



**State of California
Department of Housing and Community Development
Community Development Block Grant - Mitigation
Resilience Planning and Public Services Program
Policies and Procedures Manual**

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Purpose and Scope

1.1. Program Background and Scope

This document addresses requirements, policies and procedures specific to the Community Development Block Grant – Mitigation (CDBG-MIT) Resilience Planning and Public Services Program. Subrecipients should review all applicable Federal regulations, disaster specific Federal Register Notices, the state’s CDBG-MIT Action Plan, and the Grants Administration Manual (along with its Mitigation Addendum) for detailed discussions of CDBG-MIT procedures and requirements, including rules for specific projects, eligibility, program deadlines, protocols for demonstrating capacity, and specific eligible and ineligible costs.

In response to the 2017 disasters, Congress appropriated \$28 billion in Public Law 115-123 to the U.S. Department of Housing and Urban Development (HUD) to assist impacted communities. Of this allocation, the California Department of Housing and Community Development (HCD), as the lead and Responsible Entity for administering the CDBG-MIT funds allocated to the state, received a total of \$212 million in funding to support recovery and mitigation efforts following the wildfires, flooding, mudflows, and debris flows that occurred in October and December 2017, of which \$88 million was dedicated to mitigation.

As part of the Action Plan Mitigation Needs Assessment, HCD completed individual mitigation needs sessions with interested state and local stakeholders. As outlined in the assessment, multiple stakeholders indicated a need for public education and awareness related to risks and vulnerabilities and actions that can be taken to be better prepared for future disasters. In addition, stakeholders expressed a desire to conduct planning initiatives that examine how best to prioritize mitigation in future housing, infrastructure, and economic development investments.

In response to this outreach, HCD dedicated \$22,440,000 of the \$88 million in CDBG-MIT funds to create the Resilience Planning and Public Services Program. The purpose of the program is to assist local jurisdictions with mitigation-related planning and public services needs to support risk reduction from the three primary hazards (wildfire, flooding, and earthquake) as established within the Mitigation Needs Assessment found in the CDBG-MIT Action Plan. The Resilience Planning and Public Services Program funds eligible jurisdictions, non-profit entities, to create projects that address risks to, or across, community lifelines that support human health and safety and provide mitigation for individual and community-based systems.¹

¹ Federal Emergency Management Agency. Community Lifelines. <https://www.fema.gov/emergency-managers/practitioners/lifelines>

General

1.2. Terms and Definitions

Table 1

Terms and Definitions

Acronym	Meaning
CDBG-MIT	Community Development Block Grant Mitigation grant allocation
HCD	State of California Department of Housing and Community Development
HUD	U.S. Department of Housing and Urban Development
MID	Most Impacted and Distressed Areas
NOFA	Notice of Funding Availability
UNM	Urgent Need Mitigation

Community Lifelines:² FEMA defines these lifelines as critical business, government and essential services that provide health, safety, and economic security within a community. Community lifelines in preparedness planning and recovery provide details on the critical functions and stakeholders that facilitate the most effective response and get services and infrastructure back online after a disaster.

Duplication of Benefits (DOB): Financial assistance received from another source that is provided for the same purpose as the CDBG-MIT funds. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of the loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other sources. It is an amount determined by the program that may result in the reduction of an award value.

Eligible Applicant: means any city or county governments, non-profit that applies for funds pursuant to applicant eligibility section. (See Also: Subrecipient)

Low- to Moderate-Income (LMI): Low to moderate income people are those having incomes not more than the “moderate-income” level (80% Area Median Family Income) set by the federal government for the HUD-assisted Housing Programs. This income standard changes from year to year and varies by household size, county and the metropolitan statistical area.

Mitigation: According to HUD, those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.

² FEMA Community Lifelines. <https://www.fema.gov/emergency-managers/practitioners/lifelines>

Most Impacted and Distressed (MID): An area that meets the definition of Most Impacted and Distressed set by HUD in the Federal Register Notice. For purposes of the unmet needs allocation, HUD has defined Most Impacted and Distressed as an area (county or zip code) that meets the following criteria:

- Individual Assistance/Individual and Households Program (IHP) designation. HUD has limited allocations to those disasters where FEMA had determined the damage was sufficient to declare the disaster as eligible to receive IHP funding.
- Concentrated damage. HUD has limited its estimate of serious unmet housing need to counties and zip codes with high levels of damage, collectively referred to as “most impacted areas”. For this allocation, HUD is defining most impacted areas as either most impacted counties—counties exceeding \$10 million in serious unmet housing needs—and most impacted zip codes—zip codes with \$2 million or more of serious unmet housing needs. The calculation of serious unmet housing needs is described below.
- Disasters meeting the most impacted threshold. Only 2017 disasters within the threshold are funded: a. One or more most impacted county, and/or b. An aggregate of most impacted zip codes of \$10 million or greater than was declared by the President to be a major disaster area under the Stafford Act for a disaster event occurring in 2017.

U.S. Department of Housing and Urban Development (HUD): Federal department through which the CDBG-MIT funds are provided to HCD.

1.3. Program Overview

The intent of this program is to fund actionable, impactful planning and public services projects that have measurable results. Planning projects funded under this program may be tied to implementation efforts either within the related MIT-Resilience Infrastructure Program or other projects to reduce risk and increase resilience. If a project is not tied directly to implementation, the focus of the planning project should be actionable, measurable and able to be utilized by jurisdictions immediately.

Eligible activities considered under this program may include creation or updates to current plans for better alignment with mitigation principles or, in some cases, the examination of hazards and establishing actions to increase resilience and preparedness. Public services projects could include activities that establish educational campaigns or local job training initiatives to ensure disaster preparedness is a vital component of their community’s resilience efforts going forward.

