



**State of California
Action Plan for Disaster Recovery
from 2018 Disasters
Action Plan Amendment No. 2**
California Department of Housing and Community Development

Submitted to HUD: July 22, 2022
Approved by HUD: September 8, 2022

**For submission to the U.S. Department of Housing and Urban Development (HUD)
to fulfill requirements related to Community Development Block Grant Disaster Recovery
(CDBG-DR) Funds in Response to 2018 Disasters (FEMA DR-4382 and DR-4407)**



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I. Background and Summary of Changes



On January 27, 2020, the United States Department of Housing and Urban Development (HUD) allocated \$1,017,399,000 in Community Development Block Grant-Disaster Recovery (CDBGDR) funds to the State of California to support California’s unmet recovery needs, related to the Federal Emergency Management Agency (FEMA) Major Disaster Declarations DR-4407 and DR4382 for 2018 Wildfire season. The funds were released in two allocations: Public Law 115-254 Unmet Needs allocation of \$491,816,000 and Public Law 116-20 Unmet Needs allocation of \$525,583,000. The California Department of Housing and Community Development (HCD) manages CDBG-DR funds, in accordance with the goals and objectives set forth in the State’s initial HUD-approved Action Plan for 2018 disasters (“18DR-Action Plan”). The 18DR-Action Plan amendment, number two (“APA 2”), is a substantial amendment; it proposes to add a new program, remove an existing program from the initial HUD-approved Action Plan and proposes to change program budgets in excess of the \$10-million-dollar threshold for substantial action plan amendments. APA 2 also clarifies existing program design for 2018 CDBG-DR funds.

A summary of the changes the State of California proposes to make in APA 2 to address California’s ongoing, unmet recovery needs, follows below.

Summary of Changes:

Action Plan Amendment 2 (APA 2) will address changes in the following sections of the Master Action Plan document:

1. **Executive Summary**, proposed uses of CDBG-DR Funds: The budget summary has been updated to reflect changes in the allocations.
2. **Proposed Disaster Recovery Programs**, Connection to unmet needs
 - A. Allocation of funds: Figure 90 will be updated with program allocation changes.
 - B. Program Allocations
 1. HCD Administered: Homebuyer assistance will be added.
 2. Subrecipient Administered: Clarity allocation formula and scoring matrix.
 - C. Method of Distribution: Clarify eligible participants.
3. **Proposed Disaster Recovery Programs**, Program Overviews
 - A. Housing Recovery Programs, add Homebuyer Assistance to the suite of housing recovery programs to address the unmet recovery needs.
 - B. Multifamily Housing Programs updated eligible activity.
 - C. Infrastructure Recovery Program, add Paradise Sewer Project Architecture and Engineering (A&E) direct grant.
 - E. Economic Revitalization Programs, updates to the Workforce Development Program and removed the Small Business Recovery Program.

II. Action Plan Amendments

1. Executive Summary, proposed uses of CDG-DR Funds (page 10)

Remove: FIGURE 4: 2018 CDBG-DR BUDGET SUMMARY – PROPOSED APA 1 BUDGET

Replace: FIGURE 3: 2018 CDBG-DR BUDGET SUMMARY – PROPOSED APA 2 BUDGET

Program	Original Program Allocation	APA2 Change	Revised APA2 Allocations	Percentage of Total Program Allocation
Total CDBG-DR Funds	\$1,017,399,000		\$1,017,399,000	100.0%
Housing	\$455,794,752	+25,000,000	\$480,794,752	47.3%



Owner-Occupied Rehabilitation and Reconstruction	\$205,107,638		\$205,107,638	20.2%
Homebuyer Assistance Program		+\$25,000,000	\$25,000,000	2.5%
Multifamily/Small Rental Housing	\$250,687,114		\$250,687,114	24.6%
Infrastructure	\$317,428,488	\$347,428,488	\$347,428,488	34.1%
Local Infrastructure/FEMA Match	\$317,428,488		\$317,428,488	31.2%
Paradise Sewer A&E		\$30,000,000	\$30,000,000	2.9%
Economic Revitalization	\$40,695,960		\$40,695,960	4.0%
Workforce Development	\$40,695,960		\$40,695,960	4.0%
Planning	\$86,217,000	(\$55,000,000)	\$31,217,000	3.1%
Technical Assistance & Capacity Building	\$15,000,000		15,000,000	1.5%
Regional & Local Planning Activities	\$71,217,000	(\$55,000,000)	\$16,217,000	1.6%
State and Local Program Delivery	\$66,392,850		\$66,392,850	6.5%
Administration	\$50,869,950		\$50,869,950	5.0%

