

SPECIAL NOTICE OF FUNDING AVAILABILITY

2008 Disaster Recovery Initiative (DRI)

Community Development Block Grant Program

May 12, 2010



STATE OF CALIFORNIA

Department of Housing and Community Development
Financial Assistance Division
Community Development Block Grant (CDBG) Program
1800 Third Street, Room 330
Sacramento, CA 95811

Telephone: (916) 552-9398

Fax: (916) 319-8488

Website: <http://www.hcd.ca.gov/fa/dri.html>

DRI Program Email: dri@hcd.ca.gov

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, GOVERNOR

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DALE BONNER, SECRETARY

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

LYNN L. JACOBS, DIRECTOR

Division of Financial Assistance

Chris Westlake, Deputy Director
Tom Bettencourt, Branch Chief

Community Development Section

Thomas Brandeberry, Section Chief

2008 Disaster Recovery Initiative (DRI) Allocation

Steven Marshall, General Program Manager
Anda Draghici, General Program Manager
Mimi Bettencourt, Economic Development (ED) Program Manager

General Program Staff

Jay Cook
Stoyan Elitzin
Linda Boyle
Joann Gonzales
Jo Ann Nash
Robert Jones
Diane Moroni
John Burke
Max Emami

Economic Development Program Staff

John Almanza
Jim Miwa
Patrick Talbott
Jon Diedesch

STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

2008 Disaster Recovery Initiative (DRI)
Notice Date: May 12, 2010

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INTRODUCTION

1. NOTICE OF FUNDING AVAILABILITY

The Department of Housing and Community Development (the “Department”) announces the availability of approximately \$38.3 million in 2008 Disaster Recovery Initiative (DRI) funds. The 2008 DRI funds are currently available to jurisdictions directly impacted by and included in the two federally declared major disaster declarations issued by President Bush in 2008:

- 2008 Wild Fires (**FEMA-1810-DR**)
 - Includes: Los Angeles, Orange, Riverside, and Santa Barbara counties. Declaration Date, November 18, 2008.
- 2008 Wild Fires (**FEMA-3287-EM**)
 - Includes: Butte, Kern, Mariposa, Mendocino, Monterey, Plumas, Santa Barbara, Santa Clara, Santa Cruz, Shasta, and Trinity counties and the federally recognized Hoopa Valley Indian Tribe and Yurok Indian Tribe of the Yurok Reservation. Declaration Date, June 28, 2008.

Distribution and monitoring of DRI funds will be under the direction of the Department’s State Community Development Block Grant (CDBG) Program.

This Notice of Funding Availability (NOFA) applies to CDBG/DRI funding for recovery from wildfires occurring in 2008. This is a Special NOFA pursuant to Health and Safety Code Section 50833.1. These funds are made available to the Department from the United States Department of Housing and Urban Development (HUD) pursuant to title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C.) whereby the President of the United States determined that major disaster assistance was warranted under the Federal Emergency Management Agency (FEMA). These funds are subject to and comply with the provisions of the HUD Disaster Recovery Initiative (DRI) notice published at [Docket No. FR-5337-N-01]. DRI funds are subject to Final Rule published at [Docket No FR-4254-N-01].

A copy of the HUD-approved State of California 2008 DRI Action Plan has been included in this document as **Appendix D**, and an electronic version may be viewed on-line at: http://www.hcd.ca.gov/fa/2008_DRI_Action_Plan.pdf

The form for requesting an application package for Disaster Recovery Initiative funds is available as **Appendix K** of this document. An electronic version of the application is available at the State DRI web site: <http://www.hcd.ca.gov/fa/dri.html>. The 2008 DRI Application and NOFA are available in Word and PDF format.

Notes:

- A. *The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such action occurs, the Department will notify all interested parties.*
- B. *It is the applicant's responsibility to ensure that its application is clear, complete and accurate. After the application submittal deadline, the Department may request clarifying information provided that such information does not affect the competitive ranking of the application, in the event that such tie-breaker ranking is necessary. No information will be solicited or accepted if such information results in a competitive advantage to an applicant. No applicant may appeal Department staff's evaluation of another applicant's application.*

2. APPLICATION TIMELINES

a) Key dates:

NOFA release: May 12, 2010

Applications due to HCD: Accepted on an over-the-counter basis BEGINNING July 13, 2010 until DRI allocation is exhausted, subject to Funding Limits detailed in Section 4.

NOTE: Applications will be Date-stamped, but not Time-stamped when received by the Department.

Application Workshops: Three live workshops and one webcast will be held. Please see **Appendix J** for the schedule and locations.

Awards announced: Within 60 days of successful receipt and review of application.

- b) Number of copies: **One Original** and **One Copy**, with attachments. Faxed or E-mailed or electronic copies not accepted.

- c) Mail to: State Community Development Block Grant Program
California Dept. of Housing and Community Development
P.O. Box 952054, MS 330-2
Sacramento, CA 94252-2054

Deliver to: 1800 Third Street, Room 330
Sacramento, CA 95811

- d) For further information, please contact Jay C. Cook, DRI Lead Representative, via phone at (916) 319-8136, FAX at (916) 319-8488, or e-mail at jcook@hcd.ca.gov, or Steven Marshall, DRI Program Manager, via phone at (916) 319-8410, FAX at (916) 319-8488, or e-mail at smarshall@hcd.ca.gov.

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FUNDING GUIDELINES

3. 2008 DRI ALLOCATION BUDGET

Activity #1 - \$18 Million:

Housing / Infrastructure / Economic Recovery and Revitalization (Economic Development)

Activity #2 - \$15 Million:

The development of forward-thinking strategies:

All Jurisdictions in Eligible Counties may apply for:

- Forward-thinking land use planning that will guide long-term recovery efforts, such as Safety Elements of General Plans, Local Hazard Mitigation Plans (LHMP), and Community Wildfire Protection Plans (CWPP).

Only Jurisdictions engaging in and applying for Activity #1 Funds may apply for:

- Disaster-resistant building codes
- Buyouts of properties in critical fire hazard areas
- Individual Mitigation Measures (IMM)
- Other smart strategies incorporated into recovery activities

NOTE: Jurisdictions requesting funds for activities or programs under Activity #1 are required to incorporate enhanced mitigation activities and/or forward-thinking strategies (planning, materials, and/or activities) as noted in Activity #2.

Activity #3 - \$4.5 Million:

Affordable Rental Housing Activities

General Administration Costs – Approx. \$790,000

4. FUNDING LIMITS

a) Maximum total award limits:

Eligible cities, counties and named federally recognized tribes may apply for:

Up to **\$1,000,000** if Low-Mod Beneficiaries represent at least **51% to 70%**

Up to **\$3,000,000** if Low-Mod Beneficiaries represent at least **71% to 90%**

Up to **\$5,000,000** if Low-Mod Beneficiaries represent at least **91% to 100%**

NOTE: Low-Mod Beneficiaries defined as having no higher than 80 percent of the county-wide median income adjusted for family size. Additional details may be found in Section 6 below, and in **Appendix C**.

- b) Maximum award limits for Forward Thinking Hazard Mitigation Planning activities (hereinafter known as “Planning Grants” as further defined in Section 5 below and in **Appendix A**):

Up to **\$70,000** for creation or update of Local Hazard Mitigation Plans
Up to **\$150,000** for creation or update of Safety Elements in General Plans

NOTE: Larger Planning Grants capped at \$150,000 must include a Local Hazard Mitigation Plan as well; they are not to be awarded separately. Furthermore, other disaster-related/forward-thinking planning activities may also be considered eligible activities, however, maximum grant awards for Planning-Only Activities may not exceed the \$150,000 limit.

Please note: The Federal Notice that created the 2008 DRI Program includes a waiver that allows Federal CDBG Program Rule Section 24 CFR 570.208 (d)(4) to establish the guidelines for meeting National Objectives. This permits the above mentioned Planning Grants in Section 3(b) to be deemed to meet the National Objective for Low- and Moderate-Income Persons, Households and Businesses. Additional details may be found in Section 6 below, and in **Appendix C**.

Furthermore, additional Federal waivers allow the traditional CDBG requirement of 70% overall benefit to Low- and Moderate-Income Beneficiaries be reduced to 50% overall benefit. Therefore, *at least 50 percent of each grantee’s DRI award must be for activities that benefit low- and moderate-income persons or households.*

Applications may include more than one activity, within the funding limits stated in this section. Jurisdictions submitting joint applications (applying with a contiguous jurisdiction, such as county/city or city/city) for any shared activity, may not also apply individually.

- c) State Distribution of Federally Allocated Funds

Federal DRI funds were awarded to the State in a single allocation to cover two Presidential disaster declarations. The allocation will be distributed based on the combined population of the eligible counties, per declaration, with Santa Barbara County grouped only with the counties named in the FEMA 1810-DR declaration. The total funds available per declaration are as follows:

FEMA 1810-DR: \$25,561,330
FEMA 3287-EM: \$12,784,500

d) Limited number of awards

It is anticipated that there may be more requests for DRI funds than there are funds available. There is no assurance that all applications will be funded or that awards will be for the full amount requested.

In the event the allocation for either declaration is not fully awarded by **OCTOBER 13, 2010**, the remaining funds will become available to any eligible jurisdiction under either declaration. However, if there are any jurisdictions that submitted an application under a declaration that is oversubscribed, such application(s) will be considered in order of date received.

e) Limited funding for public service activities

Federal regulations limit the amount of CDBG/DRI funds which can be awarded for public service activities to 15 percent. From the primary 2008 DRI allocation of \$39,531,784, no more than 15 percent, or up to \$5,929,767, will be made available for funding eligible public service activities.

f) Minimum funding amount for affordable rental housing

Congress has mandated a minimum percentage of each state's 2008 CDBG/DRI allocation be devoted to the repair, rehabilitation, and reconstruction of affordable rental housing. California's minimum required amount has been set at \$4,427,908.

5. ELIGIBLE APPLICANTS

Eligible applicants for DRI funds are limited to jurisdictions located within a county included in a 2008 Presidential disaster declaration, and the two federally recognized American Indian tribes also named in the FEMA 3287-EM declaration. Except for grant requests solely for Planning Activities as noted below and in **Appendix A**, to be eligible for DRI grants, applicants must prove that their proposed activity is required as a direct result of a disaster occurring in 2008, *for example: the wild fires burned the southern part of a city and damaged a mobile home park which is to be rehabilitated with DRI funds, because it was not allowable under Federal Emergency Management Agency (FEMA)*. The State CDBG program may consult with California Emergency Management Agency (CalEMA) or HUD staff to confirm eligibility. Applications from ineligible applicants will not be considered. **Appendix B** contains a complete list of eligible counties, cities and federally recognized Native American Indian tribes.

6. ELIGIBLE ACTIVITIES

Activities eligible for funding under this DRI NOFA are limited to eligible CDBG activities as listed in federal regulations Title 1, Section 105 (a) of the Housing and Community Development Act of 1974. Eligible activities are also listed in 42 U.S.C. Section 5305(a). Activities must also comply with disaster recovery notice [Docket No. FR-5337-N-01] and DRI rules and regulations set in [Docket No. FR-4254-N-01]. An application may contain more than one eligible activity.
NOTE: Once awarded, funds cannot be transferred between activities.

Based on analysis conducted in preparation of the Action Plan, the State believes there will be five primary activities which will have the highest need and are anticipated to be funded under this NOFA:

- 1) Housing Rehabilitation;
- 2) Public Facilities;
- 3) Public Improvements;
- 4) Public Services; and
- 5) Hazard Mitigation Planning Activities

See **Appendix A** for a list of eligible activities, a description of the most common activities, and criteria used to determine eligibility. If an applicant is proposing an activity different from those described as most common in this NOFA, they are encouraged to work closely with their designated State program representative to confirm the activity is eligible and ensure all proper documentation is included.

Any work performed under the first three primary activities listed in the paragraph above will be required to include corresponding/related enhanced mitigation activities as part of the project. Additional information on this requirement for enhanced mitigation work is discussed in **Appendix A**.

The Federal CDBG Program citations regarding both Eligible and Ineligible Activities are provided in **Appendix G**.

Please note: Between the date of release of this NOFA and the start of application receipt, jurisdictions are encouraged to communicate with HCD in order to review the details of their proposed projects and programs to ensure they meet DRI Program eligibility. Applicant may use **Appendix I** for this purpose.

7. OVERALL BENEFIT AND NATIONAL OBJECTIVES

The primary objective of DRI grants is the repair and rehabilitation of areas damaged or directly affected by the 2008 wildfire disasters and redevelopment of viable urban communities by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income persons.

DRI activities must meet one of CDBG's three National Objectives:

- 1) the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income;
- 2) aiding in the prevention or elimination of slums or blight; or
- 3) meeting other community development needs having a particular urgency.

For the purposes of this section, "slums" and "blight" means a blighted area or structure characterized by one or more of the following conditions:

- a) the buildings and structures, used or intended to be used for living, commercial, industrial, or other purposes, which are unfit to occupy for such purposes and are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime because of factors listed in Health and Safety Code Section 33031; and
- b) properties which suffer from economic dislocation, deterioration, or disuse because of factors listed in Health and Safety Code, Section 33032.

For the purposes of this section, an activity will be considered to address the standard of urgency if the applicant certifies that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, *which can be documented as having been caused as a direct result of the 2008 disasters*, that the applicant is unable to finance the activity on its own, and that other sources of funding are not available to meet such needs. For the purposes of this section, any condition which has existed longer than eighteen (18) months prior to the final filing date for applications shall not be considered to meet the standard of urgency.

Consistent with federal requirements listed in [Docket No. FR-5337-N-01], **at least fifty percent (50%) of each 2008 DRI award must be used on activities that benefit low- and moderate-income households**, which are defined as having incomes of no more than eighty percent (80%) of the county-wide median income adjusted for family size. **Note:** this low- and moderate-income benefit group may be referred to by the State CDBG Program as either "Low-Mod Beneficiaries" or the "Targeted Income Group (TIG)." The State program requires this percentage to be met and is in turn passing this requirement to local jurisdictions. A chart showing the current CDBG/DRI income limits by county may be obtained at: http://www.hcd.ca.gov/hpd/hrc/rep/state/cdbg_home09.pdf

After meeting the minimum low- and moderate-income benefit threshold described above for 50 percent of the DRI grant funds, the grantee may use the remaining DRI funds for either of the following: the elimination of slums or blight or meeting a community development need having particular urgency because existing

conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such a need. Please contact your CDBG program representative prior to completing an application proposing a national objective other than benefit to low- and moderate-income persons).

Meeting the Low- and Moderate-Income Benefit: When proposing a neighborhood or community-wide activity, benefit is generally provided to all the occupants of a geographic area or all users of a facility/service. Typically, only some DRI funds for such an activity benefit Low-Mod persons or households, unless the target area is extremely depressed.

DRI activities will be deemed to benefit low- and moderate-income beneficiaries when they can meet any one of the following tests:

- a) At least 51 percent of the individuals or households who benefit from the DRI funded activity must be documented as having incomes at or below the HUD published limits. Note: Direct assistance activity of housing rehab and homeownership assistance grants must be 100% Low-Mod, and therefore meet the test.
- b) If the activity benefits are available to all residents in an area, then at least 51 percent of the residents must be low- and moderate-income. Area Low-Mod data can be found by census tract and block group on HUD's low- and moderate-income charts, which can be found on the CDBG web site along with the DRI Application and NOFA. NOTE: A recently conducted income survey may also be used to confirm a qualifying Low-Mod community, also known as a Low-Mod Area (LMA). Please refer to **Appendix E** in this document for detailed information concerning income surveys.