Additionally, HCD considers awards for funding under this program to local jurisdictions who may be eligible for the Resilient Infrastructure Program (MIT-RIP) but need to build capacity prior to implementing projects.

Mitigation and resilience are best gained through collaborative approaches with multiple stakeholders. HCD encourages coordination among eligible applicants to

increase coordination across organizational and geographical boundaries and to improve project outcomes.

Both planning and public services projects funded under this program are inclusive of all residents and community stakeholders, especially low- and moderate-income and vulnerable individuals and households.

Further, given that resources do exist within the state to address planning efforts, including within HCD, additional technical assistance to applicants and coordination with other state and local partners ensures there is no duplication of benefits. While local stakeholders have indicated the need for planning dollars, HCD ensures that potential applicants have exhausted all other avenues of funding prior to receiving an award from this program.

1.4. Program Allocation and Administration

HCD allocated \$22,440,000 to the Resilience Planning and Public Services program to address the expressed needs for mitigation planning and public services.

In accordance with Section V.A.10 of the Federal Register Notice (84 FR 45838), which outlines the governing principles of the CDBG-MIT funding, HCD promotes expansions of local and regional planning initiatives consistent with those of entitlement communities. The program's scope and budget are consistent with HUD's request in the Federal Register Notice (84 FR 45838) to ensure planning and education are key components in utilizing this initial allocation of CDBG-MIT dollars.

The program allocation is made available via a Notice of Funding Availability (NOFA) which outlines eligibility criteria, priorities, and timelines for funding. Local jurisdictions and nonprofit organizations that work within or impact the MID submit planning and public services projects to HCD for funding consideration through the NOFA process.

HCD reviews and approves project applications, ensuring compliance with the program policies and procedures, as well as applicable state and federal regulations. Applications demonstrate ability to comply with applicable laws and regulations associated with Fair Housing, Civil Rights, and Section 3 in project delivery. HCD evaluates all submitted applications and awards are made until no remaining funding is available within the program budget.

HCD ensures flexibility in identifying and prioritizing the projects that provide the most mitigation benefits, while also adhering to HUD requirements for this grant. HCD monitors and provides technical assistance to its Subrecipients throughout program implementation.

1.5. Program Timeline

The program term is three years after execution of a grant agreement with HCD. The timeline assumes a six-month period from grant award to grant agreement. The timeline may be modified. A more detailed breakdown of this timeline is below:

Table 2
Program Timeline for Grant Agreement with HCD

Milestone	Due Date
Q&A Webinar on Program	October 14, 2020
Publish Program Policies and Procedures	November 16, 2020
Release NOFA and Application	November 20, 2020
NOFA Workshop (Webinar)	Week of November 30, 2020
Deadline to Submit Application	December 18, 2020
Awards	January 12, 2021
Execute Standard Agreement	TBD
Project Completion Deadline	July 2024
Closeout Grant	July 2025

1.6. Levels and Terms of Assistance

1.6.1. Program Allocations

Resilience Planning and Public Services Program: \$22,440,000:

- Resilience Planning, including capacity building: \$13,200,000
- Resilience Public services: \$9,240,000

1.6.2. Award Cap

Maximum awards per project under this program are capped at \$500,000. Exceptions to the maximum award amount are considered on a case by case basis, accounting for the amount of funding needed beyond the award cap, the benefits of the proposed project, and other funding included as leverage, among other factors. There is no limit to the number of project applications an entity can submit; however, no single entity can receive more than a total of \$2,500,000 in CDBG-MIT funding under this program. This means that a jurisdiction or organization may not receive more than \$2,500,000 even if they receive an award for both components of this program – planning and public services.

Potential exceptions to the maximum award amount are reviewed on a case by case basis. Exceptions may be allowed if the result meets one of the prioritization goals below, particularly an increase in benefit to LMI individuals or communities and/or an increase in project goals within the MID.

1.6.3. Terms of Assistance

Funds are awarded as grants for reimbursement of eligible costs. In order to meet the expenditure deadline, Subrecipients have three years from execution of an agreement with HCD to expend the grant.

HCD may extend the expenditure deadline if needed.

The grant is disbursed on a reimbursement basis. HCD must ensure costs have been incurred and reviews invoices and/or receipts submitted prior to reimbursement. If at any time costs are deemed ineligible by HCD or HUD, the applicant is responsible for repayment.

1.6.4. Recapture

HCD is responsible for ensuring that the CDBG-MIT funds awarded by HUD comply with all federal, state and local requirements. In situations where funds are disbursed to applicants determined to be ineligible for assistance or are used for ineligible activities are handled, a Subrecipient may be required to repay all or a portion of the funds received. The reasons for recapture include, but are not limited to, the following:

- Subrecipient does not comply with the terms of the agreement;
- A Subrecipient withdraws from the Program prior to completion of the project and/or fails to meet a National Objective;
- A project does not meet the requirements specified in Section 3 below;
- A Subrecipient is found to have used program funds for an ineligible activity or cost;
- A Subrecipient receives assistance for the same purpose as the funded CDBG-MIT Resilience and Recovery Program, including, but not limited to, other federal, state, or philanthropic funding; and
- Funds are remaining after the project is completed, the expenditure deadline has passed, or the agreement has expired.

The method of recapturing funds and the timeframe for doing so are determined on an individual project basis. However, the recapture method and timeframe is consistent with 2 CFR part 200 and other applicable cost principles. Complete recapture provisions are included in the agreement with the Subrecipient and are also included in any agreements between the Subrecipient and HCD.