2. Proposed Disaster Recovery Programs, Connection to unmet needs

A. Allocation of funds (page 133)

FIGURE 91: CDBG-DR PROGRAM BUDGET (page 134)

PROGRAM	PROGRAM ALLOCATION	Percentage of Total
Total CDBG-DR Funds	\$1,017,399,000	
Housing Programs	\$480,794,752	47.3%
Infrastructure	\$347,428,488	34.1%
Economic Revitalization	\$40,695,960	4%
Program Delivery	\$66,392,850	6.5%
Planning	\$31,217,000	3.1%
Administration	\$50,869,950	5%
Total CDBG-DR Funds	\$1,017,399,000	100

B. Program Allocations (page 135)

1. HCD Administered

Add: Homebuyer Assistance

The State of California Department of Housing and Community Development (HCD) is seeking to create a comprehensive suite of programs that respond to the needs of both disaster-impacted communities and the individuals that reside within them. Additionally, given the significant cost to rebuild in high fire hazard zones, the time elapsed from the disaster, exacerbating impacts of the pandemic, and disaster impacts that may have required homeowners and renters to temporarily relocate to other areas of the state for work or other needs, solutions based on equity that provide

choices and resources for impacted households to recover are even more critical. Furthermore, many households may not be able to afford long term homeownership in their current location due to high costs associated with rebuilding, maintenance, and insurance.

HCD will add a Homebuyer Assistance Program (HBA) as an additional programmatic option to its recovery portfolio to meet the needs of those impacted by the 2018 disasters. The HBA will provide down payment and other housing assistance to low- to moderate-income disaster impacted survivors, enabling them to relocate outside of high-risk areas or the disaster declared areas. HBA will be a standalone program run by HCD with the assistance of either a state agency partner or a procured contractor.

2. Subrecipient Administered

This section updated to provide clarity on allocation of funds across subrecipient administered proposed programs via an allocation formula, scoring matrix and other methodologies where appropriate.

Remove: HCD developed a formula approach to allocate funds across the eligible geographies for each local program.

Replace: The method by which HCD developed a formula approach to allocate funds across the eligible geographies for each local program is dependent on the type of program and existing conditions at the time that each program is launched. Some program funding may be allocated based on a formula while others may be based on a discreet scoring matrix during the application phase. Other allocation methodologies will be considered as appropriate, but all allocation methods will be published on HCDs website and clearly outlined for transparency.

C. Method of Distribution within Programs (pages 135-136)

This section updated to clarify eligible participants can be jurisdictions and other types where appropriate.

Remove: Funding to eligible jurisdictions – counties, entitlement, and non-entitlement, school districts and colleges – will be determined through an application process.

Replace: Funding to eligible jurisdictions – and other applicant types as appropriate – will be determined through an application process.

3. Proposed Disaster Recovery Programs, Program Overviews

A. Housing Recovery Programs (page 137)

Remove: HCD is implementing a suite of housing recovery programs to address the unmet recovery needs: an Owner-Occupied Housing Rehabilitation and Reconstruction Program, Small Rental program, and a Multifamily Housing Program.

Replace: HCD is implementing a suite of housing recovery programs to address the unmet recovery needs: an Owner-Occupied Housing Rehabilitation and Reconstruction Program, Small Rental program, a Multifamily Housing Program and adding a Homebuyer Assistance Program.

B. Add: Homebuyer Assistance Program (page 143)

HCD will add a Homebuyer Assistance Program (HBA) as an additional programmatic option to its

recovery portfolio to meet the needs of those impacted by the 2018 disasters. HBA will be a standalone program to provide down payment and other housing assistance to low- to moderate-income disaster impacted homeowners **and renters in the most impacted and distressed (MID) areas**, enabling them to relocate outside of high-risk areas.