8. DUPLICATION OF BENEFIT

As stated in [Docket No. FR-5337-N-01], DRI funds "may not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency (FEMA), the Army Corps of Engineers (USACE), United States Department of Agriculture (USDA), or Small Business Administration (SBA). Further, none of the funds may be used as the required match, share, or contribution for another Federal Program."

DRI applications must provide documentation of why no other funds were available or that the available funds were not sufficient to pay for all the necessary repair costs or other eligible activities. If funds were applied for and denied, the agency or jurisdiction must provide a copy of the request for assistance from the appropriate agency listed above, along with the written response from the agency.

DRI funds may be considered in cases where above named federal agencies denied funding for a CDBG eligible activity.

Examples of uses and restrictions for DRI funds when federal, state or private funds have been received:

- DRI funds **can** be used to augment repair/mitigation funds in circumstances where funds for a project are not sufficient, and during implementation of the project additional funds are needed, but no additional funds are available from other funding sources. Documentation must be provided in the application that DRI funds are not being used as required match. Additionally, the application must contain documentation that no other funding sources have additional funds available for the activity, and that the project is eligible for disaster funds.
- DRI funds **cannot** be used for activities which were underway prior to the date of the disaster declaration.

DRI applications proposing individual assistance activities such as, but not limited to, relocation, buyouts, housing rehabilitation, and homeownership assistance must include a set of program guidelines which describe how the funds will be provided to households and how each beneficiary will be qualified for assistance. This process must include income qualification as well as the use of a "household certification" documenting that no other funds were used to pay for the activity being paid for with DRI funds, including a subrogation clause that any pending or future disaster recovery benefits received will be applied to repay DRI grants or loans. In addition, jurisdictions will be required to submit a "self certification" acknowledging responsibility of these requirements.

9. GRANT ADMINISTRATION COSTS

General Administration (GA) expenses will be capped at a maximum two percent (2%) of the total award amount for reasonable general administrative expenses related to carrying out the DRI Program.

Activity Delivery (AD) expenses will be capped at the maximum rates listed below. A portion of the grant award may be used to pay for the actual costs associated with the delivery of the proposed activity. Activity Delivery includes costs associated with staff and overhead directly involved with carrying out the activity.

Activity Delivery costs vary, depending on the activity category. Maximums stated herein are the same as the CDBG General Allocation and Economic Development limits:

- Housing Rehabilitation: up to 19 percent

- Economic Development up to 15 percent
- Public facilities or public improvements up to 8 percent
(if complex labor standards are justified*) up to 12 percent
- All other activities (includes Planning): up to 8 percent

*Complex labor standards means multiple subcontractors and/or numerous trades.

Note: Maximum Activity delivery costs are calculated as a percentage of the total activity amount. Documentation must be provided to verify actual costs.

Example: For a \$300,000 Homeownership Assistance Program with activity delivery costs of 8 percent, activity delivery would be calculated as follows:

$$\$300,000 \times 0.08 = \$24,000 \text{ (activity delivery)}$$

NOTE: Activity delivery expenses may include documentation of eligibility for individual assistance programs or prevailing wage monitoring for projects which trigger labor standards or payment of staff time for procurement activities.

APPLICATION REVIEW AND TIE-BREAKER SCORING

10. THRESHOLD CRITERIA AND DESCRIPTION

State CDBG staff will review all applications for adherence to minimum threshold criteria outlined below. In reviewing joint applications, information for the combined needs of all participating localities will be used. **Primary threshold criteria will be required of every application.**

To address potential tie-breaker situations, a point scoring system will be employed. Applications may receive a maximum 104 points. Up to 49 points may be awarded for activities under the Low-Mod Benefit National Objective; up to 20 points may be awarded within the other primary threshold categories; up to 5 bonus points for readiness; and up to 10 bonus points may be awarded for poverty. Note: Consistent with 25 California Code of Regulations Section 7076 (a) for addressing priorities in case of a tie, in the event two or more applications are received on the same date, the jurisdiction with the highest level of poverty shall be given priority in funding. (Applications will be date-stamped on the day received. Applications will not be time-stamped; all applications received on the same day will have the same date-stamp confirming date of receipt.)

Primary Threshold Criterion and Tie-Breaker Point Description	Potential Tie-Breaker Points
<p>Eligible Activity Primary Threshold: All activities must meet one of the three National Objectives. NOTE: For activities proposed for funding under the low- and moderate-income National Objective, tie-breaker points will be allocated based on each percentage point above the minimum 51% Low-Mod benefit.</p>	<p>Maximum 49 Points</p>
<p>Need for Activity Primary Threshold: Documented need for proposed activity, severity of the problem, and extent to which proposed activity will address the identified need. NOTE: Tie-breaker points will be assigned based on greatest need and most thorough documentation.</p>	<p>Maximum 20 Points</p>
<p>Capacity Primary Threshold: Jurisdictions must demonstrate CDBG grant management experience. NOTE: Tie-breaker points will be assigned based on the applicant's documented experience with CDBG activity implementation and federal overlay compliance.</p>	<p>Maximum 20 Points</p>
<p>Enhanced Disaster Recovery Activities Primary Threshold: Jurisdictions requesting funds for activities or programs under Activity #1 (described in Section #3 above) are required to incorporate enhanced mitigation activities and/or forward-thinking strategies (planning, materials, and/or mitigation activities) as noted in Activity #2. NOTE: Applications for Planning-Only grants are deemed to meet this primary threshold without a request for funding under Activity #1. Tie-breaker points will not be awarded in this category.</p>	<p>Applications reviewed for meeting Threshold. No tiebreaker points awarded</p>
<p>Readiness to Proceed Potential Bonus Points: Points will be assigned based on the ability of the applicant to move forward with the proposed activity in a timely manner (i.e., all funding in place, NEPA requirements met, plans/specifications complete, etc.).</p>	<p>Maximum 5 Points</p>
<p>Poverty Index Potential Bonus Points: Points will be assigned based on percentage of population below poverty level, using 2000 census data. This measure is taken jurisdiction-wide unless the activity is proposed within a designated target area. Applicants with highest poverty levels will receive full points, and others will receive fewer points corresponding to lower poverty levels.</p>	<p>Maximum 10 Points</p>
<p>POTENTIAL TIE-BREAKER POINTS (MAXIMUM)</p>	<p>104 Points</p>

11. APPLICATION TRAINING AND ASSISTANCE

In May and June, 2010, State CDBG staff plans to hold application workshops in regional locations to assist eligible applicants in learning how to best assemble and submit a complete DRI application. You may also contact your CDBG program representative for assistance with questions and preparation of the application.

12. APPLICATION REVIEW & EVALUATION

Upon receipt, each DRI application will be stamped with the date received (not the hour) and reviewed by CDBG staff. Complete applications proposing eligible activities meeting a national objective will be reviewed based on their proposed activities. The review and threshold evaluation process will produce a proposed funding eligibility list with applicants listed according to the date their application was received. The Department intends to fund approved requests based first on the date applications are received, however, may also apply a point scoring evaluation process (if needed in case of a tie-breaker) to determine funding order, eligibility, and amounts. This process will be followed until all 2008 DRI funds have been committed.

Incomplete or ineligible applications will be returned to the applicant within thirty (30) working days of receipt of the application along with a deficiency letter outlining the information needed to make the application complete or eligible. The Department will not evaluate or fund applications if all activities in the application are found to be ineligible. However, if only some of the activities in the application are not eligible, the Department may, at its sole discretion, disregard ineligible activities and consider funding eligible activities.

a) Documentation and Evaluation Under Poverty:

Using 2000 Census data, the Department has provided Low-Mod Income and poverty percentages for a vast majority of 2008 DRI eligible jurisdictions in **Appendix C**. Applicants should apply this data to each activity in their application, as follows:

If an activity has jurisdiction-wide benefit, then the Low-Mod Income and poverty percentages will be based on jurisdiction-wide data. If an activity is located within a target area, the applicant must identify the specific census tract(s) and block group(s) where the benefit will take place. Specific data may be obtained using 2000 census data tables, the link for which is provided in **Appendix C**.

NOTE: If unable to use the data provided in **Appendix C**, applicants must include with their application a copy of the 2000 census data table(s) used to determine Low-Mod income and poverty percentages.

b) Documentation of Low- and Moderate-Income Benefit:

The Department may award grants of up to \$5 Million for applications demonstrating 91% or more Low-Mod Benefit for funds requested under the Low-Mod National Objective. There are three ways of documenting this benefit: 1) income restriction of beneficiaries through program or project; 2) area-wide or project-wide benefit; and/or 3) limited clientele. Applicants must document the level of Low-Mod benefit in the description section for each activity.

Activities Restricted to Low-Mod Beneficiaries: Income-restricted programs are typically housing rehabilitation, homebuyer assistance programs, and business assistance loans which generate jobs for low- and moderate-income persons. Beneficiaries must be income qualified prior to receiving any benefits.

When addressing a neighborhood or community-wide health and safety problem, benefit is generally provided to all the residents of a geographic area or all users of the community facility/service. Typically, only a portion of the beneficiaries of such an activity are Low-Mod households, unless the target area is extremely depressed. In the case of a tie-breaker evaluation, lower rates of Low-Mod benefit will not necessarily prevent an application from being funded, but activities with less than 90 percent benefit to Low-Mod households may be at a competitive disadvantage if compared with applications with higher benefit rates for similar activities.

Determining Area-Wide or Project Low-Mod Benefit: The Department has identified and provided some Low-Mod information in **Appendix C**, however, applicants should use 2000 HUD low- and moderate-income data by census tract and census block group to document low- and moderate-income benefit of the entire area where area-wide activity (public facility or public improvement) is proposed. Links to the HUD website are provided in **Appendix C**.

Service Areas Must Be Primarily Residential In Nature: The service area need not be coterminous with Census Tracts or other officially recognized boundaries. However, it is critical that the service area be the entire area served by the activity, as required by 24 CFR 570.483 (b)(1)(i). The responsibility for outlining the area served by the activity rests with each jurisdiction or grantee. A service area can include all or parts of several units of general local government and may contain both incorporated and unincorporated areas. Income data from HUD may be usable for a portion of the service area while an income survey may be used for the remaining portion of the service area, provided that each source independently meets the 51 percent Low-Mod Income requirement.

For applicants needing to complete an income survey to determine the benefit level of an area or a project, please follow the guidelines and instructions provided in **Appendix E**.

Correct income limits as adjusted for household size must be used. See the Department's Housing Policy Division web site at: www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html. From there, click on the link titled: "Income Limits for California-administered CDBG & HOME." This will take you to the official state income limits page. Note: Only use the limits at 80 percent of median income and below. Use this data for your area of benefit when doing a household income survey to document the Low-Mod benefit for any area-wide activity. Speak to your CDBG representative if you wish to do a survey to document Low-Mod benefit, and see **Appendix E** for a sample survey form. If you are proposing to use other sources of information to document Low-Mod benefit, then contact your state CDBG program representative to ensure it is acceptable.

Limited Clientele Beneficiaries with Presumed 100% Low-Mod Benefit:

Limited Clientele: *Abused children*
 Homeless persons
 Illiterate adults
 Persons living with AIDS
 Battered spouses
 Migrant farm workers
 Severely disabled adults (per census definition)

Seniors over 62 years old are presumed as only 51% Low-Mod benefit. NOTE: To demonstrate Low-Mod benefit over the presumed 51 percent for seniors, the application must include an income survey.

When evaluating tie-breaker applications for Low-Mod benefit, points will be awarded based on each percentage point above the minimum 51 percent level required by HUD.

c) Documentation and Scoring of Need for Activity:

See **Appendix A** for a list of typical activities and a description of how to document need for the activity. All applications must also describe why the proposed activity is the community's highest disaster-related need, and the process used to make such a determination. In the event of a tie-breaker, the jurisdiction with the greatest need and most thorough documentation will receive the highest score.

The Department may, in its sole discretion, fund activities it deems to have met the threshold for community highest need, and may deny funding, or only partially fund, those activities that are not demonstrably the community's highest need.

d) Documentation and Evaluation of Capacity and Readiness to Proceed:

Applicants will be required to submit resumes and duty statements documenting staff capacity and experience for implementation of the proposed activities. If the local jurisdiction is planning on using a consultant to assist them in implementing the proposed activity, then copies of the consultant's staff's resumes and duty statements will be required. Contracts between the jurisdiction and the consultant will need to be submitted for Department review.

To document readiness, applicants must submit documentation that they are or will be ready to proceed with the activity upon, or as soon as possible after award of funds. Applications able to clearly document the ability to meet the State's grant contract 90 day special conditions items for proposed activities will receive the highest scores under this category. For example, having all environmental clearance (NEPA) requirements completed, having approved program guidelines for a housing rehabilitation program/project and all financing commitments for a public improvement or public facility project already in place will be considered critical elements of readiness.

e) Documentation for Enhanced Disaster Recovery Activity:

The 2008 DRI Program is designed to have all rehabilitation and recovery activities incorporate enhanced mitigation activities and forward-thinking strategies. Enhanced disaster recovery activities should be targeted at reducing the risk of damage from future disasters. The Federal Register Disaster Recovery Notice [Docket No. FR-5337-N-01] (available at:

<http://frwebgate6.access.gpo.gov/cgi-bin/PDFgate.cgi?WAISdocID=131545345056+1+2+0&WAIAction=retrieve>)

provides specific examples of eligible enhanced disaster recovery activities.

Examples include:

- 1) Development and adoption of a forward-thinking land-use plan (Planning) that will guide long-term recovery efforts and subsequent land-use decisions throughout the community that reduces existing or future development in areas of high disaster risk (i.e., funds might be used toward creating/updating local hazard mitigation plans, or possibly updating land-use or safety elements of a general plan).

NOTE: The California Planner's Book of Lists, 2008 Edition, published by The Governor's Office of Planning and Research (OPR), provides summary information regarding Local Hazard Mitigation Plans (LHMPs) and Safety Elements within General Plans now in place for most California counties and cities (<http://www.opr.ca.gov/planning/publications/2008bol.pdf>). Many plans are currently over 5 years old and in need of updating;

- 2) Critical fire area buy-out programs, which may be considered as part of a homebuyer's assistance program. This may include an optional relocation plan that includes incentives for families and private sector employees to move out of areas at severe risk of a future disaster;
- 3) Individual Mitigation Measures (IMM) to improve residential properties and make them less prone to damage. As part of a housing rehabilitation program, DRI funds might be used to create/expand residential housing hazard mitigation programs to include loans or grants for items such as installation of upgraded fire resistant (dual pane) windows, installation of new roofing material made with improved fire resistant materials, replacing exterior wood decks with fire-resistant materials, installation of attic vent screens to prevent flammable materials from entering attic areas, etc.; and
- 4) Implementation of modern disaster-resistant building codes, including, but not limited to, training staff on new standards and code enforcement.