1.7. Cost Reasonableness Guidance

HCD reimburses for eligible costs that are reasonable, as defined in 2 CFR 200.404. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. HCD may choose to determine standard reasonable costs for the reimbursement of specific costs under this grant and denies costs that are determined to not conform with the cost reasonableness requirements.

1.8. Program Outreach

HCD conducts technical assistance and outreach prior to and following the release of the NOFA to ensure potential applicants understand the application requirements, award prioritization and application process. The outreach includes a variety of opportunities for jurisdictions and organizations to learn about the program through webinars, office hours, guides to the use of funds, and technical assistance in completing the NOFA prior to and following release.

Program Requirements

1.9. Eligibility Criteria

1.9.1. Geographic Eligibility

Projects must benefit the area designated by HUD as the most impacted and distressed areas, or “the MID,” within the disaster declared impacted counties under DR-4344 and DR-4353.

The map in Appendix A shows the DR-4344 and DR-4353 impacted counties, the two Most Impacted and Distressed Counties (Sonoma and Ventura) and five Most Impacted and Distressed Zip Codes:

- 95470 – Mendocino County
- 95901 – Predominantly Yuba County
- 94558 – Predominantly Napa County
- 95422 – Predominantly the City of Clearlake in Lake County
- 93108 – City of Montecito, located in Santa Barbara County

1.9.2. Applicant Eligibility Criteria

Eligible applicants are:

- Jurisdictions that have eligible projects and are located within the MID areas, OR
- Jurisdictions within the DR-4344 and DR-4353 impacted counties that develop an eligible mitigation planning and or public services project that directly benefits the MID, OR
- Non-profits with demonstrated experience in the area that develop an eligible mitigation planning and or public services project that directly benefits the MID.

1.9.3. Project Eligibility Criteria

Proposed projects are assessed by HCD. Specific eligibility criteria include:

- The proposed project must be located in, or be shown to have, a demonstrable benefit to a HUD-designated MID area.
- CDBG-MIT funded public services activities must satisfy either the low to moderate income (LMI) or urgent need mitigation (UNM) national objective as

described in Section 3.2. However, according to the Federal Register Notice (84 FR 45838), planning efforts address the national objectives without additional requirements.

- All sources of funding required to complete the project must be identified and secured or readily accessible.
- The proposed project must meet the definition of a mitigation activity.
- The applicant must demonstrate sufficient capacity to manage and operate project specific CDBG-MIT funding.

1.10. National Objective

In accordance with 24 CFR 570.208, Section 104(b)(3) of the HCDA, and as further outlined within the waivers and alternative requirements at Federal Register Notice 84 FR 45838, all CDBG-MIT funded activities must satisfy either the Low-to Moderate-Income (LMI) or the new Unmet Need Mitigation (UNM) national objective.

HUD has created a new National Objective - Urgent Need Mitigation (UNM) – for CDBG-MIT programs. This National Objective provides a better fit for CDBG-MIT activities that aim to address risks that does not tie back to the disaster events of the 2017 CDBG-DR funding, or subsequent disasters.

Projects using the UNM national objective must provide documentation that demonstrates a measurable and verifiable impact on reducing risks at the completion of the activity.

- Address the current and future risks as identified in the Mitigation Needs Assessment of the most impacted and distressed areas; and
- Result in a measurable and verifiable reduction in the risk of loss of life and property.

Planning activities do not require a national objective be established. HUD's Federal Register Notice (84 FR 45838) governing the MIT allocation describes planning efforts as addressing the national objectives without the limitation of any circumstances. All Public Services activities meet one national objective criterion, LMI or UNM, related to its specific mitigation impact and defined direct benefits or service area.

The prioritization criteria below for the Public Services component of the program ensures that proposed projects, at a minimum, address how they affect vulnerable and LMI populations. HCD's analysis of LMI Summary Data (LMISD) of the MID within the Mitigation Needs Assessment indicates only one MID (the Lake County zip code) as being 51 percent or more LMI. In order to identify activities which may meet the LMI national objective, HCD requires local entities to look at LMISD on a block group level to determine project target areas and whether an LMI area benefit (LMA) exists.

1.10.1. Other National Objectives

Slum and Blight: Unless HCD receives prior approval from HUD, the slum and blight national objective designation may not be used for CDBG-MIT activities.

1.10.2. National Objective Compliance

Under CDBG-MIT, a tie back to a prior disaster is not required; however, eligible projects must occur within the MID area. HCD must demonstrate compliance with LMI or UNM national objectives for its CDBG-MIT activities.

1.11. Eligible Activity

All programs must qualify as an eligible activity as defined by HUD. The eligible activities for this program are:

- **HCDA Section 105(a)(8) – Public Services:** Provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government.
- **HCDA Section 105(a)(12) – Planning and Capacity Building:** Activities necessary to develop a comprehensive community development plan, and develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation.

The planning activities under the Resilience Planning and Public Services Program can include: the creation of new plans that examine hazards and establish actions for increasing resilience and preparedness; projects that update current plans to better align with mitigation principles are eligible and capacity building for Subrecipients intending to submit projects to Round Two of the Resilient Infrastructure Program.

Entities may also use the funding to increase public services through projects such as: establishing educational campaigns or local job training initiatives to ensure disaster preparedness is a vital component of their communities' resilience efforts going forward. To meet the requirements to provide accessible to community members with language and/or functional needs, funds may be used to support language access services and effective communication strategies for persons with disabilities.

The eligible activities above allow for regional or local jurisdictions and nonprofit organizations to submit appropriate applications for funding based on their individual mitigation needs as outlined within the Mitigation Needs Assessment.