1. Unmet Needs: As the State of California continues to recover from the devastating fires in 2018, the state is expanding housing programs to meet the needs of impacted homeowners **and renters**. The HBA program extends the portfolio to include an option for homeowners or renters who are looking to relocate outside of the fire impacted area. Providing a program such as HBA provides an alternative option to meet the housing recovery needs of impacted households.

2. Allocation Amount: \$25,000,000

3. Maximum Assistance: Applicants are eligible to receive up to \$350,000.

4. Eligible Activity: HCD Act 105(a)(24) Homeownership Assistance.

5. National Objective: Low to Moderate Income Housing

6. Eligible applicants: LMI households whose primary residence (owner or renter) was in a presidentially declared disaster area and was impacted by the 2018 disasters.

7. Eligible Program Costs:

- Down payment assistance (up to 20% of the purchase price)
- Housing adjustment incentive
- Rate buydown to lowest possible rate
- All reasonable closing costs (legal, closing fee, title search, conveyance documents, notary fees, surveys, recording fees, lender fees, appraisal, inspection), except for taxes and insurance. These are usual and customary homeowner expenses.

8. Ineligible Program Costs:

1. Moving expenses including storage expenses
- Temporary relocation housing
 - Costs associated with the sale of the disaster impacted property

9. Form of Assistance: Forgivable loan. Term of forgiveness will be a minimum of 2 years.

10. Housing Counseling: Housing counseling assistance will provide program applicants with wrap around housing and financial educational services including financial literacy education, homebuyer counseling, credit repair counseling, and counseling to mitigate default/foreclosure proceedings. HCD will work with HUD-approved housing counseling agencies which are uniquely situated to assist with the delivery of these services as part of the long-term recovery efforts provided through CDBG-DR funding.

C. Multifamily Housing Program (page 143)

This section updated for consistency of HCD Act Section 105(a) eligible activities.

1. Eligible Activity (page 145)

Remove: 42 USC 5305(a)(4) authorizes the clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and



improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties and including the renovation of closed school buildings).

Replace: HCD Act 105(a)(4) authorizes the clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties and including the renovation of closed school buildings).

D. Infrastructure Recovery Program Activities (page 152)

This section updated to add direct funding for Architecture and Engineering (A&E) of the Paradise Sewer Project.

1. Infrastructure Recovery Program Activities (page 152)

Remove: HCD will provide impacted local governments funds to ensure that as many critical infrastructure recovery needs are addressed as possible, through multiple activities. A tie-back to the disaster is required for eligibility.

Replace: HCD will provide impacted local governments funds to ensure that as many critical infrastructure recovery needs are addressed as possible, through multiple activities. A tie-back to the disaster is required for eligibility. In addition, HCD will direct \$30 million toward the architectural design and engineering (A&E) phase of the Paradise Sewer Project.

2. Eligible Activity (page 154)

Updated section for consistency of HCD Act Section 105(a) eligible activities.

Remove: Infrastructure repair is an eligible activity according to 42 USC 5305(a)(2), which authorizes the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements. In addition, CDBG-DR funds may also be used as the non-federal share match.

Replace: Infrastructure repair is an eligible activity according to HCD Act 105(a)(2), the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;

3. Unmet Needs (page 156)

Remove: Figure 96 Unmet Infrastructure Recovery Need

Replace: Figure 96 Unmet Infrastructure Recovery Need

CATEGORY	IDENIIFIED UNMET NEED	CDBG-DR FUNDED
Infrastructure Recovery	\$2,838,348,374	\$347,428,488

