

**State of California**  
**Action Plan for Disaster Recovery**  
**from 2017 Disasters**  
**Action Plan Amendment No. 2**

California Department of Housing and Community Development

**Draft for Submission to HUD**

**Submitted to the U.S. Department of Housing and Urban  
Development (HUD) to fulfill requirements related to Community  
Development Block Grant Disaster Recovery (CDBG-DR) Funds  
in Response to  
2017 Disasters (FEMA DR-4344 and DR-4353).**

**February 2022**

The logo for ReCoverCA features a green outline of a house roof above the text "ReCoverCA", where "ReCover" is in black and "CA" is in green.

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## I. Background and Summary of Changes

On August 14, 2018, the United States Department of Housing and Urban Development (HUD) allocated \$124 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to the State of California to support California's unmet recovery needs, related to the Federal Emergency Management Agency (FEMA) Major Disaster Declarations DR-4344 in October 2017 and DR-4353 in December 2017.

On January 27, 2020, HUD allocated an additional \$38 million of CDBG-DR funding to the State to address California's unmet infrastructure recovery needs, related to the FEMA Major Disaster Declarations: DR-4344 in October 2017 and DR-4353 in December 2017.

The California Department of Housing and Community Development (HCD) is managing the associated CDBG-DR grant from HUD and implementing the goals and objectives of the State's initial, HUD-approved Action Plan. Through the Unmet Needs Action Plan Amendment, Number 1 (APA 1), HCD incorporated the \$38 million supplemental allocation into the Action Plan to address unmet infrastructure recovery needs.

APA 2 is a non-substantial amendment. It does not propose to create any new program, nor propose to remove an existing program from the initial, HUD approved Action Plan. This amendment provides additional clarity in seven different sections of the Action Plan. Page numbers are provided with the proposed changes. A summary of the changes the State of California proposes to make in Action Plan Amendment 2 (APA 2) to address California's ongoing, unmet recovery needs, follows below. Inserted or deleted text updates that have been made in the context of the named section within the action plan are in red text.

### Summary:

Action Plan Amendment 2 (APA 2) will address the following items:

1. **Document header:** Updated to reflect the correct year.
2. **Executive summary, Proposed Uses of CDBG-DR Funds:** Provides an update to the maximum award for the OOR program and additional context to the Housing Counseling program.
3. **General requirements:**
  - a. **Affordable Rent, Tenant Income Limits** section updated to clarify the affordability period for multifamily does apply for a scattered site project that consists of single-family units.
  - b. **Displacement of persons and/or entities** section updated to provide additional context to relocation assistance included in the original Action Plan.
4. **Disaster Recovery Programs:** Five updates in this section with language insertions for clarity.
  - a. **Owner Occupied Housing Rehabilitation and Reconstruction Program.** Updated the maximum award for Owner-Occupied program to \$500,000.

- b. Owner Occupied Housing Rehabilitation and Reconstruction Program, Eligible and Ineligible Costs: Updated with the addition of Housing Counseling and Relocation.
- c. Owner Occupied Housing Rehabilitation and Reconstruction Program, Form of Assistance: This section updated to provide additional context to the Uniform Relocation assistance and Housing Counseling assistance.
- d. Multifamily Housing Program: This section updated to clarify the potential for reallocating funds.
- e. Multifamily Housing Program, Eligible Activity: This section updated to clarify eligibility of new housing construction.
- f. Multifamily Housing Program, Prioritization: This section updated to clarify meeting program requirements and project feasibility.

## II. Action Plan Amendments

Text updates inserted or deleted made in the context of the section within the action plan are listed below.

### 1. Document Header

The original document header listed State of California 2018 CDBG-DR Action Plan. This Action Plan addresses ongoing recovery needs related to two FEMA disaster declarations (DR-4344 and DR-4353) resulting from disasters in 2017. The header has been changed to State of California 2017 CDBG-DR Action Plan to reflect the disaster years covered by this Action Plan.