Planning and public service projects implemented under this program may include, but are not limited to:

1.11.1. Planning

- Creation of or updates to Community Wildfire Protection Plans, earthquake plans, flood protection and/or evacuation plans,
- Addition of resilience or safety elements (e.g. evacuation routes or forest and vegetation management) to local comprehensive plans, and
- Additional planning that serve to enhance critical lifelines.
- Capacity building for jurisdictions interested in applying for Round Two of the Resilient Infrastructure Program.

1.11.2. Public Services

- Establishment of mitigation-related outreach and educational campaigns regarding proper disaster evacuation, disaster preparedness, and risk reduction initiatives,
- Additional public services that serve to enhance critical lifelines,
- Funding for local governments and non-profit organizations to perform additional services to inform the public on resilient-focused activities,
- Capacity building through job training programs that train LMI individuals to work on community mitigation projects,
- Leveraging resources through partnerships and coordination of efforts, and
- Code enforcement activities, including training and staffing.

1.12. Application Criteria

Application criteria include:

- Application Summary to include:
 - Purpose of the project,
 - Expected outcomes,
 - Champions among decision makers and the communities
 - Threshold Requirements
- Project objectives and priority considerations: how the project and proposed planning and public services activities advance communities' efforts to effectively recover and/or avoid loss from the effects of wildfire, earthquake, or flood and build resilience to anticipated impacts from future climate events through:
 - Recovery activities – activities to rebuild from impacts of disaster events including rebuilding housing, infrastructure, and economy
 - Building resilience – preventing and bouncing back from shocks and stressors
 - Meaningful engagement – active participation for community members including low- and moderate-income individuals
 - Intentional resilient design – design of buildings, landscapes, communities, and regions in order to respond to natural and manmade

disasters and disturbances—as well as long-term changes resulting from climate change—including sea level rise, increased frequency of heat waves, and regional drought.

1.13. Prioritization Criteria

Planning and public services projects address risks to, or across, community lifelines that support human health and safety and provide mitigation for individual and community-based systems.

In addition to the prioritization criteria below, HCD considers applications for funding under this program to local entities who are attempting to build capacity for implementing projects under the Resilient Infrastructure Program. By supplementing planning efforts for these entities, HCD hopes to build upon an applicant's resilient infrastructure initiative. For example, a Subrecipient awarded funding under the Resilient Infrastructure Program for roadway improvements may also receive specific prioritization for a public service project under this program to ensure the surrounding community knows its evacuation routes for future disasters.

Applicants are asked to provide quantitative assessments of the issues their project addresses. Applicants are also required to detail anticipated outcomes of their projects that result in improvements to LMI, the MID and the community lifelines.

HCD utilizes resources identified within the Mitigation Needs Assessment to aid in project selection (e.g., FEMA HMGP projects currently not awarded,³ CAL FIRE and Local Fire Safe Council program needs, Community Wildfire Prevention and Mitigation Report, established under the state's Executive Order N-05-19)⁴. These reports and data also consider the identification of vulnerable communities based on socioeconomic characteristics to establish priority projects.

Projects must meet threshold criteria:

- Be a CDBG-MIT eligible activity, and
- Must meet the definition of mitigation, and
- Be located within or have impact within the MID, and
- Reduce risk for low-to-moderate income individuals and households.

Projects that meet the criteria below are prioritized:

- Reduce risk along community lifelines of health and safety
- Reduce risk for vulnerable populations, especially individuals and households that are very-low income

³ CDBG-MIT Action Plan, Mitigation Needs Assessment - O. Long-Term Planning and Risk Mitigation - 1. FEMA HMGP

⁴ State of California Executive Department. Executive Order N-05-19. Available at: <https://www.gov.ca.gov/wp-content/uploads/2019/01/1.8.19-EO-N-05-19.pdf>

- Inclusive of protected classes including age, race, color, religion, sex, familial status, national origin and disability
- Build capacity to implement projects under the Resilient Infrastructure Program
- Result in outcomes that can be measured
- Are regional in approach
- Foster collaboration amongst jurisdictional and nonprofit partners
- Leverage additional resources

1.13.1. Eligible and Ineligible Costs

Eligible Costs

CDBG-MIT awards under the Resilience Planning and Public Services Program may fund costs generally considered eligible within HUD's CDBG guidelines, with consideration given to certain costs typically related to emergency management, disaster response, or disaster preparedness that are not generally eligible for CDBG funding but provide a demonstrable benefit to the community per the definition of a mitigation activity.

According to Federal Register Notice 84 FR 45838, mitigation activities are defined as those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.

Examples of eligible planning costs include, but are not limited to:

- Preparation, adoption, and implementation of a general plan or general plan element that incorporates wildfire and climate risk, aligned with Government Code 65302,
- Preparation, adoption, and implementation of other plans that incorporate wildfire, flooding, earthquake or climate risk (e.g., corridor plans),
- Supportive planning activities (e.g., community engagement, scoping and pre-planning activities) that advance development of a general plan or general plan element update,
- Staff time for planning activities, including:
 - Coordination, collaboration, oversight, management of planning vendors;
 - Activities necessary to procure a planning vendor;
 - Quality Assessments/Quality Control and review of deliverables;
 - Monitoring, reporting, invoicing, evaluation;
 - Outreach and coordination with citizens and stakeholders; and
 - Coordination, compilation, development, or analysis of new or existing data and studies.
- Data, analysis, studies, and maps, and
- Certain moveable property, software, and indirect costs,
- Activities necessary to develop a mitigation plan. These activities could include:
 - Data gathering and analysis, participating and contributing to necessary studies or mapping effort

- Outreach and coordination with citizens and stakeholders
- Communications and messaging
- Participation in development of vision, goals, objectives, and activities
- Participation in development of implementation strategy
- Review of the findings
- Drafting of plan
- Equipment and software necessary to conduct the activity, and
- Vendor activities necessary to develop a mitigation plan or outreach campaign.