NOTE: Information on California's newest building code requirements (Title 25, California Code of Regulations, Chapter 3, Article 2.3, Ignition-Resistant Construction) specifically regarding the use and application of new and improved fire-resistant materials for Manufactured Housing, is available at:

(http://www.hcd.ca.gov/codes/mhp/IB_2009-03_WUI_Regs.pdf).

Additional information may be found at the Department's Codes & Standards Division web site at: (<http://www.hcd.ca.gov/codes/>).

Applicants applying for Enhanced Disaster Recovery activities must demonstrate the ability to implement proposed forward-thinking, long-term disaster recovery activities in a timely manner. In addition, applicants will be required to provide a line-item budget estimating all substantial costs associated with their proposed activity. In the event of tie-breaker scoring, maximum bonus points will only be awarded applications containing clear, complete and pertinent supporting documentation, specific to the enhanced disaster recovery activities.

AWARD ANNOUNCEMENTS AND PROCESSING

13. AWARD ANNOUNCEMENTS

The Department anticipates Awards to be announced beginning in late July through August, 2010. Please do not call the CDBG staff to ask about the status of your application. All applications will be reviewed within 60 days of successful receipt and Applicants will be notified by mail as to the outcome of their application.

14. AWARD PROCESSING

All funded applications will be processed through a standardized Grant Agreement (“Agreement”). The Agreement will contain information about the terms and special conditions of the award. Special conditions will have to be met within 90 days of the Agreement's execution. If the conditions are not met, the Department may terminate the Agreement. Applicants may be permitted to incur general administration (GA) costs upon receiving their award letter only if they have requested and obtained written approval from HCD. **Grantees MUST obtain clearance or approval for any special conditions and environmental requirements prior to beginning a CDBG funded activity. This requirement also applies to activities which may include non-CDBG funding. Beginning any program or project activity prior to obtaining written clearance from HCD may cause the activity to become ineligible.**

15. PROGRAM MONITORING

Grantees should be aware that various federal and state overlay requirements that apply to non-disaster CDBG grants will also apply to Disaster Recovery Funds. All grantees will be monitored for compliance with these requirements. For current information refer to Federal Register Disaster Recovery Notice [Docket No. FR-5337-N-01] and see Chapter 12 of the current State CDBG Grant Management Manual on the web site. Contact your State CDBG field representative for guidance and compliance questions.

On-site monitoring by Department CDBG Representatives will be to review all DRI-related documentation as well as viewing the funded activities. Beneficiaries receiving individual assistance may also be interviewed.

PROGRAM REQUIREMENTS

16. STATE REQUIREMENTS

The State CDBG Program is a federally funded program that is provided to California's small cities and counties by the Department. The 2008 DRI Program design allows the State to incorporate the following established State CDBG program requirements:

a) Low- and Moderate-Income Benefit.

In order for activities to meet the national objective of benefit to low - and moderate-income (Low-Mod) families, at least 51 percent of the beneficiaries shall be Low-Mod persons, based on county income limits provided annually by HUD. The Low-Mod income limit is 80 percent and below of the area median income, adjusted by family size.

Each application must demonstrate that at least 50 percent of the DRI funds awarded will fund activities with low- and moderate-income benefit. Failure to adequately document the 50% level of Low-Mod benefit for the proposed activity will result in denial of funds.

b) Serious Need:

The State seeks to ensure that the most serious community development needs arising from the disaster are addressed. The applicant must describe why the proposed activity(ies) is (are) the highest community development needs arising from the disaster, and the process used for making such a determination.

The State has identified five activities which are believed to be the highest need based on analysis from the Action Plan (Housing Rehabilitation, Public Facilities, Public Improvements, Public Services, and Hazard Mitigation Planning Activities). These activities are described in greater detail in **Appendix A**.

17. PUBLIC PARTICIPATION

Mindful of the need to make CDBG funds available as quickly as possible for disaster recovery, the public participation requirements have been somewhat simplified for DRI funding. DRI federal regulations require that grantees:

- a) Publish or post a notice for residents with information identifying the funds available for the proposed Disaster Recovery efforts, and the proposed activities in the application, including the estimated amount to be used for activities that will benefit low- and moderate-income disaster victims.

- b) Provide residents with access to the application and an opportunity to comment on the proposed use of the funds. To this end, jurisdictions are required to:
 - i) hold at least one public hearing during the planning phase of the application for public comment on the community's needs and proposed activities;
 - ii) hold at least one public hearing to approve the application for submittal; and
 - iii) include in the application, all written public comments received during the public hearing process.
- c) Advance notice for all public hearings must be given within a reasonable period of time; however in no case may notice be given less than seven (7) days prior to a hearing.
- d) Documentation of the public participation process, including copies of the published notices of public hearings, must be included in the application. A sample public notice is included in **Appendix F**.
- e) Resolutions issued by the jurisdiction's governing body must be included in the application. A sample resolution is provided in **Appendix H**.

18. PUBLIC RECORDS ACT

Applications for DRI funding and the corresponding Grant Agreements are public information and must be made available for review by the public. Applicants are advised that information submitted to the State may have to be made available to the public under the State Public Records Act, unless an exemption under this Act applies to the information submitted and the applicant establishes a valid claim of confidentiality under such exemption.

19. ENVIRONMENTAL REVIEW

The applicant will be required to conduct the proper environmental review for **all** proposed activities in the application. No activity funds will be available until the proper review is completed and approved by the State CDBG program and a formal release of funds letter is received by the applicant. NOTE: Failure to conduct the proper review and obtain State release of funds letter **prior** to the start of the proposed activity will cause the activity to become ineligible. See Chapter 3 of the current State CDBG Grant Management Manual for guidance on the proper process and required forms for submittal (http://www.hcd.ca.gov/fa/cdbg/manual/Chapter_3-Environmental_Review_Requirements.pdf).

NEPA Choice Limiting Actions: Pursuant to 24 CFR, Part 58.2, if DRI funds will be expended on the purchase of real property or construction work on a site, the applicant **must not** make a choice limiting action, as defined under the National Environmental Policy Act (NEPA), prior to obtaining release of DRI funds for each proposed activity. Choice limiting actions include executing a sales or lease agreement for purchase of land (however, an option to purchase or lease is acceptable) or executing a construction contract prior to State approved release of DRI funds.

A grantee or any participant in the development process may not commit DRI funds on an activity or project until the State has approved the Request for Release of Funds and Certification.

20. RELOCATION

The federal requirements relating to acquisition and relocation assistance are a major consideration for eligible CDBG/DRI applicants. Jurisdictions who receive federal funds in the form of a CDBG/DRI grant are required to inform all potential program recipients, **prior to program recipients submitting an application for assistance from CDBG/DRI funds**, of the potential for relocation as a result of the federally-funded project, and of the potential recipients' rights to relocation assistance in the event relocation is triggered by the funded activity. If any jurisdiction has a specific project in mind that may involve acquisition and/or relocation, contact your CDBG field representative for further guidance prior to submitting the CDBG/DRI application. Current DRI notices provide some exemptions for relocation depending on the activity being proposed and any exemptions to relocation must be approved by the State CDBG program prior to proceeding. See Chapter 6 of the current State CDBG Grant Management Manual for more detail on federal relocation requirements.
<http://www.hcd.ca.gov/fa/cdbg/manual/Chapter6RelocationandAcquisition.doc>

21. PREVAILING WAGE PAYMENTS

Federal law requires that any CDBG/DRI funds paying for construction projects must comply with Davis Bacon prevailing wage requirements. This involves a specific competitive bid process and specific bid and contract language. Contractors must be monitored to ensure their workers are being paid the proper prevailing wages on a weekly basis. Reports must be submitted to confirm compliance with Section 3 employment opportunity law and prevailing wage laws. See Chapter 5 in the current State CDBG Grant Management Manual for a description of process for complying with federal prevailing wage monitoring, and the required language which must be placed in bids and contracts.
<http://www.hcd.ca.gov/fa/cdbg/manual/Chapter5LaborStandards.doc>

22. PROCUREMENT PROCESS

Any goods or services paid for with CDBG/DRI funds must be obtained through a competitive process. The applicant will seek to assure that equal opportunity provisions have been included in all procurement procedures and that federal and local procurement procedures are followed. See Chapter 8 in the current State CDBG Grant Management Manual for a description of different federal procurement processes.

<http://www.hcd.ca.gov/fa/cdbg/manual/Chapter8Procurement.doc>

Federal debarment and suspension required by 24 Code of Federal Regulations, Part 24, apply to all CDBG grantees, and as such, grantees are required to verify that any/all persons, contractors, consultants, businesses, sub-recipients, etc. that are conducting business with the grantee **(including the City/County)** are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Grantees must check the Excluded Parties Listing System (website: <http://www.epls.gov>) and maintain evidence of the search results.

23. SITE CONTROL

Applicants are not required to have site control at the time of application. However, site control will be a special condition of a grant award and will need to be obtained within the first 90 days of the grant. Jurisdictions will not be able to use CDBG/DRI funds to repay any acquisition costs (for example, bridge loans) incurred prior to the date the State contract is executed and all special conditions have been met.

24. PROGRAM INCOME

All program income generated by DRI funds shall remain at the local jurisdiction. State staff will determine if program income (PI) funds repaid from activities funded under this NOFA are normal CDBG PI and will be tracked as such by the grantee's fiscal staff, or if program income generated from this allocation must be tracked as DRI PI and retain their identity as such.

If the grantee is using DRI funds under this allocation to fund activities which are already being funded with other CDBG funds, for example doing additional housing rehabilitation loans, then any DRI funds repaid will be returned to the local CDBG program income account. However, if the grantee is doing a new activity with DRI funds not already funded with CDBG funds, then any funds repaid from the investment of the DRI funds must be tracked as DRI program income. The State's decision about the type of program income generated from the proposed activities will be made at the time of initial award of DRI funds from

this allocation and that determination will be included in the grant contract between the State and the grantee.

25. CONCLUSION

Please see Appendices A through K following this section. Appendix K has the request for DRI Application. If you have any questions or need additional information, please visit the DRI website at www.hcd.ca.gov/fa/dri.html. Pertinent documents and information will be posted to the site, as well as links for Frequently Asked Questions, the State's HUD-approved 2008 DRI Action Plan, directions to all Application Workshops, other DRI documents, plus other disaster-related links to HUD, FEMA, and CalEMA. If you have any other questions, please contact the DRI Program via email at: dri@hcd.ca.gov.

APPENDIX A

STATE'S ANTICIPATED HIGHEST NEEDS, ELIGIBLE / INELIGIBLE ACTIVITIES and EVALUATION CRITERIA OF DIFFERENT ACTIVITIES

STATE'S ANTICIPATED HIGHEST NEEDS:

Based on analysis for the preparation of the HUD-approved State DRI Action Plan, the State believes there will be five primary activities which will have the highest need and are anticipated to be funded under this NOFA. The five primary activities include housing rehabilitation, public facilities, public improvements, public services, and hazard mitigation planning activities.

EXAMPLES OF ELIGIBLE ACTIVITIES:

- Housing rehabilitation, reconstruction or replacement of residential structures, both single family and multi-family properties. Inclusion of "forward-thinking" hazard mitigation components such as hardening of roofs through the installation of newer fire resistant materials, installation of fire resistant dual pane windows, installation of fire resistant mesh roofline vent covers, etc. are encouraged and may be required for certain rehabilitation activities;
- Repair, reconstruction or replacement of affordable rental housing, as mandated by HUD guidelines for the DRI Program;
- Homebuyer assistance to facilitate homeownership among low- and moderate-income persons affected by the declared disaster, including 100% down payment assistance, interest rate subsidies and loan guarantees. Low- and moderate-income persons may qualify for this activity at up to 120% AMI;
- Individual Mitigation Measures (IMM) incorporated into rehabilitation or reconstruction of disaster-damaged residential properties, to make residential properties less prone to damage, such as the examples noted in the first bullet point above;
- Activities relating to energy conservation and renewable energy resources, incorporated into recovery;
- Housing new construction activities for replacement of housing units damaged or destroyed as a direct result of the declared disaster;
- Acquisition of real property (including buying-out of properties in critical fire hazard areas and the acquisition of relocation property);

- Relocation payments and assistance for displaced persons, businesses, organizations, and farm operations;
- Public infrastructure repair and reconstruction;
- Public facility acquisition, construction or reconstruction/rehabilitation;
- Public improvements in-support-of housing, including: installation and improvements of water and sewer facilities, streets and drainage;
- Public services for social services required because of disaster, such as emergency shelter or transitional housing payments;
- Code enforcement in deteriorated areas caused by the disaster;
- Economic Development: recovery and revitalization as a direct result of the declared disaster.
- Additional examples of eligible CDBG activities may be found in the Federal Program citation located in **Appendix G**.

Note: Activities involving direct assistance to individuals, especially for relocation, purchase of property, or rehabilitation, may be more difficult to carry out since the grantee must avoid duplication of benefits from any of several federal agencies. Contact your CDBG representative prior to submitting an application proposing direct assistance to individuals and business owners.

Please see Section 7 - Duplication of Benefits of this NOFA.

EXAMPLES OF INELIGIBLE ACTIVITIES:

- Disaster Recovery funds **shall not** be used for activities reimbursable by, or made available by, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), or United State Army Corps of Engineers (USACE), United State Department of Agriculture (USDA) or any other federal funding source. **Disaster funds must be spent on damages caused by or directly related to wildfire disasters occurring in 2008.**
- General government expenses;
- Acquisition, construction, or reconstruction of buildings for the general conduct of government even if damaged or destroyed as a direct result of the declared disaster;
- Payment of fire protection costs as a result of disaster;
- Purchase of equipment, or construction equipment;
- Purchase of Fire protection equipment;
- Normal or on-going operating and maintenance expenses associated with repairing, operating or maintaining public facilities, improvements and services; and

- Income payments such as subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities.

Please note: There may be other types of activities contemplated by the jurisdictions that are not on the lists of eligible or ineligible examples herein. Please consult with your CDBG staff Representative if you have any questions about proposed activities.

HOUSING REHABILITATION

a) Eligible Activities:

CDBG funds may be used to finance the costs of repairs and improvements to owner- and renter- occupied units, including repair or replacement of principal fixtures and components of existing structures (e.g., the heating system). Under certain circumstances, rehabilitation can also include the demolition and reconstruction of dwelling units. Water or sewer laterals are considered rehabilitation when they are located on private property.

Conversion of a non-residential structure to residential (adaptive reuse) is eligible under Housing Rehabilitation. However, if the conversion involves construction that goes beyond the envelope of the non-residential structure, the project may be a New Construction activity and become ineligible. If this is the case, please consult with your CDBG Representative. ((*Reference: 24 CFR 570.202(e). Possibly include in Appendix G of Federal citations*))

NOTE: In the event of a tie-breaker, bonus points will be awarded for Housing Rehabilitation activities which implement forward-thinking, long-term disaster recovery strategies.

b) Ineligible Activities:

Rehabilitation does **not** include;

- Creation of a secondary housing unit attached to a primary unit;
- Installation of luxury items, such as a swimming pool;
- Costs of equipment, furnishings, or other personal property not as integral structural fixture, such as: 1) a window air conditioner or a washer or dryer (but a stove or refrigerator is allowed); or
- Labor costs for homeowners to rehabilitate their own property.