**2. Proposed uses of funds** (page 12-14) Update to Owner-Occupied program maximum award amount on page 12 and inserted text on page 13-14 to provide additional context to the Housing Counseling program included in the original Action Plan.

#### Page 12:

**Remove:** The Owner-Occupied program will allow affected residents to apply directly to the state for gap financing grants up to \$150,000 to repair or rebuild their homes.

**Replace:** The Owner-Occupied program will allow affected residents to apply directly to the state for gap financing grants up to \$500,000 to repair or rebuild their homes.

#### Page 13-14:

**Remove:** HCD will coordinate with HUD-certified housing counseling organizations to ensure information and services are made available to both renters and homeowners.

**Replace:** To assist with navigating a complex process of single-family recovery for homeowners, HCD will offer housing counseling program for disaster impacted residents. HCD's Housing Counseling Program will provide eligible residents guidance and counseling for their housing needs related to impacts from the 2017 disasters. Eligible homeowners, as well as displaced residents, will be able to receive housing counseling services on property

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maintenance, financial management, funding resources, financial and credit literacy, and other areas as needed to assist in helping clients determine their housing recovery plan, improve their housing conditions, and meet their financial needs.

Traditionally underserved populations, state and federally protected classes, including racial and ethnic minorities, the elderly, veterans, persons with disabilities, persons with limited English proficiency and residents of rural areas, face unique disaster recovery housing, and economic challenges.<sup>1</sup> HCD's

Housing Counseling Program will provide expert, unbiased guidance, and information to help families and individuals, particularly the most vulnerable, meet their housing needs through an informed decision-making process.

### 3. General Requirements

#### A. Affordable Rent, Tenant Income Limits, and Minimum Affordability Period (page 112).

This section is updated to clarify affordability period for scattered sites.

While HCD does not anticipate funding single family new construction, should single-family units be constructed under this grant, they will also be subject to a minimum affordability period of five years. If units are rentals, the above income and FMR terms will apply. However, the affordability period does not apply to rehabilitation or reconstruction of owner-occupied single-family housing.

**Addition:** The affordability period for multifamily does apply for a scattered site project that consists of new construction of single-family units.

#### B. Displacement of Persons and/or Entities (page 118-119).

The following section is inserted to provide additional context to relocation assistance included in the original Action Plan:

Rehabilitation or reconstruction projects occasionally require persons to be temporarily displaced from their residential dwelling. Although temporarily displaced persons do not receive the same relocation assistance and payments as persons permanently displaced under the URA, they are entitled to certain rights and protections.

When necessary or appropriate, residential tenants who will not be required to move permanently may be required to relocate temporarily for the project. Temporary relocation should not extend beyond one year before the displaced person returns to their previous unit or location. While not expected, if temporarily relocated residential tenants are displaced for more than one year, tenants are entitled to permanent relocation assistance, which is not inclusive of any temporary relocation assistance previously provided. All conditions of temporary relocation must be reasonable. At a minimum, HCD will provide the following:

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<sup>1</sup> For more information on federal and state protected classes, see HCD's 2020 Analysis of Impediments to Fair Housing, <https://www.hcd.ca.gov/policy-research/plans-reports/docs/final2020ai.pdf>. Accessed July 2021.

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HCD will retain a qualified URA Vendor (“Vendor”) to provide all services necessary to prepare required relocation plans and implement relocation advisory services for the OOR Program as requested by HCD.

## 4. Disaster Recovery Program

The following provides a summary of the sections with language added for clarity. Updated language is noted in tracked changes below.

### A. Owner Occupied Housing Rehabilitation and Reconstruction Program (Page 148).

**Remove:** The maximum amount of assistance is \$150,000 per damaged structure, after applying any duplication of benefits to the cost of the total rehabilitation or reconstruction. As a standard practice, program applicants requiring more than the \$150,000 cap on assistance must fund the remainder of their project with private funds or other resources; however, exceptions to the maximum award will be considered on a case-by-case basis.