Examples of eligible public services costs include, but are not limited to:

- Educational campaigns to increase mitigation amongst communities,
- Job training programs to increase economic opportunities within mitigation activities, or
- Public safety measures to protect communities from wildfire, earthquake or flood hazards.

Ineligible Costs

The following items are ineligible uses of program funding:

- Construction or construction-related activities, including capital improvements to existing facilities;
- Immovable equipment purchase, lease, or maintenance;
- Purchase of land and buildings;
- Political or religious activities;
- Entertainment, including amusement, diversion and social activities, food and beverages associated with training and other work activities;
- Costs associated with preparation of the grant application;
- Travel not associated with the training of staff;
- Donations and contributions, including cash, services or property;
- Fundraising activities; and
- Investments in instruments or for the sole purpose of a return in investment.

Operating Procedures

1.14. Application Process

Applications must be submitted following instructions in a Notice of Funding Opportunity.

Applicants must use the Grants Network Program Portal to submit project applications. HCD must be authorized by a resolution of the Applicant's governing board. If allowed by local policies, HCD can accept a resolution from the governing board authorizing specific Applicant staff to submit on the Applicant's behalf.

The required information is as follows:

- Overall Project Description/Scope of Work

- The overall project description and scope of work provides a complete summary of the project with supporting documentation that ties the project to MID area. The project description includes the ownership of the project and who benefits from the project. The scope of work includes a full description of activities.
- National Objective/MID Documentation
 - The service area must show the MID area benefit.
 - For LMI, the Subrecipient must complete a beneficiary form detailing demographic calculations and supporting maps/figures.
 - Urgent Need Mitigation documentation – resolution from the governing board stating that no other funding is available for this project.
- Complete Cost Estimate/Budget
 - Complete list of all project funds and sources of funds (CDBG-MIT, Local, Private, Other State funds, Federal funds, other).
 - Final budget (eligible activity costs and activity delivery costs)
- Duplication of Benefits
 - Complete list and supporting documentation of potentially duplicative funds for the same purpose.
 - Final duplication of benefits calculation is conducted by HCD.
- Project Timeline
 - List of project milestones.

1.15. Application Review

HCD reviews all aspects of the project application including scope, budget, eligibility, legal/policy issues, procurement, and compliance.

Applications are “complete” when all appropriate documentation has been provided by the applicant by the deadline. Applications received after the deadline are disqualified and not eligible for assistance.

Applications submitted prior to the deadline that are determined to be incomplete are afforded an opportunity to provide additional or clarifying information at the discretion of HCD. Applicants who need to provide clarification or additional documentation are notified through Grants Network requesting the information. Applications are closed if there is no meaningful response within 30 days after the notification has been sent. The review process resumes when the requested information has been provided.

Once an application has been approved, applicants are notified of the decision through Grants Network.

1.16. Eligibility Verification

1.16.1. Types of Agencies or Organizations

Eligible applicants include local jurisdictions and nonprofit organizations that work within or impact the MID that provide a planning or public service to the public and residents.

Nonprofit organizations are required to provide evidence that they have a track record in delivering the service(s) for which they are applying. Nonprofit organizations also include examples of specific experience providing this service within the MID area or a similar environment.

1.16.2. Geographic Target Areas

For verification purposes, the applicant's location and proposed service area are reviewed to confirm the proposed project has a demonstrable connection to a MID area listed in Section 3.1.1 above.

1.16.3. Capacity to Deliver Services

Applicants must identify the personnel who perform services, such as trainings, if funding for such services is being sought through this program, and indicate if they are in-house staff or whether contracted personnel are being or will need to be procured.

HCD evaluates the qualifications and experience (if the staff are already identified) to confirm that applicants have the capacity to deliver the services for which funding is being provided.

1.16.4. Duplication of Benefits

A duplication of benefits occurs when financial assistance is received from another source that is provided for the same purpose as the CDBG-MIT funds. Potential sources include local, state, federal, or philanthropic funding received to address the planning or public services activities. Failure to provide full disclosure of all duplicative assistance received results in recapture of funds for those amounts that are determined to be duplicative.

Duplication of Benefits Verification

Funding from other funding sources is verified through applicant provided information. Applicants are required to provide support documentation, including award letters, declined letters and other documentation supporting the amount, sources and uses of funding received for planning or public services efforts related to the 2017 disaster events. HCD may contact other funders directly to confirm information submitted by applicants.

1.16.5. Award Calculation

Award Cap

Maximum awards per project under this program are capped at \$500,000. No single entity can receive more than a total of \$2,500,000 in CDBG-MIT funding under this program. This means that a jurisdiction or organization may not receive more than \$2,500,000 even if they receive an award for both components of this program – planning and public services.

Budget Justification

Applicants are required to provide a total budget for the project or program. The budget includes the total sources and uses for each line-item. Within that budget, the applicant also identifies the line-items that are being requested for funding from this program. Those items depict actual costs for all items requested for reimbursement.

