

# Substantial Amendment to the State of California's Community Development Block Grant (CDBG) Program 2014-2015 Action Plan:

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Under the authority of 24 CFR 91.505, California is submitting this Substantial Amendment to its 2014-2015 Action Plan pertaining to the State's CDBG Program Method of Distribution.

## **CITIZEN PARTICIPATION**

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This draft Substantial Amendment was available for comment from all interested parties for a 30-day period from **Tuesday, July 1, 2014 to 5:00pm Wednesday, July 30, 2014**. For details see the Public Notices at the end of this document No comments were received.

Copies of the draft Substantial Amendment were made available for review at the Department, and copies of the Public Notice were e-mailed to CDBG Program contacts and interested parties. Both notices were available on the Department's website at <http://www.hcd.ca.gov/fa/cdbg/about.html> and also at public depository libraries as identified in the notice throughout the public comment period. HCD's website is at <http://www.hcd.ca.gov/> and the email address is [cdbg@hcd.ca.gov](mailto:cdbg@hcd.ca.gov).

## **PUBLIC COMMENT AND RESPONSE**

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No comments were received.

## **CDBG METHOD OF DISTRIBUTION**

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### **STATUTE/REGULATION CITATIONS**

- Section 104(j) Housing and Community Development Act (HCDA)
- §570.489 (e) Program Income (PI)
- §570.489 (f) Revolving funds

Pursuant to the statute and regulation citations above, the CDBG Program will require that Grantees return their Program Income to the State under the following situations:

### **REVOLVING LOAN FUND (RLF) –**

To remain eligible a RLF must revolve. For the State's CDBG Program, this means a grantee cannot have more than \$100,000 on hand in a RLF within a given fiscal year, without making at least one loan. Additionally, grantees may not have more than \$500,000 on hand even if making loans, each fiscal year. The Department will address these matters by issuing finding letters to the grantee which could result in the Department cancelling the grantee's RLF. Cancellation of an RLF will result in all RLF monies being immediately converted to PI; and, therefore, must be used prior to drawing down grant funds.

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In the case of ongoing non-compliance with RLF rules, the Department reserves the right to cancel the grantee's RLF and require the funds to be returned to the Department as a corrective action.

### **Program Income (PI)**

Jurisdictions that have PI on hand and have not applied for or been awarded CDBG funds within the past three NOFAs, will be required to submit a PI Expenditure Plan for their PI on hand. The jurisdiction will receive a letter from the Department that will include timelines for submission, implementation, and completion of the plan. If the grantee does not respond to the Department's letter, or does not complete the Plan, the grantee will be required to return all PI on hand to the Department, regardless of the amount of PI.

In the case of ongoing non-compliance with PI rules, the Department reserves the right to require the grantee to return all PI on hand and return all future PI until the grantee clears all compliance issues.

### **24 CFR 570.489(e)(3)(iii) *Transfer of program income to Entitlement program.***

Jurisdictions that are entitlement communities or part of an Urban Agreement, or grantees that at a later date become an entitlement community or join an Urban Agreement have the options of:

1. Certifying to the Department in writing that they will report all Program Income into IDIS and meet the Entitlement regulations; or.
2. Certifying to the Department in writing that the funds on hand are from the same activity they will continue to carry out with those funds, and formally request the Department's approval to participate in the State's RLF program; or
3. If a jurisdiction does not or cannot make either of these certifications, the jurisdiction will return all State CDBG Program Income to the Department. The amounts to be returned will be all PI funds on hand as of July 1, 2014 as well as all subsequent funds received, until all PI generated by State CDBG funding has been returned.

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STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE  
Community Development Block Grant Program

EDMUND G. BROWN JR., *Governor*

2020 W. El Camino Ave, Suite 500  
Sacramento, CA 95833  
P. O. Box 952054, MS 500  
Sacramento, CA 94252-2054  
(855) 333-CDBG (2324) / FAX (916) 263-2762



**FOR IMMEDIATE POSTING**

**DRAFT SUBSTANTIAL AMENDMENT TO THE 2014/2015 ANNUAL  
ACTION PLAN OF THE STATE OF CALIFORNIA'S FIVE YEAR  
CONSOLIDATED PLAN (2010 – 2015) PERTAINING TO THE METHOD  
OF DISTRIBUTION FOR THE COMMUNITY DEVELOPMENT BLOCK  
GRANT PROGRAM (CDBG)**

**PUBLIC COMMENT PERIOD ANNOUNCEMENT**

The State of California, Department of Housing and Community Development (Department), is soliciting public review and comment to the Draft Substantial Amendment of the 2014/2015 Annual Action Plan for the State of California's Consolidated Plan FY 2010-2015 (Substantial Amendment). The Substantial Amendment is a result of changes made to the State's Method of Distribution of its Community Development Block Grant Program (CDBG) funding. The U. S. Department of Housing and Urban Development (HUD) is authorized to administer the CDBG funds. In accordance with the State's Public Participation Plan for its Consolidated Plan, the Substantial Amendment must be published for no less than 30 calendar days for public comment before it is submitted to HUD.

The State of California's Method of Distribution required changes to implement updated program income and revolving loan fund rules for states, and to correct past programmatic procedures that were not in compliance with the federal CDBG Final Rule, published May 2012.

