***

## ***Purpose***

To provide for the acquisition of properties located in a floodplain or floodway, or in Disaster Risk Reduction Areas as designated by the grantee, to reduce the risk from future flooding.

## ***Eligible Recipients/Project Area***

Eligible applicants are units of general local government which will be awarded funds from the CDBG-DR program as a result of the 2019 flooding natural disaster as defined by FEMA Declaration DR-4421-IA dated March 23, 2019 for Iowa Severe Storms and Flooding (March 12, 2019 and continuing).

## ***Eligible Activity***

- Eligibility for this program is established by Iowa Homeland Security and Emergency Management (HSEMD), in coordination with FEMA
- CDBG-DR will cover the non-federal share of the buyouts (acquisition) as determined by FEMA's Hazard Mitigation Grant Program (HMGP) for a minimum grant match of 25%
- CDBG-DR will cover the non-federal share of the demolition as determined by FEMA's Public Assistance (PA) Program for a minimum grant match of 25%
- If there is a need for a match higher than 25%, CDBG-DR may provide the extended match. The amount of the non-federal share match will be determined based upon:
  - The percentage of Low and Moderate Income (LMI) persons participating in the buyout program;
  - The location of buyouts within the HUD-designated MID area. This includes the entirety of Fremont, Harrison, and Mills counties;
  - Available Funding;
  - Coordination with HSEMD.
- This program will be prioritized first to MID counties. These counties are Fremont, Harrison, and Mills. After being made available to the MID counties, eligibility will expand to counties declared for FEMA Individual Assistance. These counties are Fremont, Harrison, Louisa, Mills, Monona, Muscatine, Pottawattamie, Scott, Shelby, and Woodbury. If funds remain available after being offered to the Individual Assistance counties, eligibility may expand to include all of the counties included in FEMA Declaration 4421-IA. IEDA will coordinate with HSEMD on when to expand this program to HMGP applicants and notify HMGP applicants' point of contact when eligible to apply for this program.

## ***National Objective***

The applicant will coordinate income verification of all buyout participants to determine if the buyouts qualify as meeting the Low-Mod-Buyout (LMB) national objective. Any over income (80% AMI or higher) participants will be funded under the Urgent Need (UN) national objective.

## ***Beneficiaries***

As part of the application process, the municipality will ensure that documentation of participant household income is provided to the administering council of governments (COG). The COG will verify this income information and determine whether the participants meet L/M Income Housing or Urgent Need national objectives. The applicant's national objective (LMB or UN) is the same for all activities *associated* with the applicant's parcel (acquisition, clearance and demolition, relocation assistance) and are classified as a single activity in DRGR.

### ***Award***

The CDBG-DR award will be based on the applicant's requested amount for a percentage (at least 25%) of the cumulative cost for all buyouts (cost of HMGP acquisition and cost of PA demolition) within the municipality's HMGP award. HSEMD will calculate the financial offer for each property acquisition based on pre-disaster fair market value and appraisal documentation. HSEMD will conduct any DOB calculations prior to determining the final acquisition amount.

### ***Project Delivery***

CDBG-DR will provide up to \$750 per property being acquired for project delivery. The COG will provide a lump sum project delivery estimate in the application for CDBG-DR funding. Project Delivery must be substantiated by documentation of costs incurred and cannot be duplicated by another federal funding source. Project Delivery may include but is not limited to:

- Environmental Review Record documentation, including any required publication costs
- Participant Income Verification
- Demolition oversight and coordination
- Appraisal costs
- Lien Development and Filing
- Participation in individual mortgage closing
- Financing/Interest incurred for project implementation

### ***CDBG-DR 2019 Application Requirements:***

#### ***General Information:***

This program provides cities and other local government entities with relief from the burden of providing the non-federal share for buyouts required under FEMA's Hazard Mitigation Grant Program (HMGP). Entities will work their COG and IEDA to develop an application. Entities can apply for at least the 25% non-federal share match requirement for HMGP buyouts.

Applications for FEMA Match funding will be open cycled, reviewed, and approved as submitted to IEDA. Applicants, in coordination with the Iowa Homeland Security and Emergency Management (HSEMD) and their COG, will establish criteria to designate a Disaster Risk Reduction Area, subject to the following requirements:

- Hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee (the State of Iowa) received its CDBG-DR allocation
- Hazard must be a predictable environmental threat to the safety and wellbeing of program beneficiaries
- The Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the area

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

- Only applications that have been coordinated with HSEMD and their COG will be reviewed and awarded:
  - All fields in [lowagrants.gov](http://lowagrants.gov) application form completed
    - Disaster Risk Reduction Area Map (total parcels mapped for buyout in the municipality).
    - Summary Table of Participating Properties with LMI/UN breakdown
    - Current program status and timeline for closings and demolitions
    - Resolution of Support from the City Requesting CDBG-DR funding
    - Support documentation for the project budget

***Post Award Considerations:***

Any project funded through this program will be required to comply with all federal and state requirements. This includes that all properties acquired under this buyout program will be deed restricted in perpetuity as open green space. By passing a resolution of support and executing a contract with IEDA, the applicant entity assumes the responsibility for enforcing these requirements as the HUD-designated Responsible Entity in accordance with 24 CFR 58. Accordingly, the following steps will be required post award:

- IEDA will enter into a contract with the City for the awarded amount of funds for the buyout program.
- City will proceed with real estate closings and procure contractor for demolition (this will most likely be managed through the HSEMD process)
- Release of Funds –give a general timeline with required consultation and publication for this process.
  - Before the release of funds, an environmental review will take place to ensure compliance with all federal and state laws.
  - An environmental review is an analysis of impacts of a project on the surrounding environment and environment on the project. An environmental review:
    - Ensures HUD-funded projects provide decent, safe and sanitary housing
    - Demonstrates compliance with up to 17 federal environmental laws and authorities
    - Is a public document that encourages public participation
    - Is coordinated by the municipality and grant administrator and can use another federal agency’s NEPA documentation for compliance.
  - Timeline:
    1. Submission of completed checklist to IowaGrants
    2. Expedited Review as FEMA/HSEMD will have initiated the compliance process, and the municipality will upload in iowagrants.gov the completed review.
  - NO choice limiting action – until review is complete and applicant have received an approved Request for Release of Funds from the State. Neither applicant nor partners are allowed to commit or spend HUD or non-HUD funds on physical or choice-limiting activities. Including activities such as:
    - Purchase of property
    - Bidding
    - Entering a contract
    - Construction
- *Contractor Clearance*
  - All work for construction/demolition must be recorded in an executed contract.
  - All contractors must be registered to work in the State of Iowa.
  - All contractors and contract data must be submitted for Contractor Clearance in IowaGrants.
- *Duplication of Benefits*
  - NO duplication of benefits (DOB) will be allowed
  - COG will upload to iowagrants.gov FEMA/HSEMD completed DOB verification form.
- *Wage Rates and Davis Bacon Compliance*
  - Not applicable to Demolition Only Activities

➤ *Claim documentation and Reimbursement*

- IEDA will reimburse funds in the form of a grant for actual costs incurred.
- Claims for reimbursement will be submitted by the recipient via the online [www.iowagrants.gov](http://www.iowagrants.gov) system
- The recipient shall maintain a file of all claim-supporting documentation including claim documents, invoices and payments
- NO claim will be processed if quarterly status reporting is not current
- The IEDA Project Manager (project manager) will notify the recipient if payment is withheld due to delinquent reporting