1.17. Environmental Review

An environmental review must be performed on the project prior to federal funds being committed or disbursed by HCD and Subrecipients. The environmental review shall document compliance with 24 CFR Part 58, NEPA, and all related laws, authorities, and executive orders. Each Subrecipient is responsible for completing environmental reviews of all projects and must submit complete Environmental Review Records to HCD, the Responsible Entity, to grant the authority to use funds. Pursuant to 84 FRN 45838, HCD may accept another federal agency's environmental review. Subrecipients are also responsible for ensuring compliance with CEQA, including the submission or designation of applicable waivers to the CEQA Clearinghouse with a copy to HCD. No work may start on a proposed project, or proposed site acquisition, if applicable, before both the federal and state environmental review processes are completed, even if that work/acquisition is being done using non-federal funds.

Subsequent to submission of an application by a Subrecipient, there can be no choice-limiting actions on the part of the Subrecipient until environmental clearance is received in the form of an Authority to Use Grant Funds (ATUGF) or environmental clearance letter issued by the Department. The concept of prohibiting choice-limiting actions is to prevent the Subrecipient from investing in a project before all necessary environmental clearances are obtained. Market studies, environmental studies, plan development, engineering or design costs, inspections and tests are not considered "choice-limiting" actions. Choice-limiting actions are defined as any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives, such as acquisition by the Subrecipient, construction, demolition of buildings or infrastructure, or rehabilitation or reconstruction of buildings or infrastructure. Per 24 CFR Part 58.22, failure to comply with the prohibition against committing funds or taking physical action (using either HUD funds or non-HUD funds) before the completion of the environmental review process could result in loss of HUD assistance, cancellation of the project, reimbursement by Subrecipient to HCD for the amount expended, or suspension of the disbursement of funds for the affected activity.

Please see the State of California's CDBG-DR Grant Administration Manual for additional environmental review procedures and requirements.

1.18. Activity Delivery Costs

Activity Delivery Costs (ADCs) are allowable costs incurred for implementing and carrying out eligible CDBG-MIT activities. The ADC covers the costs of staff directly carrying out the activity in addition to equipment and supplies that are necessary for successful completion of the activity. An ADC must be allocable to a CDBG-Mit-

assisted activity or an activity that is CDBG-MIT-eligible, meet a national objective, and meet all other CDBG-MIT program requirements. Reasonable ADCs are eligible as part of the cost of carrying out CDBG-MIT activities authorized under [24 CFR 570.201-570.204](#).

1.18.1. Activity Delivery Costs of a Failed Project

If the project(s) are unable to be completed, a review of the causes of the project failure is performed. The Subrecipient provides documentation demonstrating the cause of the project's failure for HCD to review. Depending on the specifics of the situation, HCD may require more evidence of the causes of failure during the review process. If, after the review, the evidence demonstrates that the project was put forth and preceded in good faith on the part of the Subrecipient, then HCD would consider a new eligible project from the Subrecipient that has the same or higher Priority Level, as long as the initial ADCs can be shown to have contributed to the new project. Prior to any funding of the new project, a new capacity assessment, project evaluation, and amended agreement with stricter grant conditions is required.

If it is shown that the project failed due to egregious behavior or actions, such as conflicts of interest, fraud, waste, or abuse, and similar types of issues or actions, on the part of the Subrecipient, then any funding payments made toward the project are required to be repaid and the Subrecipient is not allowed to put forth a new project submission. If the review shows that the Subrecipient acted in a reasonable manner, then the Subrecipient is allowed to put forth a project proposal. If the project put forth by the Subrecipient does not meet the eligibility requirements, prioritization criteria for a new project, or does not sufficiently demonstrate that the initial project's ADCs have contributed to the new project, HCD offers the outstanding funding for other Eligible Applicants in order to meet the eligibility and prioritization criteria requirements of the Resilience Planning and Public Services Program.

Program Operation and Implementation

1.19. Award Acknowledgement Process

Once the application has been determined to be complete and all documentation has been provided, the applicant has been determined to be eligible for the program, the duplication of benefits analysis has been performed and verified, and the award amount has been calculated, HCD issues an award letter and contacts the applicant to discuss next steps.

1.19.1. Pre-Award Review and Final Approval

Prior to approving an application and issuing an award letter, a review is completed to ensure all program requirements have been met and all required processes have been completed, including, but not limited to, eligibility verification, and duplication of benefits calculation.

1.20. Subrecipient Agreements

HCD enters into a Standard Agreement (SA) with the Applicant constituting a conditional commitment of funds. These agreements define financial and development management requirements as well as remedies to correct deficient or non-compliant projects. The agreement also contains CDBG-MIT recapture provisions for non-performance or breach of Applicant responsibility on any requirements, including adherence with CDBG-MIT rules and regulations. The SA contains, but not be limited to, the following:

- A description of the Subrecipient's program implementation responsibilities;
- The amount and terms of the funding;
- The amount of Activity Delivery Costs per project;
- Provisions governing the project work;
- Terms and conditions required by federal or state law;
- The approved schedule of the program;
- The approved program budget;
- Manner, timing and conditions for disbursement of project funds;
- Reporting and recordkeeping requirements, defining the specific reports and the reporting dates, along with the particular records and the timeline for maintaining them in order to assist HCD in meeting HUD's recordkeeping and reporting requirements.
- Attribution of the project to HCD and HUD in materials and publications;
- Terms and conditions for the monitoring of the project in order to verify compliance with the requirements of the program;
- Provisions regarding the recapture of funds; and
- Other provisions necessary to ensure compliance with the requirements of the Resilience Planning and Public Services Program.

HCD provides these documents to the awardee for signature. The documents are returned to HCD to execute the Agreement approval process. Please note: it can take multiple months to process an Agreement with the state. This time can be reduced by promptly responding and providing complete requisite documentation.