PUBLIC FACILITIES

a) Eligible Activities:

This activity generally refers to the acquisition, rehabilitation, reconstruction or, in some cases, new construction of buildings and grounds used for public purposes such as training, health services, education, recreation, nutrition, shelter, day care, temporary housing, and fire protection.

Temporary Housing: To be eligible as a public facility, housing related activities must be designed for use in providing shelter for persons having special needs. Such shelters would include, but not be limited to, nursing homes, convalescent homes, shelters for victims of domestic violence, shelters and transitional facilities for the homeless, halfway houses for runaway children or drug offenders or parolees, group homes for the developmentally disabled, and seasonal housing for migrant farm workers.

b) Ineligible Activities:

- The costs of maintaining or operating a public facility are not eligible as a public facility activity but may be eligible as a public service activity.
- Refinancing loans on existing public facility buildings is not an eligible use of CDBG funds unless the refinancing takes place in conjunction with the rehabilitation of the building.
- Permanent housing is not eligible as a Public Facility activity.

PUBLIC IMPROVEMENTS

a) Eligible activities.

Eligible activities include the costs of acquisition, construction, or installation of the public improvements project and site or other improvements, including water and sewer facilities, flooding and drainage facilities, utilities, and flood control.

PUBLIC SERVICES

a) Eligible Activities:

Under this category, DRI funds may be considered to provide public services including labor, supplies, materials, and other costs

incurred as a direct result of the 2008 disasters. Paying the cost of operating and maintaining that portion of a facility in which the service is located also falls under this category, provided there is no duplication of benefits. Public services include, but are not limited to:

- health care
- job training
- recreation programs
- code enforcement
- child care
- services for senior citizens
- services for homeless persons
- drug and alcohol abuse counseling and testing
- transportation services
- nutrition services

NOTE: DRI allocation for public services cannot exceed 15 percent of the total award to the State.

ECONOMIC DEVELOPMENT

a) **Eligible activities.**

Eligible activities include CDBG eligible Business Assistance and Microenterprise Assistance activities for which there is a need as a result of the 2008 disasters described in this NOFA.

ENHANCED HAZARD MITIGATION ACTIVITIES

PROJECT-SPECIFIC ENHANCED MITIGATION ACTIVITIES

a) **Eligible Activities:**

The DRI Program requires enhanced mitigation activities be incorporated into rehabilitation and/or reconstruction of: housing, business properties, infrastructure, or other public improvements. These activities are noted in the 2008 DRI Action Plan, located in **Appendix D**, in Section VI, under the heading of Activity #2.

b) **Ineligible Activities:**

Mitigation, in and of itself, is NOT an eligible activity. Mitigation activities and “forward-thinking strategies” must be incorporated

into, or coincide with, actual rehabilitation, restoration or reconstruction activities.

PLANNING ONLY

a) **Eligible Activities:**

Development and adoption of forward-thinking land-use plans (Planning) that will guide long-term recovery efforts and subsequent land-use decisions throughout the community, and that reduces existing or future development in areas of high disaster risk. That is, funds might be used toward creating or updating local hazard mitigation plans, or possibly updating land-use plans or safety elements of a general plan. Enhanced disaster recovery plans should include details for use and implementation of upgraded hazard mitigation building components and strategies such as those previously noted. All such planning activities should also incorporate energy efficient strategies and components wherever possible.

Please note: Between the date of release of this NOFA and the start of application receipt, jurisdictions are encouraged to communicate with HCD in order to review the details of their proposed projects and programs to ensure they meet DRI Program eligibility.

APPENDIX B

ELIGIBLE JURISDICTIONS (LISTED BY FEMA DECLARATION NUMBER)

FEMA 1810-DR

Los Angeles County

Agoura Hills	Lomita
Alhambra	Long Beach
Arcadia	Los Angeles
Artesia	Lynwood
Avalon	Malibu
Azusa	Manhattan Beach
Baldwin Park	Maywood
Bell	Monrovia
Bellflower	Montebello
Bell Gardens	Monterey Park
Beverly Hills	Norwalk
Bradbury	Palmdale
Burbank	Palos Verdes Estates
Calabasas	Paramount
Carson	Pasadena
Cerritos	Pico Rivera
Claremont	Pomona
Commerce	Rancho Palos Verdes
Compton	Redondo Beach
Covina	Rolling Hills
Cudahy	Rolling Hills Estates
Culver City	Rosemead
Diamond Bar	San Dimas
Downey	San Fernando
Duarte	San Gabriel
El Monte	San Marino
El Segundo	Santa Clarita
Gardena	Santa Fe Springs
Glendale	Santa Monica
Glendora	Sierra Madre
Hawaiian Gardens	Signal Hill
Hawthorne	South El Monte
Hermosa Beach	South Gate
Hidden Hills	South Pasadena
Huntington Park	Temple City
Industry	Torrance
Inglewood	Vernon
Irwindale	Walnut
La Canada Flintridge	West Covina
La Habra Heights	West Hollywood
Lakewood	Westlake Village
La Mirada	Whittier
Lancaster	
La Puente	
La Verne	
Lawndale	

Orange County

Aliso Viejo
Anaheim
Brea
Buena Park
Costa Mesa
Cypress
Dana Point
Fountain Valley
Fullerton
Garden Grove
Huntington Beach
Irvine
Laguna Beach
Laguna Hills
Laguna Niguel
Laguna Woods
La Habra
Lake Forest
La Palma
Los Alamitos
Mission Viejo
Newport Beach
Orange
Placentia
Rancho Santa Margarita
San Clemente
San Juan Capistrano
Santa Ana
Seal Beach
Stanton
Tustin
Villa Park
Westminster
Yorba Linda

Riverside County

Banning
Beaumont
Blythe
Calimesa
Canyon Lake
Cathedral City
Coachella
Corona
Desert Hot Springs
Hemet
Indian Wells
Indio
Lake Elsinore
La Quinta
Menifee
Moreno Valley
Murrieta
Norco
Palm Desert
Palm Springs
Perris
Rancho Mirage
Riverside
San Jacinto
Temecula
Wildomar

Santa Barbara County

Buellton
Carpinteria
Goleta
Guadalupe
Lompoc
Santa Barbara
Santa Maria
Solvang

FEMA 3287-EM

Butte County

Biggs
Chico
Gridley
Oroville
Paradise

Plumas County

Portola

Kern County

Arvin
Bakersfield
California City
Delano
Maricopa
Mcfarland
Ridgecrest
Shafter
Taft
Tehachapi
Wasco

Santa Clara County

Campbell
Cupertino
Gilroy
Los Altos
Los Altos Hills
Los Gatos
Milpitas
Monte Sereno
Morgan Hill
Mountain View
Palo Alto
San Jose
Santa Clara
Saratoga
Sunnyvale

Mariposa County

Mendocino County

Fort Bragg
Point Arena
Ukiah
Willits

Monterey County

Carmel-By-The-Sea
Del Rey Oaks
Gonzales
Greenfield
King City
Marina
Monterey
Pacific Grove
Sand City
Salinas
Soledad

Santa Barbara County

Buellton
Carpinteria
Goleta
Guadalupe
Lompoc
Santa Barbara
Santa Maria
Solvang

Santa Cruz County

Capitola
Santa Cruz
Scotts Valley
Watsonville

Shasta County

Anderson
Redding
Shasta Lake

Trinity County

**Named Federally-
Recognized Native
American Indian Tribes**

Hoop Valley Tribe
Yurok Tribe of the Yurok
Reservation

APPENDIX C

JURISDICTION-WIDE LOW-MOD INCOME and POVERTY TABLE

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Butte	Biggs	45.6	17.5
Butte	Chico	46.7	26.6
Butte	Gridley	56.1	23.3
Butte	Oroville	62.1	33.1
Butte	Town of Paradise	41.6	32.6
Kern	Arvin	39.8	18.0
Kern	Bakersfield	39.8	18.0
Kern	California City		17.3
Kern	Delano	61.8	28.2
Kern	Maricopa	53.6	21.3
Kern	Mcfarland	70.1	35.2
Kern	Ridgecrest		12.3
Kern	Shafter		29.2
Kern	Taft	42.4	17.5
Kern	Tehachapi		20.4
Kern	Wasco	58.2	27.5
Los Angeles	Agoura Hills		3.5
Los Angeles	Alhambra	44.3	14.3
Los Angeles	Arcadia		7.9
Los Angeles	Artesia	40.2	11.5
Los Angeles	Avalon	42.0	10.4
Los Angeles	Azusa		18.8
Los Angeles	Baldwin Park	49.9	18.2
Los Angeles	Bell		24.1

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Los Angeles	Bell Gardens		27.3
Los Angeles	Bellflower	44.2	15.8
Los Angeles	Beverly Hills		9.1
Los Angeles	Bradbury		2.0
Los Angeles	Burbank	32.7	10.8
Los Angeles	Calabasas		3.3
Los Angeles	Carson	33.5	9.3
Los Angeles	Cerritos		5.0
Los Angeles	Claremont		8.0
Los Angeles	Commerce		17.9
Los Angeles	Compton	61.0	28.0
Los Angeles	Covina		11.6
Los Angeles	Cudahy		28.3
Los Angeles	Culver City		8.6
Los Angeles	Diamond Bar		6.0
Los Angeles	Downey	37.9	11.1
Los Angeles	Duarte		11.3
Los Angeles	El Monte	62.3	26.1
Los Angeles	El Segundo		4.6
Los Angeles	Gardena	44.1	15.7
Los Angeles	Glendale	41.2	15.5
Los Angeles	Glendora	23.2	5.9
Los Angeles	Hawaiian Gardens		22.1
Los Angeles	Hawthorne	54.2	20.3
Los Angeles	Hermosa Beach		4.6
Los Angeles	Hidden Hills	6.5	3.5
Los Angeles	Huntington Park	66.2	25.2

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Los Angeles	Industry	43.7	14.5
Los Angeles	Inglewood	54.2	22.4
Los Angeles	Irwindale		16.4
Los Angeles	La Canada Flintridge		4.3
Los Angeles	La Habra Heights		3.4
Los Angeles	La Mirada		5.6
Los Angeles	La Puente		18.9
Los Angeles	La Verne		4.7
Los Angeles	Lakewood	26.4	7.4
Los Angeles	Lancaster		16.4
Los Angeles	Lawndale		17.3
Los Angeles	Lomita		11.1
Los Angeles	Long Beach	51.0	22.8
Los Angeles	Los Angeles	52.2	22.1
Los Angeles	Lynwood	60.0	23.5
Los Angeles	Malibu		7.6
Los Angeles	Manhattan Beach		3.2
Los Angeles	Maywood		24.5
Los Angeles	Monrovia		13.1
Los Angeles	Montebello	48.1	17.0
Los Angeles	Monterey Park	44.0	15.6
Los Angeles	Norwalk	41.3	11.9
Los Angeles	Palmdale	39.2	15.8
Los Angeles	Palos Verdes Estates	8.3	2.2
Los Angeles	Paramount	54.3	21.9
Los Angeles	Pasadena	39.9	15.9
Los Angeles	Pico Rivera	44.9	12.6

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Los Angeles	Pomona	51.5	21.6
Los Angeles	Rancho Palos Verdes		2.9
Los Angeles	Redondo Beach	18.5	5.9
Los Angeles	Rolling Hills		1.3
Los Angeles	Rolling Hills Estates		1.7
Los Angeles	Rosemead	54.1	22.8
Los Angeles	San Dimas		6.3
Los Angeles	San Fernando		19.1
Los Angeles	San Gabriel		15.9
Los Angeles	San Marino		5.0
Los Angeles	Santa Clarita	20.4	6.4
Los Angeles	Santa Fe Springs		12.5
Los Angeles	Santa Monica	29.2	10.4
Los Angeles	Sierra Madre		3.7
Los Angeles	Signal Hill		17.2
Los Angeles	South El Monte		19.0
Los Angeles	South Gate	56.8	19.2
Los Angeles	South Pasadena		6.1
Los Angeles	Temple City		9.3
Los Angeles	Torrance	24.3	6.4
Los Angeles	Vernon	16.0	0.0
Los Angeles	Walnut		6.5
Los Angeles	West Covina	30.6	9.0
Los Angeles	West Hollywood		11.5
Los Angeles	Westlake Village		2.5
Los Angeles	Whittier	34.3	10.5
Mariposa	Mariposa Co.	39.1	

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Mendocino	Fort Bragg	51.4	20.4
Mendocino	Mendocino Co.	41.2	15.9
Mendocino	Point Arena	56.6	26.0
Mendocino	Ukiah	46.5	18.1
Mendocino	Willits	50.1	14.5
Monterey	Carmel-By-The-Sea	26.7	8.6
Monterey	Del Rey Oaks	19.8	5.0
Monterey	Gonzales	55.0	20.2
Monterey	Greenfield	67.8	21.6
Monterey	King City	63.3	20.8
Monterey	Marina	44.0	13.1
Monterey	Monterey	31.2	7.8
Monterey	Pacific Grove	29.7	5.4
Monterey	Salinas	51.1	16.7
Monterey	Sand City	63.7	27.9
Monterey	Seaside	49.9	12.1
Monterey	Soledad	58.1	18.4
Orange	Aliso Viejo		2.8
Orange	Anaheim	55.0	14.1
Orange	Brea		5.3
Orange	Buena Park	49.3	11.3
Orange	Costa Mesa	48.5	12.6
Orange	Cypress		6.0
Orange	Dana Point		6.7
Orange	Fountain Valley	28.3	4.3
Orange	Fullerton	46.6	11.4
Orange	Garden Grove	54.6	13.9

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Orange	Huntington Beach	31.9	6.6
Orange	Irvine	26.5	9.1
Orange	La Habra	51.5	12.9
Orange	La Palma		4.9
Orange	Laguna Beach		5.1
Orange	Laguna Hills		5.0
Orange	Laguna Niguel	21.4	4.1
Orange	Laguna Woods		6.0
Orange	Lake Forest	26.5	5.3
Orange	Los Alamitos		5.2
Orange	Mission Viejo	21.3	3.8
Orange	Newport Beach	20.7	4.4
Orange	Orange	40.5	10.0
Orange	Placentia		8.7
Orange	Rancho Santa Margarita	20.2	2.9
Orange	San Clemente	32.7	7.8
Orange	San Juan Capistrano	40.3	10.7
Orange	Santa Ana	68.6	19.8
Orange	Seal Beach		5.5
Orange	Stanton		18.0
Orange	Tustin	44.2	8.5
Orange	Villa Park		2.6
Orange	Westminster	50.9	13.5
Orange	Yorba Linda		3.0
Plumas	Portola	53.7	20.3
Riverside	Agua Caliente Band of Cahuilla Indians		10.5*
Riverside	Agustine Band of Mission Indians		X