E. Add: Paradise Sewer Project A&E (page 156)

1. Unmet Needs: The unmet needs analysis established that the Town of Paradise lost 83 percent of its residents during the Camp Fire and, as the town builds back and re-establishes its pre-fire population level, an integrated sewer system will support the recovery of housing and economic activity within the Sewer Service Area. The extreme heat of the Camp Fire led to water pollution issues in the town which require costly infrastructure repairs to ensure the long-term safety and resilience of the potable water systems. In the development of the unmet needs analysis and program design for this Action Plan, HCD coordinated and consulted with local community recovery plans in order to ensure consistency and efficiencies across programming. The Town of Paradise Long-Term Community Recovery Plan, published in June 2019, has been a valuable resource in determining how to best address the recovery needs of some of the hardest hit areas from the Camp Fire. The sewer project is listed by Paradise as a “Tier I” recovery priority project in the Paradise Long-Term Community Recovery Plan, meaning that it received strong community support as evidenced by public comments submitted in public meetings. Specifically, the Recovery Plan notes that, once completed, the sewer project will allow for accompanying land use and zoning changes to cluster multi-unit housing complexes, including affordable housing. Absent a centralized sewer to serve Paradise's central business and residential corridor, individual property owners must bear the cost of, in most cases, removing and replacing damaged septic tanks in inhospitable (poorly draining soils) that are already impacted, negatively, by a high rate of failed septic systems, which will take far longer than the municipal sewer option to come on line and limits the recovery effort to the spread-out development pattern that reliance on septic requires (for leach fields, etc.).

2. Allocation Amount: \$30,000,000

3. Maximum Assistance: \$30,000,000

4. Eligible Activity: HCD Act 105(a)(2), which authorizes the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements.

5. National Objective: Construction of the Paradise Sewer Project and its connection to the Chico wastewater treatment facility (the Chico Water Pollution Control Plant) will meet the urgent need national objective. The infrastructure program policies and procedures will include a condition on the use of the grant to require the Town of Paradise to demonstrate that construction funding is secured.

6. Eligible applicant: The Town of Paradise.

7. Eligible Program Costs: Eligible costs include the engineering, design, and architectural services required to design the Paradise Sewer Project.

8. Ineligible Program Costs: Ineligible costs include those not associated with Paradise Sewer Project A&E.

9. Form of Assistance: Assistance will be provided in the form of a grant directly to the Town of Paradise.

10. Timeline: The Town expects to implement the design phase of the project from mid 2022 through 2024 with construction starting in 2024 and ending in 2026.

F. Economic Revitalization Programs (pages 156-160)

This section updated to clarify economic recovery fund support in impacted areas.

Remove: Therefore, the State proposes to fund economic recovery activities to support both housing and a complete community recovery in the impacted areas.

Replace: Therefore, the State proposes to fund economic recovery activities that support housing, resilient infrastructure, and complete community recovery in the impacted areas.

G. Workforce Development Program (pages 157-159)

This section updated to clarify language for prioritized workforce development services, including supportive services.

Remove: The Program prioritizes a continuum of services that increase economic opportunities for low-to-moderate income residents in the 2018 disaster declared counties. The Program also prioritizes supportive wrap-around services that are provided to remove barriers to successful participation in job training or obtaining employment. The Workforce Development Program delivers free training to eligible participants. Program guidelines will be established that outline the requirements of the program and rules for specific projects, including general eligibility, specific eligible and ineligible costs, and the criteria for evaluating project proposals.

Replace: The Program prioritizes a continuum of services that increase economic opportunities for low-to-moderate income residents in the 2018 disaster declared counties. The Program also prioritizes supportive services that are provided to remove barriers to successful participation in job training or obtaining employment. The Workforce Development Program delivers training and supportive services to eligible participants. Program guidelines will be established that outline the requirements of the program and rules for specific projects, including general eligibility, eligible and ineligible costs, and the criteria for evaluating project proposals.

a. Eligible Activity (page 157)

Updated section to change eligible activity from economic revitalization to public services.

Remove: Title I of the HCD Act 105(a)17 authorizes economic revitalization as an eligible CDBG- DR funded activity. Additionally, economic revitalization is specifically mentioned as an eligible use of CDBG-DR funds in the Federal Register Notice 83 FR 5844.

Replace: The program will utilize Title I of the HCD Act 105 (a)(2), 105 (a)(4), 105(a)(8), and 105 (a)(14) authorizing the provisions of public services and assistance to public facilities respectively, as the primary eligible activities in the Workforce Development Program.

b. National Objective (page 157)

Updated section to change national objective from low-to-moderate income jobs to low-to-moderate income clientele.

Remove: In accordance with 24 CFR 570.208, all CDBG-DR funded activities must satisfy a national objective. The Workforce Development satisfies the benefit to low-to-moderate income jobs.

Replace: The Workforce Development Program satisfies the LMI national objective by benefiting low-to-moderate income limited clientele.

c. Allocation Methodology (page 157)

This section was updated to include regional grant allocation calculation and justification.