1.21. Agreements with Contractors or Other Parties

Per 2 CFR 200.213, Subrecipient shall not enter into any agreement, written or oral, with any contractor, vendor, or other party without the prior determination that the contractor, vendor, or other party is eligible to receive federal funds and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.

- The terms "other party" is defined as public or private nonprofit agencies or organizations and certain (limited) private for-profit entities who receive Grant Funds from a Subrecipient to undertake eligible projects.

Requirements of an agreement between the Subrecipient and any Contractor, or other party shall contain, but not be limited to the following:

- Compliance with all State and federal requirements including those that pertain

to labor standards, nondiscrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace Act

- Maintenance of at least the minimum State-required Workers' Compensation Insurance
- Maintenance of unemployment insurance, disability insurance and liability insurance which is reasonable to compensate any person, firm or corporation who may be injured or damaged during the performance of project activities

1.22. Document Retrieval Process

All documentation at each step of the process of the project's life, from NOFA to grant closeout, must be submitted through the Grants Network Program Portal. This ensures that all the required documents are available for review and retrieval in one location. To submit or retrieve a document, the Subrecipient enters their project Workspace through the Grants Network Program Portal and upload the document into the proper location.

1.23. Disbursement of Funds

Payments are made directly to Subrecipients as reimbursements based on the documented completion of agreed upon project milestones, as outlined in the agreement. Reimbursement-based means that activity delivery and project costs must be incurred by the Subrecipient and documented as required by the terms of the agreement for payment of invoices. Please see the state's CDBG-DR Grant Administration Manual, Section V for additional financial management procedures and requirements.

1.23.1. Documentation of Expenditures

Grant Subrecipients are required to provide documentation to HCD to demonstrate that the committed funds have been used for eligible purposes. To receive reimbursement for eligible expenses Subrecipients are required to submit draw requests that include the following support documents:

- Salaries: Timesheets demonstrating allocation of time and effort, activity reports or employee job descriptions and payroll registers
- Benefits: Invoices or receipts from insurance providers and/or approved benefit rates reflecting the employer's contributions
- Moveable Equipment: Invoices or receipts (must be approved equipment), procurement documentation (if applicable) and/or lease agreement (if applicable)
- Training Supplies/Materials: Invoices or receipts and procurement documentation (if applicable)
- Training: Invoices or receipts from contracted provider(s), procurement documentation for contractor, vendor contract and training attendance logs
- Travel: Travel Expense form detailing odometer reading or trip mileage using MapQuest or Google maps, time traveled, all points traveled, meals, lodging, tolls and parking, tips, purpose of trip and other expenses. See the State's Policy and Procedure Memorandum for travel.

1.23.2. Timeliness of Expenditures

Committed funds must be expended within three years of the start date within the MSA. Applicants are required to submit a plan that details how it will expend 100% of the award within three years of the award date. Program staff verifies that the plan is feasible prior to award and on an ongoing basis post-award. Applicants define their Agreement start date to best fit the needs of the organization.

1.24. Reporting Requirements

HCD and Subrecipients establishes program targets and benchmarks and the Subrecipient is required to report data on a monthly basis to HCD. Subrecipients must submit the information electronically.

Subrecipients are required to submit reports at times indicated in the agreement, in accordance with HCD and HUD reporting requirements, and via Grants Network. At a minimum, during the term of the agreement, on a monthly basis the Subrecipient submits to HCD a progress report which addresses the following topics:

- A description of the current status of the project activity;
- A description of activities to be undertaken in the next reporting period;
- A description of problems or delays encountered in project implementation and course of action taken to address them;
- A description of actions taken to achieve project expenditure deadlines; and
- A summary of project fiscal status, including:
 - Award amount;
 - Funds drawn; and
 - Remaining balance.

At any time during the term of the agreement, HCD may perform or cause to be performed an independent financial audit of any and all phases of the Subrecipient's project(s). At HCD's request, the Subrecipient provides, at its own expense, a financial audit prepared by a certified public accountant.

1.25. Monitoring and Compliance

Subrecipients are responsible for carrying out approved activities in a compliant manner, per the program policies and procedures and all applicable state and federal regulations.

HCD monitors Subrecipients for compliance with program guidelines and all applicable state and federal regulations. HCD Program Managers and Program Monitors, make scheduled visits to the Subrecipients to ensure program compliance and accuracy of information sent to HCD.

Subrecipients maintain comprehensive and accurate program records, including, but not necessarily limited to, the following:

- Financial records (budget, general ledger, bank statements, cancelled checks, supporting invoices, financial statements, procurement documentation, etc.).
- Programmatic records for approved activities carried out, which shall include, but not be limited to, salaries and benefits payroll documentation; equipment tracking log; and, training attendance logs.
- Where applicable, monitoring reports of Subrecipients' monitoring of program contractors and/or subgrantees;
- Any other documents that the Subrecipient considers material to a potential audit;

Subrecipient agrees to the completion of an annual audit or financial report (at the Subrecipient's expense), the level of which is determined by the total funding awarded to the Subrecipient by all state and/or federal resources, as required by state and federal regulations. Subrecipient also agrees to provide copies of requisite audits or financial reports to the State Auditor and HCD. Failure to do so may place the Subrecipient on the State Auditor's or HCD's non-compliance list, which may result in the inability to fund the Subrecipient.

Subrecipient agrees to maintain all books and records for five (5) years following the final closeout of the grant from HUD to HCD. Subrecipients are encouraged to convert all paper files to electronic files. However, if any litigation, claim, negotiation audit or other action involving the records has been started before the expiration of the five-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period, whichever is later.