**Replace:** The maximum amount of assistance is \$500,000 per damaged structure, after applying any duplication of benefits to the cost of the total rehabilitation or reconstruction. As a standard practice, program applicants requiring more than the \$500,000 cap on assistance must fund the remainder of their project with private funds or other resources; however, exceptions to the maximum award will be considered on a case-by-case basis.

**B. Owner Occupied Housing Rehabilitation and Reconstruction Program, Eligible and Ineligible Costs** (page 153). Updated with the addition of Housing Counseling and Relocation in bold below.

Permitting, design, and planning

Reasonable relocation payments directly to displaced owners during construction

Replacement of damaged or destroyed necessary equipment, such as HVAC units

Repairs to or replacement of damaged on-site utilities such as water, sewer, electric, and gas

Repairs to disaster damaged primary structures with standard grade materials

Reconstruction of the disaster damaged primary structure with standard grade materials

Upgrades required to meet current building code

Site work to meet WUI standards for homes in high-risk areas

Handicap accessibility features (if applicable)

Lead-based paint and asbestos abatement (if applicable)

**Housing Counseling**

**Relocation**

### C. Owner Occupied Housing Rehabilitation and Reconstruction Program, Form of Assistance (page 148-149)

This section updated to provide additional context to the Uniform Relocation assistance and Housing Counseling assistance, both mentioned in the original Action Plan.

#### Form of Assistance

Assistance is provided in the form of a grant award to qualifying applicant’s construction project, after a contractor has been selected to perform the approved scope. The award is

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provided as payment reimbursement for costs incurred and expended. The scope of work is determined by a site inspection performed by qualified construction estimators. Once the scope of work has been determined, the applicant signs a construction agreement with the contractor.

## **Addition:**

### **Uniform Relocation**

Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and an increase in monthly rent or utility costs at such housing. These costs will be reviewed for cost reasonableness and initially be paid by the Uniform Relocation vendor procured by HCD.

### **Housing Counseling**

Housing counseling assistance provides eligible disaster impacted residents with wrap-around housing and financial educational services including financial literacy education, homebuyer counseling, credit repair counseling, mitigate default/foreclosure proceedings. HCD works with HUD-approved housing counseling agencies which are uniquely situated to assist with the delivery of these service as part of the long-term recovery efforts provided through CDBG-DR funding.

### **D. Multifamily Housing Program (page 151).**

Updated this section to clarify the potential for reallocating funds.

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

**Replace:** If subrecipients are not able to provide qualifying projects, HCD may re-allocate funds to other projects or subrecipients in accordance with the eligibility, prioritization, and timeline criteria defined below and as additionally detailed in the program policies and procedures.

### **E. Multifamily Housing Program, Eligible Activity section (page 151).**

This section updated to clarify eligibility of new housing construction.

The eligibility of housing projects is further established in 83 CFR 40315, which requires grantees to address unmet housing recovery needs with CDBG-DR funds.

**Addition:** New housing construction is also eligible as established in 83 FR 5844, paragraph B.32 of Section VI.

### **F. Multifamily Housing Program, Prioritization section (page 156).**

Updated this section to clarify meeting program requirements and project feasibility.

**Remove:** A review of the pro forma and the project will be used prioritize projects.

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Subrecipients may provide up to three alternatives to each proposed project to allow for ranked prioritization from HCD in consideration of those alternatives. HCD will also assess subrecipient capacity to execute and monitor the proposed project(s) as a factor in prioritization review.

**Replace:** A review of the pro forma and the project will be used to ensure proposed projects meet program requirements and are eligible and feasible. Subrecipients may provide up to three alternatives to each proposed project to allow for ranked prioritization from HCD in consideration of those alternatives. HCD will also assess subrecipient capacity to execute and monitor the proposed project(s) as a factor in project feasibility. prioritization review.