Remove: The State makes funding available to eligible subrecipients, statewide, using an application process. HCD provides application guidelines for funding awards including rating factors, as part of the application outreach.

Replace: Funding is available to subrecipients based on a formula to determine a proportionate share of the total program allocation based on the impacts to that jurisdiction. After consultation with identified MID areas HCD used a methodology to calculate allocations based on four post disaster factors that assessed economic revitalization needs post disaster; the ratio of damaged structures, ratio of disaster unemployment claims after the event, ratio of existing relevant workforce training resources in the MID and a survey of regional need for workforce development resources. This allocation utilizes a weighted formula that weighs the four data points, twenty percent for damaged structure ratio, twenty-five percent for disaster unemployment claims ratio, forty percent for existing relevant workforce training resources and fifteen percent for regional need. This weighted formula puts the most weight on the need to develop or expand existing training programs in the MID and the need for and increased skilled construction labor force to aid housing and infrastructure recovery, addressing public comment.

ADD: Figure 97: Workforce Development Program Regional Grant Allocations

Eligible MID area	Percent of Total	Regional Grant Allocation
Butte County	46.06%	\$ 18,742,117.42
Lake County	16.32%	\$ 6,642,191.11
Shasta County	14.98%	\$ 6,096,458.29
Los Angeles County	8.07%	\$ 3,283,960.49
Ventura County	14.57%	\$ 5,930,215.29
	Total	\$40,695,960.00

d. Delivery (page 157)

Updated section to clarify delivery and administration is open to jurisdictions and other eligible entities.

Remove: The program is monitored at the state level but is delivered and administered through the use of local not-for-profit organizations acting as subrecipients to HCD. A Notice of Funding Availability (NOFA) will be used to solicit applications for funding from eligible applicants including, local non-profits, workforce development, and training organizations.

Replace: The program is monitored at the state level but is delivered and administered through the use of local jurisdictions, not-for-profit organizations or other eligible entities acting as subrecipients to HCD. A Notice of Funding Availability (NOFA) will be used to solicit applications for funding from eligible applicants including, local non-profits and local jurisdictions.

e. Eligibility (page 157)

Section language edited to clarify the prioritization of LMI beneficiaries, to now read:

Remove: Applicants must demonstrate that 51 percent of their current program participants are LMI or that they will establish a program in which at least 51 percent of their participants are LMI. The applicant must also demonstrate past success delivering workforce recovery training. These requirements will be detailed further in the workforce recovery program policies & procedures.



Replace: Applicants must commit to serve primarily LMI clients, in which at least 51 percent of their participants are LMI. Additional eligibility requirements will be detailed further in the workforce development program policies & procedures.

f. Prioritization (page 157-158)

Section updated to clarify prioritization of partnerships and the removal Prioritization Tiers by location and income.

Remove: Additional priorities will include subrecipients serving predominately LMI areas, entities with a demonstrated history of successful workforce development programming and applications that propose, with the capacity to provide, supportive services.

Replace: Additional priorities will include subrecipients serving predominately LMI areas, entities that demonstrate a familiarity with successful workforce development programming, or related fields, either through direct experience or strong partners with experience and applications that propose supportive services.

Remove: Figure 96 Workforce Recovery Program Prioritization

WORKFORCE	DEVELOPMENT	PROGRAM	PRIORITIZATION	TIERS
	Location of the	Training Site	Income of the	Beneficiary
	4 Most Impacted Counties and Zip Codes	All Areas that Received a Federal Disaster Declaration	LMI Only	All Incomes
Tier 1	X		X	
Tier 2		X	X	
Tier 3				X
Tier 4		X		X

g. Eligible and Ineligible Costs (page 158-159)

This section was edited to reflect broadened approach to eligible activities associated with supportive services and delivery of training.