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Riverside	Banning		19.9
Riverside	Beaumont		20.2
Riverside	Blythe		20.9
Riverside	Cabazon Tribal Business Committee		31.1*
Riverside	Cahuilla Band of Mission Indians		36.9*
Riverside	Calimesa	44.0	12.2
Riverside	Canyon Lake		4.9
Riverside	Cathedral City		13.6
Riverside	Coachella	70.8	28.9
Riverside	Corona	28.0	8.3
Riverside	Desert Hot Springs		27.5
Riverside	Hemet	58.4	16.3
Riverside	Indian Wells	17.0	3.4
Riverside	Indio	57.5	21.5
Riverside	La Quinta		7.8
Riverside	Lake Elsinore		17.0
Riverside	Menifee		
Riverside	Moreno Valley	39.3	14.2
Riverside	Morongo Band of Mission Indians		18.0*
Riverside	Murrieta		4.3
Riverside	Norco		5.3
Riverside	Palm Desert	30.8	9.2
Riverside	Palm Springs	45.7	15.1
Riverside	Pechanga Band of Mission Indians		29.5*
Riverside	Perris	56.7	20.4
Riverside	Ramona Band of Mission Indians		X
Riverside	Rancho Mirage	26.0	5.9

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Riverside	Riverside	43.4	15.8
Riverside	San Jacinto		20.3
Riverside	Santa Rosa Band of Mission Indians		25.0*
Riverside	Soboba Band of Luiseno Indians		17.7*
Riverside	Temecula		6.7
Riverside	Torres-Martinez Desert Cahuilla Indians		42.1*
Riverside	Twenty-Nine Palms of Luiseno Indians		X
Riverside	Wildomar		8.2
Santa Barbara	Buellton		8.8
Santa Barbara	Carpinteria		10.4
Santa Barbara	Goleta	30.3	6.7
Santa Barbara	Guadalupe	68.2	25.0
Santa Barbara	Lompoc		15.4
Santa Barbara	Santa Barbara	41.7	13.4
Santa Barbara	Santa Maria	61.7	19.7
Santa Barbara	Santa Ynez Band of Mission Indians		12.8*
Santa Barbara	Solvang		6.7
Santa Clara	Campbell		4.8
Santa Clara	Cupertino		4.8
Santa Clara	Gilroy	49.2	10.4
Santa Clara	Los Altos		2.4
Santa Clara	Los Altos Hills		3.9
Santa Clara	Los Gatos		4.3
Santa Clara	Milpitas	34.2	5.0
Santa Clara	Monte Sereno		4.2
Santa Clara	Morgan Hill		4.7
Santa Clara	Mountain View	36.0	6.8

COUNTY	PLACE	HUD LOW/MOD PCT.	POVERTY PCT.
Santa Clara	Palo Alto	25.8	4.8
Santa Clara	San Jose	42.6	8.8
Santa Clara	Santa Clara	37.5	7.8
Santa Clara	Saratoga		2.8
Santa Clara	Sunnyvale	33.6	5.4
Santa Cruz	Capitola	44.1	7.0
Santa Cruz	Santa Cruz	43.6	16.5
Santa Cruz	Scotts Valley	26.9	2.5
Santa Cruz	Watsonville	66.6	19.1
Shasta	Anderson	59.3	28.3
Shasta	Redding	41.3	15.6
Shasta	Shasta Lake	53.3	20.1
Trinity	Trinity Co.	48.9	18.7
	Hoopa Valley Tribe		32.3*
	Yurok Tribe of the Yurok Reservation		32.8*

NOTE: If unable to use the data provided in **Appendix C**, applicants must include with their application a copy of the 2000 census data table(s) used to determine Low-Mod income and poverty percentages.

For Low-Mod Income data for entitlement jurisdictions, go to: www.hud.gov/offices/cpd/systems/census/lowmod/ Scroll down to FY 2009 Participations, and click “Excel” to search by jurisdiction.

For Low-Mod Income data for non-entitlement jurisdictions, go to: <http://www.hud.gov/offices/cpd/systems/census/ca/lowmod/nonentitled.xls> and search by jurisdiction. The Low-Mod Percentage is in Column K.

For Poverty information for targeted areas, go to: http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_lang=en&_ts and click on Census 2000 Summary File (SF 3) – Sample Data. Click on Quick Tables, and then click the “Geo Within Geo” tab. Then use the drop down menus to select your data set (county, city and/or census tract). Highlight the appropriate area and click Add; then highlight appropriate area and click Show. Then select the Table titled QT-P34 and click Add; highlight it and click Show Result.

APPENDIX D

STATE OF CALIFORNIA ACTION PLAN FOR DISASTER RECOVERY (2008 WILDFIRES)

I. Introduction

In 2008, California experienced a wildfire siege of the greatest magnitude in the history of the State. Two particularly significant and widespread wildfire events resulted in the issuance of Presidential Disaster Declarations. On June 28, 2008 President Bush issued an emergency management disaster declaration through the Federal Emergency Management Administration (FEMA 3287-EM) which included Butte, Kern, Mariposa, Mendocino, Monterey, Plumas, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Trinity counties, and the Hoopa Valley Indian Tribe and Yurok Indian Tribe of the Yurok Reservation. As the siege continued, on November 18, 2008, the President issued a disaster recovery declaration through the Federal Emergency Management Administration (FEMA 1810-DR) for disasters resulting from extremely high winds and wildfires within Los Angeles, Orange, Riverside and Santa Barbara counties.

II. State Recovery Needs Resulting From 2008 Wildfire Disasters

While vast areas of California experienced damage from 2008 wildfires, the most significant losses and major damage to homes, businesses, public lands (parks) and other public facilities (hospitals & schools) stemmed from a series of devastating wild land and urban interface fire events within the counties listed above in the two 2008 major disaster declarations. The intensity of these fires was compounded by a combination of extreme winds, high temperatures and the availability of ample dry fuels. Brief details of the some of the more significant 2008 wildfire events and damage included in the two major disaster declarations are noted below:

FEMA 3287-EM - Beginning May 22, 2008 and continuing through August 20, 2008, California experienced a devastating series of wildfires. Joint FEMA/Office of Emergency Assistance (OES) Preliminary Damage Assessments reported 444 homes destroyed and approximately 100 businesses located directly in the burn areas were lost or severely damaged. In addition, 300 other businesses located within a half-mile radius of these fires were adversely affected. Collectively, these affected businesses employed more than 6,000 individuals. The economic impacts of the wildfires were noted to be especially severe in certain declared counties, such as Butte and Trinity counties, where per capita income is low and unemployment is high. Total initial cost estimates for these fire events were initially listed at \$175.5 million, however, this number continues to grow as additional damage is uncovered and longer-term disaster repair projects and hazard mitigation efforts continue to progress.

FEMA DR-1810 - Extremely high winds and wildfires beginning November 13, 2008, and continuing through November 29, 2008 impacted Los Angeles, Orange, Riverside, San Bernardino, and Santa Barbara counties. Winds, at times more than seventy miles per hour, played an integral role in worsening fire conditions by fanning the flames and spreading the wildfires with frightening speed. Fires consumed approximately 43,500 acres, destroying 858 homes, 10 businesses, and 110 outbuildings. In addition, 136 homes were severely damaged and a large number of home-based businesses and rental properties also experienced moderate damage. Threatened structures also included over 12,550 residences, 100 commercial buildings and 200 outbuildings causing widespread human injury; destruction and damage to homes, businesses, schools, hospitals and infrastructure throughout the region. State and local agency response costs were estimated at \$15 million per day.

While difficult to tally exact and total costs associated with all 2008 California wildfire disasters, the Department of Forestry and Fire Protection (CalFIRE) issued a 2008 Wildland Fire Summary:

http://www.fire.ca.gov/communications/downloads/fact_sheets/2008Summary.pdf

The Summary estimates statewide costs from damage, destruction and loss of property at well over \$1.3 billion. This summary also details the Top Five 2008 California Fire Events alone as responsible for having burned over 163,000 acres, destroying 937 structures, resulting in 9 civilian injuries and 4 deaths.

In addition to the extensive fire damage, the State as a whole has an unmet need for activities that are most advantageous for long-term recovery and resilience. At least 150 of the local cities and counties in the declared disaster areas lack an updated forward-thinking land-use plan such as a safety element with hazard mitigation measures or Local Hazard Mitigation Plans (LHMP) under the Disaster Mitigation Act of 2000 (DMA 2000):

[http://www.calema.ca.gov/Operational/OESHome.nsf/PDF/DMA%202000/\\$file/DMA2000.pdf](http://www.calema.ca.gov/Operational/OESHome.nsf/PDF/DMA%202000/$file/DMA2000.pdf)

Each California Wildfire can threaten thousands of homes located in or near Wildland-Urban Interface Fire areas. There is an unmet need for Individual Mitigation Measures (IMM) to improve residential properties (i.e., hardening roofs, installing fire resistant windows, etc.) making them less prone to damage from future disasters.

In 2009, the State introduced a set of updated safety codes and building standards which require the use and application of new fire resistant building strategies and materials. On or before December 31, 2010, all counties and cities must adopt and begin enforcing these new codes and standards.

III. California's Plan for Recovery

California Department of Housing and Community Development (HCD) continues to work closely with California Emergency Management Agency (CalEMA), formerly known as California Office of Emergency Services (OES) and eligible entities in coordinating available resources to help in the restoration and recovery of damaged communities and prevent or at least mitigate major damage from potential future disasters. HUD's final notice announcing available CDBG Disaster Recovery funds (Second 2008 Act) for the State of California will provide much needed additional financial assistance to eligible jurisdictions for the development and successful execution of disaster related public assistance programs and projects. As authorized under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (U.S.C. 5121), California's CDBG/DRI funds allocation will be used to provide eligible entities additional funds to be applied toward continued removal of debris and remaining fuel sources from public and private property, provide for the repair and/or installation of infrastructure needed to facilitate the rebuilding of homes, help re-establish businesses and service agencies, and further the development and successful implementation of additional protective and hazard mitigation plans and measures.

IV. Expected Federal Funds, as well as other Public and Private Resources and Relationship to HUD Disaster Recovery Grants

Last September, Congress appropriated more than \$6 billion in supplemental funding for "necessary expenses related to disaster relief, long-term recovery and restoration of infrastructure, housing and economic revitalization in areas affected by hurricane, floods, and other natural disasters occurring in 2008." On June 10, 2009, U.S. Housing and Urban Development (HUD) Secretary Shaun Donovan announced the allocation of \$3.7 billion in disaster aid to 11 States (Second 2008 Act) with an amount of \$39,531,784 specifically allocated to the State of California for delivery to identified disaster affected areas through its State Community Development Block Grant (CDBG) Program.

The two 2008 Presidential disaster declarations authorized the use of Federal and State funds on an emergency basis to assist affected communities with debris removal, implementation of emergency protective measures, and the repair or replacement of disaster damaged facilities. To date, Federal, State and Local funds spent in the recovery from 2008 wildfire disasters (including SBA Disaster Recovery assistance) are estimated at just over \$215 Million. While available Federal, State and local financial aid was promptly and judiciously allocated, it has simply proved insufficient to achieve satisfactory recovery, especially in more significantly affected areas. Clearing of remaining debris and additional protective measures needed to stabilize slopes and hillsides remains a challenging problem in many areas. Even the lightest periods of rain present a constant threat of landslides and mudslides in fire ravaged areas as established

vegetation once in place is gone leaving nothing to hold soils in place. Beyond initial assistance, additional information obtained through CalEMA detailed an estimated \$10 million initially denied or unfunded disaster assistance applications for wildfire events occurring in 2008. This preliminary data alone

confirms a serious need still exists for additional funding to complete the repair, rebuilding and/or replacing of damaged and destroyed homes, facilities and equipment. In addition, the Governor's Office of Planning and Research (OPR) supplied a list showing over 70% of California Counties and Cities Safety Elements (typically contained within their General Plan) are currently over 5 years old. This confirms a significant and ongoing need also exists for the continued development and updating of Local Hazard Mitigation Plans (LHMP) under DMA 2000 to ensure implementation and swift execution of protective and hazard mitigation measures, especially in identified critical hazard areas so they can be carried out in a timely manner.

V. The State's Method of Citizen Participation and Action Plan Amendment

The State will make this Action Plan available to the public via posting on its web site (<http://www.hcd.ca.gov/>). The State created and will maintain a list of all potentially eligible parties in each declared disaster area including eligible Counties, Cities and Native American Tribes. The list was developed by: 1) using existing State CDBG contacts; 2) entitlement contacts from U.S. Department of Housing and Urban Development (HUD); 3) contacts from California Emergency Management Agency (CalEMA) for agencies involved in the disasters; and 4) contacts from the State Department of Community Services and Development (CSD). The Action Plan may be modified based on comments received and may be further modified if a substantial amendment is required as part of distributing and expending the funds. Substantial amendments will be defined as modifications to the NOFA distribution amounts for the disaster, changes in maximum award amounts or movement of funds between NOFAs due to lack of funding requests or inability of grantees to expend awarded funds on an eligible project. If the Action Plan is modified, the State will pursue the same outreach and citizen participation process as stated above.

In addition to the procedures outlined above, in an effort to provide greater awareness and communicate information as broadly as possible, representatives from HCD provided a brief 2008 Disaster Recovery Initiative overview presentation and answered general questions during the Governor's Office of Planning and Research (OPR) December 2009 round table conference call event (a regularly scheduled statewide conference call involving planning directors from multiple jurisdictions). A special questionnaire was also developed and sent to the most directly affected cities and counties in the 2008 disaster declared areas to provide an opportunity to confirm and communicate additional recovery needs. Two public hearings, one in the Northern California region and one in the

Southern California region were conducted to solicit public comment and questions. All written or verbal comments on the plan will be responded to in writing.

VI. The State's Method of Distribution

The State Department of Housing and Community Development (HCD) anticipates receiving an estimated \$39.5 Million in Disaster Recovery Initiative (DRI) grant dollars.

Proposed 2008 DRI Allocation Budget:

- \$18 Million for **Activity #1** - Housing/infrastructure/economic recovery & revitalization.
- \$15 Million for **Activity #2** - The development of forward-thinking land-use planning (disaster resistant building codes, safety elements of general plans, LHMPs, hazard area buy-out programs, mitigation measures to improve residential properties making them less prone to damage, and other smart strategies incorporated into recovery activities.
- \$ 4.5 Million for **Activity #3** - Affordable rental housing activities.
- \$ 2 Million for administrative costs for Activities #1–3.

The Department has allocated \$15 million for forward-thinking planning and other smart strategies, which will help prevent or reduce damage from future disasters. Per the Federal DRI Notice, this will allow for an equal amount to be available to the State, in June 2010, as part of HUD's \$311,602,923 discretionary Disaster Recovery Enhancement Fund (DREF). This Enhancement Fund is designed to allow for secondary allocations to grantees that anticipate they will still have unmet disaster recovery needs after developing and undertaking forward thinking recovery strategies and activities in a timely manner. Eligible activities may include:

- Development and adoption of forward thinking land-use planning; including updated general plan safety elements integrated with LHMPs.
- Critical disaster (fire) area buy-out programs;
- Individual Mitigation Measures (IMM) to improve residential properties making them less prone to damage; and
- Implementation of modern disaster resistant building codes including, but not limited to, training on new standards and code enforcement.

All 2008 DRI Funding will be made available through an established Notice of Funding Availability (NOFA) and State CDBG Grant Application process.

