

**State of California
Action Plan for Disaster Recovery
from 2018 Disasters
Action Plan Amendment No. 5**

California Department of Housing and Community Development

Non-substantial Amendment posted: July 21,
2023

**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 U.S. 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 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 the 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"). This is the fifth amendment to this Action Plan.

This amendment proposes one update to the Multifamily Housing Program. This update provides clarification to the program policy when a Master Standard Agreement (MSA) is cancelled.

II. Action Plan Amendment

4. Maximum Assistance (Page 132)

Per unit maximum assistance will be consistent with HOME limits established by HUD for each participating jurisdiction. These limits are found in 83 CFR 25683117. If HUD has issued a regional per-unit subsidy increase for the participating subrecipient, the alternative subsidy amount may be used, up to 240 percent of the HOME subsidy limit. The minimum threshold for multifamily housing project participation is a total project cost of \$250,000 per project.

The appropriate HOME cost allocation will be used on a per-project basis to ensure that CDBG-DR funds are applied to a proportionate share of total development cost. Individual projects are not subject to a funding cap, but subrecipients may not request CDBG-DR funds greater than the allocations indicated in the Allocation Methodology section and Figure 98 below. Furthermore, projects are subject to the per-unit funding limit in Figure 97 above.

REMOVE: If subrecipients are not able to provide qualifying projects, HCD may re-allocate funds to other projects or subrecipients in accordance with the prioritization criteria defined below.

REPLACE: If subrecipients who have executed a Master Standard Agreement (MSA) with HCD fail to meet performance milestones or other contractual requirements, HCD may cancel the MSA. HCD may include any unused funds from cancelled MSA(s) in a

Notice of Funding Availability (NOFA) for developers to directly apply for project funding. To the extent feasible, the NOFA will utilize the unused funds in their original geographical area. The NOFA requirements will be set out in the Program policies and procedures."

12. Form of Assistance (page 138)

REMOVE: Selected proposals will be funded by grant on a reimbursement basis via a Standard Agreement between HCD and the subgrantee. Specific payment terms and conditions are outlined in the Standard Agreement. The Standard Agreement will define financial and property management requirements as well as remedies to correct deficient or noncompliant projects. Master Standard Agreements will also contain CDBG-DR recapture provisions for non-performance or breach of subgrantee responsibility. HCD will monitor construction agreements between the subgrantee and the developer or contractor to ensure that proper financial controls and safeguards are in place to protect CDBG -DR funds.

REPLACE: Selected proposals are funded by grant on a reimbursement basis via a Master Standard Agreement (MSA) between HCD and the subrecipient. Specific payment terms and conditions are outlined in the MSA. The MSA defines financial and property management requirements as well as remedies to correct deficient or noncompliant projects. MSAs contain CDBG-DR recapture provisions for non-performance or breach of subrecipient responsibility. HCD monitors construction agreements between the subrecipient and the developer or contractor to ensure that proper financial controls and safeguards are in place to protect CDBG -DR funds.

If subrecipients who have executed a Master Standard Agreement (MSA) with HCD fail to meet performance milestones or other contractual requirements, HCD may cancel the MSA. HCD may include any unused funds from cancelled MSA(s) in a Notice of Funding Availability (NOFA) for developers to directly apply for project funding. To the extent feasible, the NOFA will utilize the unused funds in their original geographical area. The NOFA requirements will be set out in the Program policies and procedures.