Remove: Qualifying workforce development programs are reimbursed for salaries and benefits for instructors, operating costs for educational programming, supplies, materials, and required equipment. Workforce development programs include, but are not limited to, training in the following areas:

- Construction trades (includes labor and or licensing)

- Heavy Equipment Operators
- Wildland and Forestry Fire Training
- Ecological Restoration Training
- Forest Restoration Training
- Ecological and structural hardening Training
- Arborist Training
- Modular Home and Mobile Home Construction Training programs
- Enhanced Resilience Training programs
- Masonry
- Roofing
- Carpentry
- Concrete and flatwork
- Plumbing 158
- Heating, Ventilation, and Air Condition (HVAC)
- Electricity
- On-the-job Training (OJT)

Replace: HCD commits to funding activities eligible under Title I of the Housing and Community Development Act of 1974 and those activities specified by waiver in 83 FR 5851. Qualifying workforce development programs are reimbursed for salaries and benefits for instructors, operating costs for educational programming, supplies, materials, required equipment, indirect costs, acquisition, improvements and other costs necessary for delivery of workforce training and supportive services. A final list of eligible costs will be available in the program policies and procedures. Workforce development programs may include training related, but not limited to, the following areas:

- Construction trades (includes labor and or licensing)
- Heavy Equipment Operators
- Wildland and Forestry Fire Training
- Ecological Restoration Training
- Forest Restoration Training
- Ecological and structural hardening Training
- Arborist Training
- Modular Home and Mobile Home Construction Training programs
- Enhanced Resilience Training programs
- On-the-job Training (OJT)

h. Form of Assistance (page 159)

Section updated to clarify applicants qualified to receive funding from HCD.

Remove: Qualifying organizations receive funding from HCD to execute programming as a reimbursement for costs incurred.

Replace: Qualifying subrecipients receive funding from HCD to execute programming as a reimbursement for costs incurred.

H. Small Business Recovery Program (pages 159-160)

This entire program, a sub-program of Economic Revitalization, has been removed.

III. Public Comments

In keeping with the State's Citizen Participation Plan, as articulated in the Citizen Participation Section of the initial HUD approved Action Plan, HCD made the draft of this proposed 2018 CDBG-DR Action Plan Amendment number 2, available for public review and comment on HCD's website here: (<https://www.hcd.ca.gov/community-development/disaster-recovery-programs/cdbg-dr/cdbg-dr-2018/docs/2018-apa2-substantial-508-compliant.pdf>) in English and Spanish.

Comments could be submitted during the comment period via the following methods:

Electronic mail to DisasterRecovery@hcd.ca.gov

Post mail to Disaster Recovery and Response Unit.

The following provides a summary of public comments on 18DR-APA2, received during the public comment period, beginning June 14, 2022, through July 15, 2022.

Public comments received during June 28, 2022, public meeting

The following exchange is from the public meeting held on June 28, 2022, as the required public meeting for the 18DR-APA2. Questions are taken verbatim from meeting participants and answers are paraphrased from HCD staff.

Question/Comment 1: I'm just curious if someone could speak more to the renter component of the Home Buyer Assistance program and how you see that working.

Answer 1: The Home Buyer Assistance (HBA) program is still under development; we are still very much in the design phase. HCD has requested information from local entities, non-profits, community development finance institutions (CDFIs), to provide input into the design of the program. The intent is to open up the HBA program to both former homeowners and renters.

Question/Comment 2: Is the HBA program only for people who want to relocate out of their current area, or it is available if they were to find a home within the area they lived in – perhaps that was the MID? And then, secondly, I know that, in the Paradise area, there were a lot of homes that were rentals, and so there were a lot of displaced renters, so would it also assist a – well, I guess it's a homeowner program, so – I was just thinking somebody were to have a home and were willing to rent it to a lower-income household, if that would qualify as well.

Answer 2: Focusing on the first question, first, many of the areas impacted by the fires, the whole county was identified as the most impacted and distressed (MID). Most people are looking to move from a very high-risk area to a low-risk area, often within the same county and MID.

On the second question on single-family homes that homeowners may be willing to rent to low-income renters, HCD is working with the Town of Paradise to develop a locally-run program – a sort-of pilot program – for small rental units. That would be a different, standalone program from the Home Buyer Assistance program. The small rentals program is not ready to launch yet.

Question/Comment 3: Just tiering off of the last question, when we are talking about home buyer assistance – I work for the local jurisdiction of the City of Lakeport and, so, even though we're within Lake County, which is high fire, the city center has a lower risk of fire – would the City apply for a home buyer program that then we could implement to kind of move people that are located somewhere in the county that's high risk into the City of Lakeport or does an individual homeowner try

and access these funds?