A. Eligible Applicants

Under the Federal DRI Notice, eligible applicants include cities, counties, and Federally-recognized tribes within counties wherein major disasters were declared by the President in 2008. Eleven counties and two federally recognized Native American Indian Tribes (the Hoopa Valley Tribe and the Yurok Tribe of the Yurok Reservation) were listed in major disaster declaration FEMA 3287-EM for 2008 fire events occurring in: Butte, Kern, Mariposa, Mendocino, Monterey, Plumas, Santa Barbara, Santa Clara, Santa Cruz, Shasta and Trinity counties. Four counties were listed in major disaster declaration FEMA 1810-DR for 2008 fire events in: Los Angeles, Orange, Riverside, and Santa Barbara counties.

B. Eligible Activities

Eligible activities must meet at least one of three program national objectives: benefit persons of low- and moderate income (eighty percent (80%) or less, of the county-wide median income adjusted for family size), aid in the prevention or elimination of slums or blight, or meet other urgent community development needs because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available. All activities funded with 2008 DRI allocations will be CDBG eligible in accordance with current Federal and state regulations. Adherence to all current construction quality standards, applicable building codes, zoning ordinances, and cost-effective energy conservation standards will be required. In addition, applicants must document that at least fifty percent (50%) of their funding will pay for activities benefiting at a minimum, fifty-one percent (51%) low- and moderate (eighty percent (80%) or less, of the county-wide median income adjusted for family size) targeted income group (TIG). ***NOTE:** Requests for reimbursement of non-Federal funds already expended may be eligible (limited) as described in the NOFA & Application.*

Additional Restrictions on Eligible Applicants and Activities:

- Applicants within the eligible counties with no 2008 wildfire damage area may apply only for forward-thinking land use planning, such as general plan safety elements, LHMPs, and modern disaster Codes (and associated Administration costs), i.e. only for the planning portion of Activity #2.
- The only eligible applicants for the remainder of Activity #2 and Activity #1 and #3 are those communities with 2008 wildfire damage activities. However, these applicants may not apply just for disaster resistant building codes, buy-out programs, and mitigation measures; they must also apply for funds for housing/infrastructure/economic recovery & revitalization of their communities.

C. Method for Soliciting Applications

The Department will publish and distribute a Notice of Funding Availability (NOFA) to all eligible applicants using an over-the-counter (OTC) process to ensure expedited distribution of available funds. DRI grant application workshops will be offered in each effected region to provide applicants a

comprehensive understanding of how to submit complete and competitive proposals. The application form will solicit specific information regarding:

- 1) **Goals:** What problem is the locality seeking to solve with the proposed activity, or was solved, now seeking reimbursement of eligible costs? The Department will ask for descriptions of the local damage, including quantification of damage by local officials and outside third parties along with documentation evidencing that the damage was a direct result of the disaster.
- 2) **Objectives:** What specific health and safety problems will be resolved by the proposed activity, or was resolved, now seeking reimbursement of eligible costs? How will the proposed expenditure of DRI dollars mitigate remaining health and safety threats? What metrics will be used to assess effective mitigation?
- 3) **Tasks and Local Capacity:** What types of activities are proposed: public assistance, private assistance, or business assistance? What steps will be taken, when and by whom, to carry out CDBG-eligible activities?
- 4) **Budget and Timeline:** What is the status of any other funding resources required to carry out the proposed activity? When will those resources be available and what is the schedule for completing the proposed activity?
- 5) **Meeting 50% Low -and Moderate Income Benefit:** How will applicants ensure that at least 50% of the funds expended will be spent for low- and moderate income (eighty percent (80%) or less, of the county-wide median income adjusted for family size) benefit? Will the activities be restricted to assisting low- and moderate income groups (households or persons) or will activities be conducted in areas where low- and moderate income benefit is at or above 51%?

D. Maximum Grant Amounts

Under the 2008 Disaster Recovery Initiative (2008 DRI) NOFA, eligible applicants may apply for grant amounts of up to \$5,000,000 depending on the scope and number of eligible activities being applied for, and the percentage of low- and moderate-income households that will be assisted. (Specific details will be provided in the NOFA and Application). In the event there are fewer proposals requesting funds than there are funds

available, the balance of available funds may be distributed to existing applicants Consistent with Federal requirements listed in [Docket No. FR–5337–N–01], at least 50 percent of each grantee’s DRI award must be for an activity that benefits low- and moderate (eighty percent (80%) or less, of the county-wide median income adjusted for family size) income households. The State is required to meet this percentage and is in turn passing this requirement to local jurisdictions.

E. Administration Funds

HUD is allowing up to five percent (5%) of total 2008 DRI allocations be used toward administration costs. Allowable general administrative (GA) and project, program and planning activity delivery (AD) costs and limitations for grantees will be outlined in the 2008 Disaster Assistance Initiative (DRI) NOFA.

F. Minimizing Relocation and Displacement

If any proposed activity has the potential to cause displacement of persons, then that grantee will be required to submit a plan to the State for meeting the relocation requirements of persons affected.

G. Application Thresholds

The state will review each application to ensure it was properly approved for submittal by the governing body. It will also be reviewed for the proper low income benefit; fifty percent (50%) of the funds must be spent on activities that have a low- and moderate (eighty percent (80%) or less, of the county-wide median income adjusted for family size) income benefit level of fifty one percent (51%) or greater. The State CDBG program staff will review all applications to ensure the proposed activities are eligible under CDBG and DRI regulations. DRI funds may not be used as a substitute or match of other Federal funding sources (i.e., FEMA, USDA, etc.).

2008 Disaster Recovery Initiative dollars will be awarded on an over-the-counter basis (first come, first served) until all funds are exhausted. The Department will evaluate four primary threshold criteria in its review of applications:

- Low- and Moderate-Income (eighty percent (80%) or less, of the county-wide median income adjusted for family size) Benefit;
- Eligibility Under CDBG and DRI Regulations;
- Located in Disaster Affected Area; and
- Need for Funding

The Department may elect to fund applicants at levels below their requested amounts if it is determined that the State’s interest is served by

such a reduction. Specifically, if the Department judges that partial funding would principally address the most severe problem while allowing funding of other equally severe problems elsewhere, the Department can and may elect to award funds accordingly.

H. Grant Awards Administration and Monitoring

The Department will accept applications until the State's allocation of 2008 DRI funds is exhausted. The Department will track all applications in order of receipt and in the event any originally committed dollars are disencumbered at a later date may reallocate funds to the most qualified application next in line to received funding. If all applicants are funded and additional DRI funds are still available, the State may go back to previously funded applicants to inquire if any of the proposed activities in the application need additional funding. Upon documenting that additional funds are needed, the State may award additional funds for additional work on their activities.

Following awards, the Department will enter into contracts not to exceed thirty (30) months in duration. The Department will administer DRI grants in the same manner as it administers its general CDBG grants. This process includes issuing a standard grant agreement with special conditions which must be satisfied prior to release of grant funds.

The most important special condition which must be met is completing the environmental review as per the National Environmental Policy Act (NEPA). Grantees are to comply with all proper NEPA forms and procedures listed in the current CDBG grant management manual. Grant management and operations will be conducted as described in State regulations (Title 25, Articles 3 and 4, Sections 7080 through 7126) except as superseded by HUD's DRI Notice. In this manner, we will comport with CDBG standards and procedures pursuant to 24 CFR Section 91.330.

Prior to expiration of the standard grant agreement, State staff will monitor each grant recipient for compliance with State and Federal overlays. Monitoring checklists in the most recent grant management manual will be utilized and any issues found in the monitoring will be resolved prior to close out of the grant.

APPENDIX E

Note: Low- and moderate-income benefit group may be referred to by the State CDBG Program as either “Low-Mod Beneficiaries” or the “Targeted Income Group (TIG).”

CONDUCTING AN INCOME SURVEY

This document provides guidance to jurisdictions who anticipate conducting income surveys to determine TIG benefit for HUD programs, according to 24 CFR 570.483 (b) (l) (i). For additional information on income surveys, please access HUD’s Office of Community Planning and Development at <http://www.hud.gov/offices/cpd/lawsregs/notices/2005/05-06.doc>

Jurisdictions may consider hiring a professional demographer to conduct surveys of large areas. Surveys should be as statistically reliable as the U.S. Census.

REQUIREMENTS:

- **THE DEPARTMENT WILL ONLY ACCEPT INCOME SURVEYS THAT DESCRIBE IN DETAIL THE METHODOLOGY USED TO CONDUCT THE SURVEY AND HOW RANDOM SAMPLING WAS ACHIEVED.**
- **THE DEPARTMENT WILL ONLY ACCEPT INCOME SURVEYS THAT WERE COMPLETED WITHIN 60 MONTHS OF THE DATE THE APPLICATION IS RECEIVED.**

Table of Contents

- I. Planning the Survey and Service Area
- II. Information about Random Sampling
- III. Adequate Sample Size
- IV. Conducting the Survey
- V. Documenting the Survey Results
- VI. Sample Survey Form Instructions
- VII. Sample Survey Form

I. Planning the Survey

The planning stage should include:

- Determining area to be surveyed, including the size of the universe or population and the minimum number of responses required.
- Determining income limits for your County for each household size. Updated information is available at: www.hcd.ca.gov/fa/cdbg/funds then click on Income Limits.
- Determining appropriate survey method (mail, door-to-door or telephone) and identify how this method will achieve random sampling.
- Creating a survey form, including the appropriate TIG income limits for each household size (sample form attached).

Service Area

Note: The service area must be primarily residential in nature.

The service area for the activity must be determined prior to commencing the survey. The service area need not be coterminous with Census Tracts or other officially recognized boundaries; it is critical that the service area be the entire area served by the activity (see 24 CFR 570.483 (b)(1)(i)). The responsibility for outlining the area served by the activity rests with each jurisdiction or grantee. A service area can include all or parts of several units of general local government and may contain both incorporated and unincorporated areas. Income data from HUD may be usable for a portion of the service area while an income survey may be used for the remaining portion of the service area, provided that each source independently meets the 51 percent Low-Mod Income requirement.

II. Information about Random Sampling

The Department will accept sampling statistics that represent the population as a whole if the applicant uses a methodologically sound survey. Conversely, the Department may, after reviewing the submitted data, determine that the methodology was statistically unsound. In such cases, the Department may assign a score of zero for TIG benefit, or may use other generally recognized data such as HUD's Low-Mod Income data.

1. Coded Questionnaires

A simple method of coding is to place a number on the questionnaires or return envelopes. When the questionnaire is received, a list of returned numbers is kept. If the response rate is not high enough so that follow-up contacts are needed, the addresses of numbers for which no response has been received can be looked up and additional questionnaires sent out. Information on drawing random numbers is available at www.randomizer.org or www.random.org.

2. Random Sampling

The guiding rule for sampling households or beneficiaries from the larger population is the avoidance of sampling bias. That is, sampling should not systematically exclude certain types of respondents. For example, surveys conducted mid-week during the day may exclude working households and provide inaccurate statistics about the larger population. If the survey methodology contains a sampling bias, larger sampling sizes will not solve the problem because certain portions of the population will continue to be systematically excluded from the sampling.

As a general rule, each individual within the population should have an equal chance of being surveyed. Beware of using data sources that contain only certain portions of your beneficiary population. For example, some utility billing lists may contain only property owners, while the beneficiaries will be both owners and renters. Tax rolls can be used for door-to-door surveys to provide a list of addresses in the universe, but should be adjusted for apartment buildings. City indexes and 911 maps are often helpful sources of data. After identifying the universe, the surveyor must conduct a random drawing of a number of addresses that exceeds the minimum required for that universe. **Within your application to the Department, describe the sampling methodology and how it achieves a randomly-selected sampling.**

III. Adequate Sample Size

The required sampling size is determined by the size of the universe or the service area. The following table should be used to determine how many households a surveyor needs to interview to develop a survey of acceptable accuracy. For example, if you had a small water district of only 50 households, you would have to get responses from all 50 households. If the district had 500 households, you would have to get responses from 250. If the district had 5,000 households, you would have to get responses from 400.

Required Sample Sizes for Universes

<u>Number of Households in the Universe</u>	<u>Minimum # of Responses</u>
1 - 50	All
51 - 55	50
56 - 63	55
64 - 70	60
71 - 77	65
78 - 87	70
88 - 99	80
100 - 115	90
116 - 138	100

139 - 153	110
154 - 180	125
181 - 238	150
239 - 308	175
309 - 398	200
399 - 650	250
651 - 1,200	300
1,201 - 2,700	350
2,701 or more	400

Commercial sites, vacant lots and abandoned/vacant homes should be excluded from the survey.

Non-Respondents

Even the best prepared surveyor will typically encounter non-respondents – the resident may not be home, refuse to be interviewed, or will provide an incomplete form. Non-response rates greater than 20% may affect the validity of the survey. **If the surveyor decides to use replacements, they must be selected through the same random process as the original group.**

Over sampling is a good way to avoid the issue of non-respondents. As a general rule, when dealing with a universe of over 100 households, over sampling should be 10 percent of the required responses; for a universe of over 400 households over sampling should be 20 percent of the required responses, etc.

Note: When applying for CDBG PTA grants, there is one exception to this table when dealing with a universe of 50 or less. The reason for this is that the CDBG eligibility threshold is that at least 51 percent of the beneficiaries must be TIG. In such a case, as soon as the jurisdiction has answers from a sufficient number of respondent households to indicate that the required TIG percentage of 51 percent is present, it could consider the information sufficient for area benefit documentation purposes. Using the example of the water district with 50 households, if a jurisdiction wanted to demonstrate CDBG eligibility for a planning grant, as soon as the jurisdiction had 26 TIG respondents, it could stop the survey, as the area benefit has reached the threshold of at least 51 percent TIG ($26/50 = 52\%$).

IV. Conducting the Survey

The survey process should include a way to identify specific households who responded to the questionnaire while ensuring the respondents' confidentiality. For example, respondents may be particularly sensitive to the question of household income, or if a respondent's address is requested on the questionnaire, many persons may not answer the income questions or may not complete the questionnaire at all. Consequently, in order to promote a high response rate, the questionnaire should not include identifying information, such as the person's name or address. Confidentiality must always be emphasized to the respondents.

Several acceptable survey methods that preserve the anonymity of the respondent are:

1. **Door-to-Door Interviews** - the surveyor may hand deliver the questionnaire to the respondent and conduct the survey orally. It is crucial that the interviewer works during different times of the day and on weekends to avoid excluding certain groups. Door-to-door interviews are a reliable method of data collection and tend to receive a high response rate. However, they are most expensive and the responses may be influenced by the interviewer's presence and characteristics.
2. **Mail Questionnaires** – the survey form must be accompanied by a letter of explanation and a self-addressed stamped envelope. Upon receipt of the completed questionnaire, the address can be checked off the address list and the envelope and questionnaire can be separated. Mail surveys are generally less expensive to conduct and can avoid the issue of sampling bias by surveying the entire universe. The main disadvantage of mail surveys is they can have a low return rate. If the applicant uses this method, a statement ensuring respondent confidentiality should be included.
3. **Telephone Interviews** – the surveyor must ensure that the respondent is someone competent and knowledgeable about the household's size and income. There are many disadvantages to this method, including that it will exclude households that do not have a telephone or have unlisted numbers; less candid answers; distrustful of surveyor's identity, non-English speakers, etc.
4. **Publicity** - To promote citizen participation, it may be worthwhile to arrange advance notice regarding the survey, including date, reason and method of survey. As with all aspects of the survey, any publication must be worded so that it does not bias the results.

