

## CDBG Disaster Recovery

### Duplication of Benefits: Sample Issue

Jon & Mary Smith live in a single-family home and suffered significant damage after a flood inundated their community. Subsequently, the family received assistance from multiple sources; however, the home still isn't completely repaired. Based on the data below, determine whether CDBG disaster recovery funds can be used for rehabilitation of the home, and if yes, how much.

**Table 1: General Information**

Original estimated damages after the flood	\$115,000
Estimated cost to repair the home at the time of application (after the use of \$15,000 from FEMA, a \$5,000 private loan, and \$10,000 in savings)	\$85,000
Pre-flood FMV of the Smith home	\$150,000
Post-flood FMV of the Smith home	\$60,000
Smith family income (percentage of Area Median Income)	130%

**Table 2: Potential Assistance provided to the Smith Family**

<i>Item No.</i>	<i>Recipient</i>	<i>Source</i>	<i>Stated Purpose</i>	<i>Award</i>	<i>Spent</i>	<i>Use of Funds</i>	<i>Duplicative CDBG funds</i>
1	Mary	Red Cross	General DR	\$2,500	\$2,500	Food & clothing	
2	Jon	FEMA	IA	\$10,000	\$10,000	Interim housing	
3	Jon	FEMA	IA	\$20,000	\$15,000	Rehabilitation	
4	Jon & Mary	Insurance Accepted	Rehab	\$40,000	\$40,000	Forced mortgage payoff	
5	Mary	SBA loan	Rehab	\$15,000	0	n/a	
6	Mary	Bank Loan	n/a	\$5,000	\$5,000	Rehabilitation	
7	Jon & Mary	Savings	n/a	\$30,000	\$10,000	Rehabilitation	
<b>Total</b>				<b>\$122,500</b>	<b>\$82,500</b>		

Can CDBG funds be provided to the Smith family for rehabilitation of their home? \_\_\_\_\_

If yes, how much can be provided? Would your answer change if there was a program cap of \$100,000? \_\_\_\_\_

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### Basic Framework Worksheet

1. Identify Applicant's Total Need	
2. Identify All Potentially Duplicative Assistance	
3. Deduct Assistance Determined to be Duplicative	
4. Maximum Eligible Award (Item 2 less Item 4)	
5. Program Cap (if applicable)	
6. Final Award (lesser of Items 5 and 6)	