Answer 3: HCD is looking to set this up with direct assistance to potential home buyers. We're working, right now, to see if there's a statewide operator (or operators) that HCD can coordinate with. These kinds of programs are an equity challenge for a lot of local jurisdictions, since it depends on who has resources; these are very resource-intensive programs to administer. Since we've already built the infrastructure around HCD's Owner Occupied Rehabilitation and Reconstruction (OOR) program, we are going to leverage that infrastructure to launch this program more quickly and efficiently. HCD would be very interested in coordinating with local jurisdictions to get the word out about the program and conduct targeted outreach with specific neighborhoods.

CDBG-DR requires that a renter show a direct tie-back or connection to the qualifying disaster. CalOES has programs, such as the Hazard Mitigation Grant Program (HMGP) and Building Resilient Infrastructure Communities (BRIC) program to look at your risk of folks who haven't been impacted and see if there's activities that can be taken now to limit future disasters.

Question/Comment 4: I just noticed under the Paradise sewer architecture and engineering ("A&E") thing; it talks about a condition of the funding is that they'd have to have construction funding secured. I'm not really sure how feasible that would be. You would need to have that A&E done before you could actually go out and secure construction funding.

Answer 4: HCD is not going to require that the Town of Paradise has 100% of construction funding, before HCD will fund Paradise's A&E phase. We are going to be phasing the Town of Paradise's A&E work. It's important that HCD work, strategically, with Paradise to ensure certain milestones are met, so that the funds are not recaptured by the federal funding agency, HUD. The Town of Paradise is already very far along in accessing those construction funds. The sewer system will also connect with the City of Chico and is regional in scope and benefit in that way.

Public comment received in writing (date indicated below)

Comment received July 14, 2022



Butte County Administration

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Members of the Board

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July 8, 2022

Mona Akbar
Disaster Recovery and Response Unit
Dept. of Housing and Community Development
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Dear Ms. Akbar,

On January 27, 2020, the US Department of Housing and Urban Development (HUD) allocated \$1,017,399,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to the State to support California's unmet recovery needs related to FEMA Major Disaster Declarations DR-4407 and DR-4382 for the 2018 Wildfire season, including the Camp Fire. On June 16, 2022, State HCD issued the Action Plan for Disaster Recovery Amendment No. 2 (APA 2) a substantial amendment which, among other changes, clarifies existing program design for 2018 CDBG-DR funds.

The APA 2 allocates \$18.7M to Butte County in CDBG-DR Economic Revitalization funds which represents just over 46% of the total unmet need identified: \$41M. Economic Revitalization funds are proposed to fund economic recovery activities that support housing, resilient infrastructure, and complete community recovery in impacted areas, specifically a workforce development program delivering training and supportive services to eligible participants.

HCD used a weighted formula methodology to calculate the CDBG-DR Economic Revitalization allocations based on four post-disaster factors that assessed economic revitalization needs: (1) 20% for damaged structure ratio, (2) 25% for disaster unemployment claims ratio, (3) 40% for an inverse ratio of existing relevant workforce training resources, and (4) 15% for an inverse ratio of regional available resources.

The updated APA 2, released on June 24, 2022, states that the two inverse ratios for local and regional trainings put greater weight to eligible counties that have fewer available workforce training resources, and less weight to eligible counties with more available workforce training resources. This weighted formula puts the most weight on the need to develop or expand existing training programs in the eligible counties and the need for an increased skilled construction labor force to aid housing and infrastructure recovery. However, we argue that workforce training resources should at least be commensurate with the volume of the rebuild in order to meet the Action Plan's goals.

For example, Butte County's damaged structure ratio of 82.28% compared to the damaged structure ratio of less than 8% in the next most impacted county suggests that the volume of the rebuild will be significantly greater in Butte County requiring workforce training resources to scale equally. As the APA



2 currently suggests, while Butte County's allocation will be just over 46% with 82.28% of the damage, the next most impacted county's allocation will be 15% (or a full third of Butte's allocation) while their damage structure sits at 7.96%. Both counties offer an equal number of workforce training services.