V. Documenting the Survey Results

It is important that the results of the survey be documented for future reference or for auditing purposes. Documentation should consist of:

1. Separate All Identifying Information from the Questionnaires. When the survey is complete, the respondents' identifying information (name, address, telephone number) must be separated from the questionnaires and retained.
2. Keep the Completed Surveys. This provides evidence that the survey was actually conducted.

VI. Sample Survey Form Instructions

On the following page is a sample questionnaire to assist the applicant in using a method of surveying that allows for validation and, at the same time, preserves the confidentiality of the respondent. Applicants may include other questions designed to elicit information that they determine is important. However, experience has shown that overly detailed surveys may adversely affect the response rate.

The questions are designed to provide data regarding household size, income, and housing tenure. Household size and income are of particular significance in determining if a household is in the TIG.

The reason for collecting income data is for the applicant to make a determination of how many persons surveyed fall into the categories of TIG and above TIG or Non-TIG. The numbers provided in the chart under question #2 should be the current income limits based on household size. **Surveyors should consult the HCD web site and use the current income limits for their County in their questionnaire** (see www.hcd.ca.gov/fa/cdbg/funds).

TIGs

The survey should provide a breakdown of the respondents' TIGs, which are defined as follows:

TIG – 50% to 80% of Adjusted Median Household Income

Low TIG (LTIG) – 0% to 50% of Adjusted Median Household Income

Non-TIG - 81% and above of Adjusted Median Household Income.

VII. SAMPLE INCOME SURVEY FORM

Dear Resident,

The City/County of _____ is conducting a survey to gather essential information to support an application for grant funding from the California Department of Housing & Community Development. The grant funds can provide vital services that could benefit the entire community, including public infrastructure, community facilities, decent housing, etc. We would appreciate if you fill out the form as accurately as possible.

Please note that a high response rate is needed for this survey to be valid.

All information included on this questionnaire is confidential. Confidentiality is protected by not including names on any of the forms. No identifying information will be kept and the questionnaires will be tallied as a group.

1. How many persons live in your household? _____

(HOUSEHOLD is defined as all persons who occupy a housing unit. This could be any group of related or unrelated persons who share living arrangements.)

2. On a separate sheet of paper, make a determination of your household income. Use the total household income in the last 12 months or the income claimed in the most recent federal income tax filing. Include gross wages before deductions, public assistance, unemployment benefits, social security, pensions, alimony, child support, net income from owning or operating a farm or business, or any other source of income received regularly.

Please check the income range that applies to your household:

(Sample Numbers Only – The surveyor should insert the applicable numbers based on the County income limits for each household size)

_____ \$15,000 - \$16,999 _____ \$23,000 - \$24,999 _____ \$31,000 - \$32,999

_____ \$17,000 - \$18,999 _____ \$25,000 - \$26,999 _____ \$33,000 - \$34,999

_____ \$19,000 - \$20,999 _____ \$27,000 - \$28,999 _____ \$35,000 - \$36,999

_____ \$21,000 - \$22,999 _____ \$29,000 - \$30,999 _____ \$37,000 - \$38,999

3. Are you an Owner-occupant _____ or a Renter _____?

4. How long have you/your family lived at this residence? _____ yrs / _____ months.

Thank you on behalf of the entire community! Please return this form to the surveyor or place it in the return envelope and mail it back.

APPENDIX F

SAMPLE PUBLIC NOTICE

(Publish at least 7 days prior to application submittal)

SAMPLE NOTICE FOR PUBLICATION PRIOR TO APPLICATION SUBMITTAL

PUBLIC NOTICE OF SUBMITTAL OF FUNDING PROPOSAL TO THE STATE OF CALIFORNIA UNDER THE 2008 DISASTER RECOVERY INITITIVE (DRI) ALLOCATION

NOTICE IS HEREBY GIVEN that the City/County of _____ will submit a funding proposal to the State Community Development Block Grant program for 2008 Disaster Recovery Initiative (DRI) funding on or before _____, 2010. The City/County wishes to solicit citizen input prior to submittal of the application.

The City/County of _____ is applying for the grant amount \$_____ under the 2008 DRI Allocation for _____ (identify all activities) in the _____ (identify city/county/neighborhood/tribal area etc.).

The application and information about DRI funding is available for review in order to give citizens an opportunity to make their comments known. This public information file is available for review at the following address, (insert City/County office address and contact person here) between the hours of 8:00 a.m. and 5:00 p.m. on weekdays.

The City/County promotes fair housing and makes all programs available to low and moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or handicap.

APPENDIX G

FEDERAL CDBG PROGRAM CITATIONS

Section 570.201

§ 570.201 Basic eligible activities.

CDBG funds may be used for the following activities:

(a) *Acquisition.* Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of §570.207.

(b) *Disposition.* Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in §570.504.

(c) *Public facilities and improvements.* Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in §570.207(a), carried out by the recipient or other public or private nonprofit entities. (However, activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements, including those provided for in §570.207(a)(1).) In undertaking such activities, design features and improvements which promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in §570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mentally retarded persons and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients including those specified in §570.204 may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in §570.200(b).

(d) *Clearance and remediation activities.* Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites and remediation of known or suspected environmental contamination. Demolition of HUD-assisted or HUD-owned housing units may be undertaken only with the prior approval of HUD. Remediation may include project-specific environmental assessment costs not otherwise eligible under §570.205.

(e) *Public services.* Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under §570.207(b)(4)), homebuyer downpayment assistance, or recreational needs. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the unit of general local government.) The amount of CDBG funds used for public services shall not exceed paragraphs (e) (1) or (2) of this section, as applicable:

(1) The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D of this part, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in §570.500(a). For entitlement grants under subpart D of this part, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year

to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year.

(2) A recipient which obligated more CDBG funds for public services than 15 percent of its grant funded from Federal fiscal year 1982 or 1983 appropriations (excluding program income and any assistance received under Public Law 98-8), may obligate more CDBG funds than allowable under paragraph (e)(1) of this section, so long as the total amount obligated in any program year does not exceed:

(i) For an entitlement grantee, 15% of the program income it received during the preceding program year; plus

(ii) A portion of the grant received for the program year which is the highest of the following amounts:

(A) The amount determined by applying the percentage of the grant it obligated for public services in the 1982 program year against the grant for its current program year;

(B) The amount determined by applying the percentage of the grant it obligated for public services in the 1983 program year against the grant for its current program year;

(C) The amount of funds it obligated for public services in the 1982 program year; or,

(D) The amount of funds it obligated for public services in the 1983 program year.

(f) *Interim assistance.* (1) The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:

(i) The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings; and

(ii) The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.

(2) In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for:

(i) The activities specified in paragraph (f)(1) of this section, except for the repair of parks and playgrounds;

(ii) The clearance of streets, including snow removal and similar activities, and

(iii) The improvement of private properties.

(3) All activities authorized under paragraph (f)(2) of this section are limited to the extent necessary to alleviate emergency conditions.

(g) *Payment of non-Federal share.* Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided, that such payment shall be limited to activities otherwise eligible and in compliance with applicable requirements under this subpart.

(h) *Urban renewal completion.* Payment of the cost of completing an urban renewal project funded under title I of the Housing Act of 1949 as amended. Further information regarding the eligibility of such costs is set forth in §570.801.

(i) *Relocation.* Relocation payments and other assistance for permanently and temporarily relocated individuals families, businesses, nonprofit organizations, and farm operations where the assistance is (1) required under the provisions of §570.606 (b) or (c); or (2) determined by the grantee to be appropriate under the provisions of §570.606(d).

(j) *Loss of rental income.* Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.

(k) *Housing services.* Housing services, as provided in section 105(a)(21) of the Act (42 U.S.C. 5305(a)(21)).

(l) *Privately owned utilities.* CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.

(m) *Construction of housing.* CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

(n) *Homeownership assistance.* CDBG funds may be used to provide direct homeownership assistance to low- or moderate-income households in accordance with section 105(a) of the Act.

(o)(1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:

(i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises;

(ii) Providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises; and

(iii) Providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.

(2) Services provided this paragraph (o) shall not be subject to the restrictions on public services contained in paragraph (e) of this section.

(3) For purposes of this paragraph (o), "persons developing microenterprises" means such persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

(4) Assistance under this paragraph (o) may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph (o).

(p) *Technical assistance.* Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for assistance under this subpart C, and that the national objective claimed by the grantee for this assistance can reasonably be expected to be met once the entity has received the technical assistance and undertakes the activity.) Capacity building for private or public entities (including grantees) for other purposes may be eligible under §570.205.

(q) *Assistance to institutions of higher education.* Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.

[53 FR 34439, Sept. 6, 1988, as amended at 53 FR 31239, Aug. 17, 1988; 55 FR 29308, July 18, 1990; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 67 FR 47213, July 17, 2002; 71 FR 30034, May 24, 2006]

Section 570.207

§ 570.207 Ineligible activities.

The general rule is that any activity that is not authorized under the provisions of §§570.201–570.206 is ineligible to be assisted with CDBG funds. This section identifies specific activities that are ineligible and provides guidance in determining the eligibility of other activities frequently associated with housing and community development.

(a) The following activities may not be assisted with CDBG funds:

(1) *Buildings or portions thereof, used for the general conduct of government* as defined at §570.3(d) cannot be assisted with CDBG funds. This does not include, however, the removal of architectural barriers under §570.201(c) involving any such building. Also, where acquisition of real property includes an existing improvement which is to be used in the provision of a building for the general conduct of government, the portion of the acquisition cost attributable to the land is eligible, provided such acquisition meets a national objective described in §570.208.

(2) *General government expenses.* Except as otherwise specifically authorized in this subpart or under OMB Circular A-87, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part.

(3) *Political activities.* CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

(b) The following activities may not be assisted with CDBG funds unless authorized under provisions of §570.203 or as otherwise specifically noted herein or when carried out by an entity under the provisions of §570.204.

(1) *Purchase of equipment.* The purchase of equipment with CDBG funds is generally ineligible.

(i) *Construction equipment.* The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to OMB Circulars A-21, A-87 or A-122 as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under §570.201(c).

(ii) *Fire protection equipment.* Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under §570.201(c).

(iii) *Furnishings and personal property.* The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with OMB Circular A-21, A-87 or A-122, as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as fire fighting equipment, or when such items constitute all or part of a public service pursuant to §570.201(e).

(2) *Operating and maintenance expenses.* The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible under §570.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:

(i) Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and

(ii) Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.

(3) *New housing construction.* For the purpose of this paragraph, activities in support of the development of low or moderate income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in §570.206(g), are not considered as activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except:

(i) As provided under the last resort housing provisions set forth in 24 CFR part 42;

(ii) As authorized under §570.201(m) or (n);

(iii) When carried out by an entity pursuant to §570.204(a);

(4) *Income payments.* The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, "income payments" means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 56912, Nov. 9, 1995; 65 FR 70215, Nov. 21, 2000]

Section 570.208

§ 570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under §570.200(a)(2):

(a) *Activities benefiting low- and moderate-income persons.* Activities meeting the criteria in paragraph (a) (1), (2), (3), or (4) of this section as applicable, will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) *Area benefit activities.* (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under §570.208(a)(1)(i), except that the area served contains less than 51 percent low- and moderate-income residents, will also be considered to meet the objective of benefiting low- and moderate-income persons where the proportion of such persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. This exception is inapplicable to non-entitlement CDBG grants in Hawaii. In applying this exception, HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose, as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low and moderate income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

(B) In any case where the total number of a recipient's block groups does not divide evenly by four, the block group which would be fractionally divided between the highest and second quartiles shall be considered to be part of the highest quartile.

(C) The proportion of low and moderate income persons in the last census block group in the highest quartile shall be identified. Any service area located within the recipient's jurisdiction and having a proportion of low and moderate income persons at or above this level shall be considered to be within the highest quartile.

(D) If block group data are not available for the entire jurisdiction, other data acceptable to the Secretary may be used in the above calculations.

(iii) An activity to develop, establish, and operate for up to two years after the establishment of, a uniform emergency telephone number system serving an area having less than the percentage of low- and moderate-income residents required under paragraph (a)(1)(i) of this section or (as applicable) paragraph (a)(1)(ii) of this section, provided the recipient obtains prior HUD approval. To obtain such approval, the recipient must:

(A) Demonstrate that the system will contribute significantly to the safety of the residents of the area. The request for approval must include a list of the emergency services that will participate in the emergency telephone number system;

(B) Submit information that serves as a basis for HUD to determine whether at least 51 percent of the use of the system will be by low- and moderate-income persons. As available, the recipient must provide information that identifies the total number of calls actually received over the preceding 12-month period for each of the emergency services to be covered by the emergency telephone number system and relates those calls to the geographic segment (expressed as nearly as possible in terms of census tracts, block numbering areas, block groups, or combinations thereof that are contained within the segment) of the service area from which the calls were generated. In analyzing this data to meet the requirements of this section, HUD will assume that the distribution of income among the callers generally reflects the income characteristics of the general population residing in the same geographic area where the callers reside. If HUD can conclude that the users have primarily consisted of low- and moderate-income persons, no further submission is needed by the recipient. If a recipient plans to make other submissions for this purpose, it may request that HUD review its planned methodology before expending the effort to acquire the information it expects to use to make its case;

(C) Demonstrate that other Federal funds received by the recipient are insufficient or unavailable for a uniform emergency telephone number system. For this purpose, the recipient must submit a statement explaining whether the lack of funds is due to the insufficiency of the amount of the available funds, restrictions on the use of such funds, or the prior commitment of funds by the recipient for other purposes; and

(D) Demonstrate that the percentage of the total costs of the system paid for by CDBG funds does not exceed the percentage of low- and moderate-income persons in the service area of the system. For this purpose, the recipient must include a description of the boundaries of the service area of the emergency telephone number system, the census divisions that fall within the boundaries of the service area (census tracts or block numbering areas), the total number of persons and the total number of low- and moderate-income persons within each census division, the percentage of low- and moderate-income persons within the service area, and the total cost of the system.

(iv) An activity for which the assistance to a public improvement that provides benefits to all the residents of an area is limited to paying special assessments (as defined in §570.200(c)) levied against residential properties owned and occupied by persons of low and moderate income.

(v) For purposes of determining qualification under this criterion, activities of the same type that serve different areas will be considered separately on the basis of their individual service area.

(vi) In determining whether there is a sufficiently large percentage of low- and moderate-income persons residing in the area served by an activity to qualify under paragraph (a)(1) (i), (ii), or (vii) of this section, the most recently available decennial census information must be used to the fullest extent feasible, together with the section 8 income limits that would have applied at the time the income information was collected by the Census Bureau. Recipients that believe that the census data does not reflect current relative income levels in an area, or where census boundaries do not coincide sufficiently well with the service area of an activity, may conduct (or have conducted) a current survey of the residents of the area to determine the percent of such persons that are low and moderate income. HUD will accept information obtained through such surveys, to be used in lieu of the decennial census data, where it determines that the survey was conducted in such a manner that the results meet standards of statistical reliability that are comparable to that of the decennial census data for areas of similar size. Where there is substantial evidence that provides a clear basis to believe that the use of the decennial census data would substantially overstate the proportion of persons residing there that are low and moderate income, HUD may require that the recipient rebut such evidence in order to demonstrate compliance with section 105(c)(2) of the Act.

