

Duplication of Benefits

Louisiana homeowners, renters, businesses and communities have experienced extensive damages as a result of severe storms and flooding in 2016. Recovery assistance for these damages is available from the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), the U.S. Department of Housing and Urban Development (HUD), private and NFIP flood insurance, state and local governments, charitable institutions, and other sources. However, according to the Governor's Office of Community Development, it is critically important to understand that federal law prohibits any individual, business, or entity from receiving federal funds for any part of such loss, if that individual, business or entity has received financial assistance from any other program, insurance claim, or other source. This is termed as a Duplication of Benefits, or DOB. **In other words, you may not be eligible for certain federally funded programs if you have already received assistance from other federal or private sources in the amount that covers your damages.**

DOB Frequently Asked Questions

What is a duplication of benefits?

A duplication of benefits (DOB) occurs when a homeowner or business:

- Receives assistance from multiple sources for the same purpose, and
- Total assistance is greater than the need for that type assistance.

What are some of the funding sources that may be included when calculating the potential for duplication of benefits?

- FEMA
- SBA Loans (possibly including loan amounts approved by SBA, but declined or not drawn by applicant)
- HUD grants (including grants from Disaster Recovery Community Development Block Grant (CDBG-DR) programs)
- Insurance proceeds
- Private/Non-profit relief donations and grants
- State or local government grants

What funding sources are NOT included when calculating the potential for duplication of benefits?

- Personal cash or savings
- Private or bank loans
- Other assets or lines of credit
- Funds received for a different eligible program purpose

Do I have to apply for a SBA loan in order to be eligible for other Federal assistance?

- Yes, for certain types of FEMA assistance.
- No, for CDBG-DR assistance.

If another Federal disaster recovery program becomes available, can those funds be used to repay and/or pay down a SBA loan?

- No, according to current federal agency guidance federal grants/loans cannot be used to repay other federal grant/loans.

Whose responsibility is it to calculate DOB?

- It is the responsibility of the administrator of federal funding to ensure that duplicate benefits are not awarded to recipients of federal assistance. Therefore, FEMA and SBA will conduct the initial DOB review to ensure they do not duplicate the assistance an applicant has received or will receive from private insurance, charitable donations, etc.
- Subsequently, if there are any HUD programs (including CDBG-DR) that provide assistance months after FEMA and SBA, the state or local government will review an applicant's total awarded funding to determine how much the applicant is eligible to receive from CDBG-DR. In determining the amount the applicant may be eligible to receive from CDBG-DR, the state or local government will calculate the applicant's unmet need by deducting any assistance that creates a duplication of benefits from the cost of total damages. The unmet need is the maximum amount an applicant will be eligible to receive, subject to other program caps.

How is the unmet need calculated and how does this impact the amount I'm eligible to receive in Federal funds?

1. Identify Total Recovery Need/Damages
2. Subtract all Assistance Received to Date to Pay for Identified Recovery Needs/Damages
3. Equals Unmet Need/Maximum Amount Eligible to Receive in Federal funds (subject to other program caps)

DOB Examples

Assistance to an individual

Example A

Mr. Brown's home was damaged by flooding. The estimated cost to resiliently repair his home is \$100,000. Mr. Brown receives the following assistance:

- Flood Insurance: \$50,000
- FEMA (housing repair): \$20,000
- SBA loan (housing repair): \$30,000
- TOTAL: \$100,000

Mr. Brown has subsequently applied to the CDBG-DR program for a \$50,000 grant.

Q: Is Mr. Brown eligible to receive funding from the CDBG-DR program?

A: No, Mr. Brown would not be eligible for any additional federal funding, as his damages totaled \$100,000 and he has received \$100,000 in assistance that would be considered to be duplicative with CDBG-DR assistance. In this scenario, Mr. Brown is not experiencing an unmet need, and providing additional federal assistance to Mr. Brown would be considered a duplication of benefits.