**The public comment period will begin Tuesday, July 1, 2014 and end at 5:00pm Wednesday, July 30, 2014.** The Draft Substantial Amendment of the 2014/2015 Annual Action Plan for the State of California's Consolidated Plan FY 2010-2015 will be available for public review by Monday, June 30, 2014, on the Department's website: [CDBG Public Notices](#), or at the Department's Community Development Block Grant Program in Suite 500; at planning departments of counties with at least one non-entitlement jurisdiction, and at the following depository libraries:

California State Library, Government Publications (Sacramento)  
California State University, Meriam Library (Chico)  
California State University, Library- Government (Long Beach)  
Free Library, Government Publications (Fresno County)

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Public Library, Serials Division (Los Angeles)  
Public Library (Oakland)  
Public Library, Science & Industry Department (San Diego)  
Public Library, Government Documents Dept (SF)  
Stanford University Libraries, Green Library, Government Docs  
University of California, Government Documents Library (Berkeley)  
University of California, Shields Library, Government Documents (Davis)  
University of California, Research Library (LA)  
University of California, Government Documents (San Diego/La Jolla)  
University of California, Government Publications (Santa Barbara)

All written comments can be submitted via facsimile (916-263-2762), electronic mail ([cdbg@hcd.ca.gov](mailto:cdbg@hcd.ca.gov)), or mailed to the following address:

**Department of Housing and Community Development**  
Division of Financial Assistance. P.O. Box 952054  
Sacramento, California 94252-2054  
Attention: Susan Naramore

If you have questions or are in need of translators or special services, please contact the Department's Community Block Grant Program at (916) 333-CDBG. This proposal has been determined EXEMPT from CEQA (Public Resources Code Section 21080.10(b)) and EXEMPT from NEPA (Title 24 Code of Federal Regulations 50.20(o)(2)).

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STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE  
Community Development Block Grant Program

EDMUND G. BROWN JR., *Governor*

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## PARA PUBLICACIÓN INMEDIATA

PROYECTO DE MODIFICACIÓN SUSTANCIAL AL PLAN ANUAL 2014/2015 DE EL  
PLAN DE ACCIÓN DEL ESTADO DE CALIFORNIA DE CINCO AÑOS AL PLAN  
CONSOLIDADO (2010 - 2015) RELATIVA A LA FORMA DE DISTRIBUCIÓN PARA EL  
PROGRAMA DEL DESARROLLO COMUNITARIO (CDBG)

## ANUNCIO DEL PERÍODO DE COMENTARIOS PÚBLICOS

El Estado de California, Departamento de Vivienda y Desarrollo Comunitario (Departamento), solicita la revisión y comentarios del público sobre el proyecto de modificación sustancial del Plan de Acción Anual 2014/2015 para el Estado de California Plan Consolidado el año fiscal 2010-2015 (modificación sustancial). La modificación sustancial es el resultado de los cambios realizados en el Método del Estado de Distribución de su Programa de Subsidios para el Desarrollo Comunitario (CDBG) de financiación. El Departamento de Vivienda y Desarrollo Urbano de EE.UU. (HUD) está autorizado para administrar los fondos del CDBG. De acuerdo con el Plan de Participación Pública del Estado por su Plan Consolidado, la modificación sustancial se debe publicar por no menos de 30 días para comentario público antes de ser sometido a HUD.

El Método de Distribución del estado de California requiere cambios para implementar los ingresos del programa actualizado y reglas del fondo rotatorio de préstamos para los estados, y en el pasado los procedimientos programáticos que no estaban en el cumplimiento de la ley federal CDBG Regla Final, publicado en Mayo de 2012.

**El periodo de comentarios públicos empezará el Martes, 01 de julio 2014 y finalizará a las 17:00 Miércoles, 30 de julio 2014.** El proyecto de modificación sustancial al Plan de Acción Anual 2014/2015 para el Estado de California Plan Consolidado el año fiscal 2010-2015 estará disponible para revisión pública el Lunes, 30 de junio 2014 en la página web del Departamento: [CDBG Public Notices](#), o al Programa del Desarrollo Comunitario del Departamento en Suite 500; en los departamentos de planificación de los condados con al menos una jurisdicción no de derecho, y en las siguientes bibliotecas:

California State Library, Government Publications (Sacramento)  
California State University, Meriam Library (Chico)  
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University of California, Research Library (LA)  
University of California, Government Documents (San Diego/La Jolla)  
University of California, Government Publications (Santa Barbara)  
Todos los comentarios escritos pueden enviarse por fax (916-263-2762), correo electrónico ([cdbg@hcd.ca.gov](mailto:cdbg@hcd.ca.gov)), o por correo a la siguiente dirección:

**Department of Housing and Community Development**

Division of Financial Assistance. P.O. Box 952054

Sacramento, California 94252-2054

Atención de: Susan Naramore

Si usted tiene preguntas o necesita un traductor o servicios especiales, por favor póngase en contacto con el Departamento de Vivienda y Desarrollo Comunitario (CDBG) al (916) 333-CDBG. Esta propuesta se ha determinado EXENTA de CEQA (Sección del Código de Recursos Públicos de 21.080,10 (b)) y categóricamente EXENTOS de NEPA (Título 24 del Código de Regulaciones Federales 50.20 (o) (2)).