(vii) Activities meeting the requirements of paragraph (d)(5)(i) of this section may be considered to qualify under this paragraph, provided that the area covered by the strategy is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains a percentage of low- and moderate-income residents that is no less than the percentage computed by HUD pursuant to paragraph (a)(1)(ii) of this section or 70 percent, whichever is less, but in no event less than 51 percent. Activities meeting the requirements of paragraph (d)(6)(i) of this section may also be considered to qualify under paragraph (a)(1) of this section.

(2) *Limited clientele activities.* (i) An activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons. (The following kinds of activities may not qualify under paragraph (a)(2) of this section: activities, the benefits of which are available to all the residents of an area; activities involving the acquisition, construction or rehabilitation of property for housing; or activities where the benefit to low- and moderate-income persons to be considered is the creation or retention of jobs, except as provided in paragraph (a)(2)(iv) of this section.) To qualify under paragraph (a)(2) of this section, the activity must meet one of the following tests:

(A) Benefit a clientele who are generally presumed to be principally low and moderate income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low- and moderate-income: abused children, battered spouses, elderly

persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

(B) Require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low and moderate income limit; or

(C) Have income eligibility requirements which limit the activity exclusively to low and moderate income persons; or

(D) Be of such nature and be in such location that it may be concluded that the activity's clientele will primarily be low and moderate income persons.

(ii) An activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled" will be presumed to qualify under this criterion if it is restricted, to the extent practicable, to the removal of such barriers by assisting:

(A) The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under paragraph (a)(1) of this section;

(B) The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under paragraph (a)(1) or (4) of this section; or

(C) The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under paragraph (a)(3) of this section.

(iii) A microenterprise assistance activity carried out in accordance with the provisions of §570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

(iv) An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph in the following limited circumstance:

(A) In such cases where such training or provision of supportive services assists business(es), the only use of CDBG assistance for the project is to provide the job training and/or supportive services; and

(B) The proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income.

(3) *Housing activities.* An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property by the recipient, a subrecipient, a developer, an individual homebuyer, or an individual homeowner; conversion of nonresidential structures; and new housing construction. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the grouped buildings may be considered for this purpose as a single structure. Where housing activities being assisted meet the requirements of paragraph §570.208 (d)(5)(ii) or (d)(6)(ii) of this section, all such housing may also be considered for this purpose as a single structure. For rental housing, occupancy by low and moderate income households must be at affordable rents to qualify under this criterion. The recipient shall adopt and make public its standards for determining "affordable rents" for this purpose. The following shall also qualify under this criterion:

(i) When less than 51 percent of the units in a structure will be occupied by low and moderate income households, CDBG assistance may be provided in the following limited circumstances:

(A) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project;

(B) Not less than 20 percent of the units will be occupied by low and moderate income households at affordable rents; and

(C) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households.

(ii) When CDBG funds are used to assist rehabilitation eligible under §570.202(b)(9) or (10) in direct support of the recipient's Rental Rehabilitation program authorized under 24 CFR part 511, such funds shall be considered to benefit low and moderate income persons where not less than 51 percent of the units assisted, or to be assisted, by the recipient's Rental Rehabilitation program overall are for low and moderate income persons.

(iii) When CDBG funds are used for housing services eligible under §570.201(k), such funds shall be considered to benefit low- and moderate-income persons if the housing units for which the services are provided are HOME-assisted and the requirements at 24 CFR 92.252 or 92.254 are met.

(4) *Job creation or retention activities.* An activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. To qualify under this paragraph, the activity must meet the following criteria:

(i) For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.

(ii) For an activity that retains jobs, the recipient must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided:

(A) The job is known to be held by a low- or moderate-income person; or

(B) The job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

(iii) Jobs that are not held or filled by a low- or moderate-income person may be considered to be available to low- and moderate-income persons for these purposes only if:

(A) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

(B) The recipient and the assisted business take actions to ensure that low- and moderate-income persons receive first consideration for filling such jobs.

(iv) For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

(A) He/she resides within a census tract (or block numbering area) that either:

(1) Meets the requirements of paragraph (a)(4)(v) of this section; or

(2) Has at least 70 percent of its residents who are low- and moderate-income persons; or

(B) The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (a)(4)(v) of this section and the job under consideration is to be located within that census tract.

(v) A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (a)(4)(iv)(A)(1) and (B) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

(A) It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;

(B) It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and

(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:

(1) All block groups in the census tract have poverty rates of at least 20 percent;

(2) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or

(3) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

(vi) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:

(A) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses which locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

(B) Where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses exclusively from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during each program year.

(C) Where CDBG funds are used by a recipient or subrecipient to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving technical assistance during each program year.

(D) Where CDBG funds are used for activities meeting the criteria listed at §570.209(b)(2)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.

(1) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/improvement is less than \$10,000 per permanent full-time equivalent job to be created or retained by those businesses.

(2) In any case where the cost per job to be created or retained (as determined under paragraph (a)(4)(vi)(F)(1) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the facility/improvement between the date the recipient identifies the activity in its action plan under part 91 of this title and the date one year after the physical completion of the facility/improvement. In addition, the assisted activity must comply with the public benefit standards at §570.209(b).

(b) *Activities which aid in the prevention or elimination of slums or blight.* Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(1) *Activities to address slums or blight on an area basis.* An activity will be considered to address prevention or elimination of slums or blight in an area if:

(i) The area, delineated by the recipient, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

(ii) The area also meets the conditions in either paragraph (A) or (B):

(A) At least 25 percent of properties throughout the area experience one or more of the following conditions:

(1) Physical deterioration of buildings or improvements;

- (2) Abandonment of properties;
- (3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
- (4) Significant declines in property values or abnormally low property values relative to other areas in the community;
or
- (5) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

(iii) Documentation is to be maintained by the recipient on the boundaries of the area and the conditions and standards used that qualified the area at the time of its designation. The recipient shall establish definitions of the conditions listed at §570.208(b)(1)(ii)(A), and maintain records to substantiate how the area met the slums or blighted criteria. The designation of an area as slum or blighted under this section is required to be redetermined every 10 years for continued qualification. Documentation must be retained pursuant to the recordkeeping requirements contained at §570.506 (b)(8)(ii).

(iv) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. At a minimum, the local definition for this purpose must be such that buildings that it would render substandard would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program-Existing Housing (24 CFR 882.109).

(2) *Activities to address slums or blight on a spot basis.* The following activities may be undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination that are not located in a slum or blighted area: acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

(3) *Activities to address slums or blight in an urban renewal area.* An activity will be considered to address prevention or elimination of slums or blight in an urban renewal area if the activity is:

(i) Located within an urban renewal project area or Neighborhood Development Program (NDP) action area; i.e., an area in which funded activities were authorized under an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to title I of the Housing Act of 1949; and

(ii) Necessary to complete the urban renewal plan, as then in effect, including *initial* land redevelopment permitted by the plan.

Note: Despite the restrictions in (b) (1) and (2) of this section, any rehabilitation activity which benefits low and moderate income persons pursuant to paragraph (a)(3) of this section can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

(c) *Activities designed to meet community development needs having a particular urgency.* In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the recipient certifies that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the recipient is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the certification by the recipient.

(d) *Additional criteria.* (1) Where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. A final determination shall be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance which will eliminate specific conditions of blight or physical decay, the clearance activity shall be considered the actual use of the property. However, any subsequent use or disposition of the cleared property shall be treated as a "change of use" under §570.505.

(2) Where the assisted activity is relocation assistance that the recipient is required to provide, such relocation assistance shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary on the part of the grantee the recipient may qualify the assistance either on the basis of the national objective addressed by the displacing activity or on the basis that the recipients of the relocation assistance are low and moderate income persons.

(3) In any case where the activity undertaken for the purpose of creating or retaining jobs is a public improvement and the area served is primarily residential, the activity must meet the requirements of paragraph (a)(1) of this section as well as those of paragraph (a)(4) of this section in order to qualify as benefiting low and moderate income persons.

(4) CDBG funds expended for planning and administrative costs under §570.205 and §570.206 will be considered to address the national objectives.

(5) Where the grantee has elected to prepare an area revitalization strategy pursuant to the authority of §91.215(e) of this title and HUD has approved the strategy, the grantee may also elect the following options:

(i) Activities undertaken pursuant to the strategy for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities in the area for which, pursuant to the strategy, CDBG assistance is obligated during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(6) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the grantee may also elect the following options:

(i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(7) Where an activity meeting the criteria at §570.209(b)(2)(v) may also meet the requirements of either paragraph (d)(5)(i) or (d)(6)(i) of this section, the grantee may elect to qualify the activity under either the area benefit criteria at paragraph (a)(1)(vii) of this section or the job aggregation criteria at paragraph (a)(4)(vi)(D) of this section, but not both. Where an activity may meet the job aggregation criteria at both paragraphs (a)(4)(vi)(D) and (E) of this section, the grantee may elect to qualify the activity under either criterion, but not both.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56912, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 71 FR 30035, May 24, 2006; 72 FR 46370, Aug. 17, 2007]

APPENDIX H

SAMPLE RESOLUTION OF THE GOVERNING BODY

RESOLUTION NO. ___

A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2008 DRI ALLOCATION OF THE STATE CDBG PROGRAM

BE IT RESOLVED by the City Council/County Board of Supervisors of the City/County of _____ as follows:

SECTION 1:

The City Council/County Board of Supervisors has reviewed and hereby approves an application for up to \$ _____ for the following activities:

(List all activity titles showing funding breakdown)

Example (activity totals should include activity delivery dollars):

General Program Administration	\$XXXXXX
Housing Rehabilitation- Single Unit Residential	\$XXXXXXXX
Public Improvements-HNC-Street Improvements	\$XXXXXX
Set-Aside – Public Facilities and Improvements	\$XXXXXX

SECTION 2:

The City/ County has determined that federal Citizen Participation requirements were met during the development of this application.

SECTION 3:

The City/County hereby approves the use of Local Leverage Funding Sources (listed below) in the amount of \$ _____ to be used as the City's/County's leverage for this application.

(List all funding sources identified in application on Local Leverage Funding Sources chart)

Example:

In-kind Staff	12,500
Fee Waivers	3,000

NOTE: When local leverage is provided by the Redevelopment Agency, a separate resolution must be provided in accordance with Citizen Participation requirements.

SECTION 4:

The City/County hereby approves the commitment of Program Income in the amount of \$_____ during the grant term to the following activities:

Example (based on \$400,000 program income commitment):

Housing Rehabilitation	\$100,000
Public Improvements-Street Improvements	\$100,000
Public Facilities and Improvements	\$200,000

SECTION 5:

The (title of designated official[s]) _____ is hereby authorized and directed to sign this application and act on the City's/County's behalf in all matters pertaining to this application.

SECTION 6:

If the application is approved, the (title of designated official[s]) _____ is authorized to enter into and sign the grant agreement and any subsequent amendments with the State of California for the purposes of this grant.

SECTION 7:

If the application is approved, the (title of designated official[s]) _____ is authorized to sign Funds Requests and other required reporting forms.

PASSED AND ADOPTED at a regular meeting of the City Council/County Board of Supervisors of the City/County of _____

_____ held on _____ by the following vote:

AYES:

NOES:

ABSENT:

Name and Title
City Council/Board of Supervisors

STATE OF CALIFORNIA

City/County of _____

I, _____, City/County Clerk of the City/County of _____, State of California, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by said City Council/Board of Supervisors on this ___ day of _____, 20____.

Name, City/County Clerk of the City/County of
_____, State of California

By: _____

Name, Title

APPENDIX I

Pre-Application Request for Proposed Activities Eligibility Review

This form may be used to email proposed activities to HCD, at: DRI@hcd.ca.gov. The Department will evaluate the eligibility of the activity and notify you by email.

Please include contact information requested below, including telephone numbers in case the Department has questions about the activity.

When describing the proposed activity, please be sure to include as much detail as possible, in narrative form of less than one page. The narrative should include:

- The need for the proposed activity.
- The severity of the problem or need.
- The extent to which the proposed activity will address the identified need.
- The National Objective met with the anticipated completion of the activity.
- Supporting information (full documentation is not needed at this time) as needed, such as: how Low-Mod Beneficiaries have been identified/qualified, how this need is directly related to the 2008 wild fire disasters, how enhanced mitigation and forward thinking strategies are incorporated into the proposed activity, etc.

Jurisdiction: _____

Contact Name: _____

Phone: _____ email: _____

Proposed Activity:

APPENDIX J

APPLICATION WORKSHOP SCHEDULE and RESERVATION FORM

2008 Disaster Recovery Initiative (DRI) Program

*Please check the workshop dates you plan to attend
and FAX the completed form to (916) 319-8488 or e-mail to DRI@hcd.ca.gov:*

<i>(check days attending)</i>	<u>Date/Time</u>	<u>Location</u>	<u>Parking</u>
_____	May 25, 2010 9:00 a.m. – 4:30 p.m.	Monterey County Emergency Medical Services Agency 19065 Portola Drive, Suite L, Conference Room Salinas, CA 93908	Park in EMSA- designated spaces, or street parking available
_____	May 27, 2010 9:00 a.m. – 4:30 p.m.	Centennial Meeting Room 1925 Arline Rhine Oroville, CA 95965	Parking lot adjacent to building
_____	June 9, 2010 9:00 a.m. – 4:30 p.m.	Glendora City Library Bidwell Forum - 2 nd Floor 40 S. Glendora Avenue Glendora, CA 91741	Parking lot adjacent to building
_____	June 28, 2010 9:00 a.m. – 12 Noon	Q & A Follow-Up Webcast – via Internet only. Instructions for connecting to the Webcast will be emailed to those who RSVP, and available on the DRI website at: www.hcd.ca.gov/fa/dri.html .	N/A

Name: _____ Telephone: _____

Organization: _____ E-Mail: _____

Number of Persons Attending: _____

Names of Other Persons Attending: _____

If you need additional information you may contact:
Jay C. Cook at (916) 319-8136 or e-mail at jcook@hcd.ca.gov, or,
Steven Marshall at (916) 319-8410 or e-mail at smarshall@hcd.ca.gov

APPENDIX K

FORM TO REQUEST COPY OF DRI APPLICATION

- **2008 Disaster Recovery Initiative (DRI)**

Mail or FAX or E-mail this Request Form to:

2008 Disaster Recovery Initiative (DRI) Program
 State Community Development Block Grant Program
 California Department of Housing and Community Development
 P.O. Box 952054, MS 330
 Sacramento, CA 94252-2054
 E-Mail: dri@hcd.ca.gov
 FAX #: 916-319-8488

___	YES. Please send the 2008 CDBG/DRI Application Package as follows:	
	___	Mail a hard copy (paper)
	___	E-Mail an electronic copy

Name:	
Title:	
Organization:	
Address:	
City/State/Zip Code	
Telephone & FAX #s:	
E-mail:	

NOTE: If you return this form and get no response within two weeks of your request, please call **Jay C. Cook** at (916) 319-8136 or e-mail at jcook@hcd.ca.gov.