Example B

Mr. Brown's home was damaged by flooding. The estimated cost to resiliently repair his home is \$100,000. Mr. Brown receives the following assistance:

- Flood Insurance: \$50,000
- FEMA (housing repair): \$20,000
- Private Loan and Personal Savings: \$10,000
- TOTAL: \$80,000

Mr. Brown has subsequently applied to the CDBG-DR program for a \$30,000 grant.

Q: Is Mr. Brown eligible to receive funding from the CDBG-DR program?

A: Yes, Mr. Brown would be eligible for funding from the CDBG-DR program, as his damages totaled \$100,000 and he has received \$70,000 in duplicative assistance, leaving \$30,000 in unmet need. The \$10,000 private loan and personal savings is NOT considered to be duplicative of the federal funding. In addition, there is a \$20,000 gap in the amount of proceeds he has received and the total damages (\$100,000 less \$80,000). Therefore, Mr. Brown would be eligible to receive up to \$30,000 in non-duplicative CDBG-DR funds for unmet recovery needs, subject to program award caps.

Example C

Mr. Brown's home was damaged by flooding. The estimated cost to resiliently repair his home is \$100,000. Mr. Brown receives the following assistance:

Structural Repair Assistance:

- Flood Insurance: \$50,000
- FEMA (housing repair): \$30,000
- TOTAL: \$80,000

Other Housing Needs Assistance:

- FEMA (rental assistance): \$20,000
- TOTAL: \$20,000

Mr. Brown has subsequently applied to the CDBG-DR program for a \$20,000 grant.

Q: Is Mr. Brown eligible to receive funding from the CDBG-DR program?

A: Yes, Mr. Brown would be eligible for funding from the CDBG-DR program, as his damages totaled \$100,000 and he has received \$80,000 in duplicative assistance, leaving \$20,000 in unmet need for repairs to his home. The \$20,000 FEMA assistance for rental assistance is for eligible FEMA expenses related to temporary housing costs, and therefore would not count against the assistance Mr. Brown received for repairs to his home.

Assistance to a business

Example A

Ms. Washington's business was damaged by flooding. The estimated cost to resiliently repair her business is \$250,000. However, Ms. Washington receives the following assistance:

- Flood Insurance: \$100,000
- SBA loan (structural repairs): \$150,000
- TOTAL: \$250,000

Ms. Washington has subsequently applied to the CDBG-DR program for \$50,000 to pay for structural repairs.

Q: Is Ms. Washington eligible to receive funding from the CDBG-DR program?

A: *No, Ms. Washington would not be eligible for any additional federal funding, as her damages totaled \$250,000 and she has received \$250,000 in assistance that is considered to be duplicative with CDBG-DR assistance. In this scenario, Ms. Washington is not experiencing an unmet need and providing additional federal assistance to Ms. Washington would be considered a duplication of benefits.*

Example B

Ms. Washington's retail business was damaged by flooding. The estimated cost to resiliently repair her business is \$250,000. In addition, Ms. Washington lost all her inventory and equipment, totaling \$50,000 in documented losses. However, Ms. Washington receives the following assistance:

Structural Repair Assistance:

- Flood Insurance (structural repairs): \$100,000
- Private loan (structural repairs): \$150,000
- TOTAL STRUCTURAL REPAIRS: \$250,000

Damaged Contents Assistance:

- Flood Insurance (contents): \$30,000
- SBA loan (contents): \$20,000
- TOTAL CONTENTS: \$50,000

Ms. Washington has subsequently applied to the CDBG-DR program for assistance.

Q: Is Ms. Washington eligible to receive funding from the CDBG-DR program and if so, how much is she eligible to receive?

A: *Yes, Ms. Washington is eligible to receive \$150,000 for structural repairs, as her structural damages totaled \$250,000 and she received \$100,000 in duplicative assistance, leaving \$150,000 in unmet need. The \$150,000 private loan is not considered to be a duplication of benefits. However, Ms. Washington would not be eligible for any contents assistance, as she experienced \$50,000 in documented damages to contents and received \$50,000 in assistance considered to be duplicative with CDBG-DR funds.*