In addition, the Subrecipient allows HCD, HUD, the State Auditor and any other state or federal agency seeking to monitor the Subrecipient access to all books, accounts, records, reports, files, and other electronic or paper documentation pertaining to the administration, receipt and use of federal funds necessary to facilitate such reviews and audits.

1.25.1. Subrecipient Monitoring Responsibilities

Subrecipients must develop their own monitoring plan for Resilient Planning and Public Services funded projects. Subrecipients are responsible for monitoring entities it selects or procures to support project delivery.

It is the responsibility of the Subrecipient to monitor projects to ensure compliance with terms of the Agreement and applicable regulations. Subrecipient monitoring includes but is not limited to:

- Ensuring project scopes of work are consistent with the scope of work described in the Project Applications;
- Contractors are following all labor standards (DBRA, Section 3, etc.), as applicable

- All procurement was completed in compliance with 2 CFR §200 and other state requirements;
- Project milestones are being met; and
- Environmental reviews are completed and documented properly.

Please see the State of California's CDBG-DR Grant Administration Manual for additional monitoring and compliance procedures and requirements.

1.26. Record Keeping

HCD's Standard Agreement is the contractual document that details the financial and recordkeeping requirements and standards for Subrecipients allocated funds to carry out specific eligible CDBG-MIT activities. Such reports and recordkeeping requirements, defining the specific reports and the reporting dates, along with the particular record and the timeline for maintaining them are to assist HCD in meeting HUD's recordkeeping and reporting requirements per Section 104(e); (a)(2)(D) and (a)(3)(b), §570.506 (records to be maintained), and §570.508 (public access to records). Further record keeping requirements as detailed in [85 FR 4681](#) and per HCD's agreement with HUD include, but are not limited to:

- Executed agreement(s)
- Description, geographic location and budget of each activity
- Eligibility and national objective determinations for each activity
- Evidence of having met a national objective
- Evidence of having met the MID criteria
- Evidence of having met the LMI criteria
- Subrecipient agreement
- Any bids or contracts
- Characteristics and location of the beneficiaries
- Compliance with special program requirements
- Personnel files
- HUD monitoring correspondence
- Citizen participation compliance documentation
- Fair Housing and Equal Opportunity records
- Environmental review records
- Documentation of compliance with crosscutting requirements
- Budget and expenditure information
- Chart of accounts
- Accounting procedures
- Accounting journals and ledgers
- Source documentation (purchase orders, invoices, canceled checks)
- Procurement files (including bids, contracts, etc.)
- Real property inventory
- Draw down requests
- Payroll records and reports

- Financial reports
- Audit files
- Relevant financial correspondence
- The status of the project and/or activity

Further, Subrecipients are required to maintain financial records and submit the financial reports sufficient to ensure compliance with all recordkeeping and reporting requirements. Per the Standards for Financial Management Systems, accounting records must be supported by source documentation such as canceled checks, invoices and demands, payrolls, time and attendance records, contract and sub-grant award documents, etc.

Please see the State of California's CDBG-DR Grant Administration Manual for additional recordkeeping, retention, and file management procedures and requirements.

1.27. Grant Closeout

The closeout of a grant is a process through which HUD determines that all applicable administrative and program requirements of the grant were completed. In general, a grant is ready for closeout when the following conditions are met:

- All eligible activities were completed and met a national objective;
- All grant funds were expended in full or all remaining funds are planned to be returned to HUD;
- All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable);
- Any special conditions of the grant were met; and
- All audit and monitoring issues affecting the grant were resolved.

HCD closes out each project after completion of the project and/or CEA expiration. Each Subrecipient receives a closeout packet to complete and provide back to HCD within the specified timeframe.

Please see the State of California's CDBG-DR Grant Administration Manual for additional audit procedures and requirements.

1.27.1. Complete Closeout Checklist

Individual elements of the CDBG-MIT grant may be closed out as a course of program completion. Completion of the Closeout Checklist is coordinated between HCD and the Subrecipients. Upon completion of the activity, DRGR must be updated with the project status.

As individual activities of the grant are closed, HCD reviews and updates the following in DRGR:

- The total amount of funds drawn down for the activity

- The activity type
- The national objective
- The grant activity accomplishments

Individual activity completion is also reflected in the Quarterly Performance Report.

1.27.2. Closeout of a Contract

CDBG-MIT Subrecipients are required to submit the following to HCD for each contract to complete closeout:

- Final request for funds;
- Evidence of a public hearing or governing body meeting reporting the grant accomplishments and expenditures of each project to the residents of the jurisdiction; and
- If applicable, the final projects of the grant funding (planning studies, environmental review records, etc.)

HCD reviews the documentation and processes the final funds requests if all provided documentation and the circumstances of the project warrant contract closeout. HCD disencumbers any remaining funds, if applicable, and enters all needed information in DRGR to show the activities and projects are “completed.”

Once all documentation has been processed and DRGR has been updated, HCD sends a Closeout Letter to the Subrecipient, outlining all closeout requirements. HCD Subrecipients are required to retain CDBG-MIT records for a period of not less than five years after the fiscal year of their grant in accordance with CDBG-MIT record retention requirements. HCD notifies Subrecipients when the HUD grant has been closed.

Once all activities under the CDBG-MIT Grant are completed, HCD completes the closeout procedures as documented in the CDBG-DR Grants Administration Manual.

Note that grants cannot be closed out if there are open monitoring reports associated with the contract; all monitoring findings, concerns and requirements must be received and approved by HCD, and HCD must also receive a Clearance Letter stating the monitoring has been complete.

Appendices

Figure 1: Map of the MID