As one of the most impacted and distressed counties (MID), Butte County is requesting the damaged structure ratio be weighted higher than any other data point considered, from 20% to a minimum of 50%. Given the overwhelming damaged/destroyed structure count in Butte County as a result of the Camp Fire, the significance of this data point in calculating the unmet need, and the dedication of these funds to preparing the workforce for a rebuild greater in Butte County than any other impacted county, we request the vast majority of funds be allocated to Butte County.

These comments are consistent with concerns Butte County staff has presented to HCD throughout the development of the 2018 CDBG-DR Action Plan.

Thank you for your consideration.

Sincerely,

Máximo A. Pickett
Chief Administrative Officer

HCD response:

Thank you for your comment on the 2018 CDBG DR Action Plan APA#2.

As part of the initial Action Plan process, HCD established and documented a data driven unmet recovery need for the 2018 disasters. This need greatly exceeded the funding provided by HUD. Based on the funding provided by HUD and the unmet recovery needs, the state dedicated \$40 million to economic revitalization and workforce development. As part of the program design process, HCD collected data to identify an allocation based on a community's ability to recover from the disaster as it relates to workforce. As such, the formula is weighted to provide more grant resources to those communities who would most need and benefit from grant resources in their recovery. HCD factored in damaged structures to its formula; however, the other factors were a stronger indication of where grant funds were most needed. That is, to make the number of damaged structures the greatest factor would leave out important consideration for the number of people who lost employment, the amount of existing local workforce development programs, and the existing regional resources already available in a disaster community. Given the limited amount of funding available, the state anticipates that the disaster recovery funds are used as a leverage with other public and private workforce development programs to expand and further the impacts of the programs in the impacted areas.

The recently signed state budget included increases of \$35 million in pre-apprenticeship and apprentice training programs, as well as \$10 million for new Entrepreneurship Pathways Grant Program. HCD continues to work with its state partners to identify opportunities to align programs and welcomes having Butte at the table for those discussions. Further, as with all of the disaster recovery programs, the state will continue to assess applications, needs, and program implementation progress to determine where funds are best utilized.

The state appreciates the continued coordination with Butte County on the recovery from the 2018 disasters. Thank you.

Comment received July 13, 2022

Regarding the addition of Homebuyer Assistance Program to the CDBG-DR action plan:

Most of the CDBG-DR eligible applicants lived in the counties with the lowest income limits in the state. A couple moving from Butte County making up to the CDBG low-income limit would be limited to a housing payment of less than \$1,500 a month, using Fannie Mae's front end ratio maximum. If eligible program costs limit assistance to 20% of the purchase price, the household would need to find a home to purchase with a sales price below \$250,000. There is no county in California with a median home sales price this low.

While offering home-buying assistance to former renters in addition to homeowners fills a needed gap, the expectation that an applicant will move out of the disaster area is problematic because the ability to obtain a primary mortgage often requires two-years of consistent employment with the same employer or in the same industry. This also brings up the issue of the many potential applicants who have relocated outside of the disaster area who now do have a two-year work history that makes a primary mortgage obtainable. Because most of the disaster affected counties have the lowest low-income limits, a displaced resident working outside their disaster-affected county would need to be

earning well below the area median income of their current location in order to qualify for assistance which would make an area's proportionally higher housing prices even further out of reach.

HCD response:

Thank you for your comment on the 2018 CDBG DR Action Plan Amendment 2.

The Homebuyer Assistance Program (HBA) currently has an award cap per eligible applicant of \$350,000 as down payment assistance and/or mortgage buydown underwritten as a forgivable loan. The interested homebuyer is expected to also bring any applicable insurance proceeds and other housing assistance resources towards the purchase of their new home. We believe these efforts will help to bring the mortgage loan amount down to affordable levels for the purchase of a modest home in most rural and suburban housing markets across the state, though we are aware that high cost areas will still likely be unaffordable for a program participant. The final program design, including underwriting standards and long-term affordability goals will be completed as part of a collaborative effort with the program operator.

Thank you for your comment. Please let us know if you have any other questions.

Comment received July 15, 2022

Would using insurance proceeds to pay off the mortgage on the disaster affected property in order to qualify for a mortgage on the replacement property be considered a duplication of benefits?

HCD response:

The sale of the old home would include the insurance proceeds that was used to pay-off loan. All the proceeds from the sale of the older home can be used to purchase the new home.