

**State of California
Action Plan for Disaster Recovery
from 2017 Disasters
Action Plan Amendment No. 4**

California Department of Housing and Community Development

Public Comment Period: June 17 – July 17 2024

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).**

May 2024



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I. Background and Summary of Changes

On August 14, 2018, the U. S. 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 two grants combined bring a total of \$162,212,527 of CDBG-DR funding for the 2017 disasters.

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. A subsequent substantial amendment added the New Infrastructure program and moved the funding from the initial FEMA PA Match program to the Multifamily Housing Program.

The third substantial amendment modified the state's Owner-Occupied Rehabilitation and Reconstruction Program (OOR) to better assist low and moderate income (LMI) households who have a gap in their total assistance by adding and clarifying the subsidized loan program.

This fourth amendment (APA 4) is a substantial amendment since it proposes to add a new program, close an existing program from the initial, HUD-approved Action Plan, and proposes to change the threshold for substantial action plan amendments. These changes are in excess of the \$3 million threshold for substantial amendments, articulated in the initial Action Plan, and required by HUD in the January 27, 2020, Federal Register Notice (FRN). This will also APA 4 will be submitted to HUD by August of 2024 and will be available for public comment for 30 days, prior to submission to HUD.

This amendment to the 2017 action plan proposes to reallocate \$26,150,000 million funding from the 2017 OOR program to the 2017 Disaster Recovery Multifamily Housing Program (DR-MHP) and add a new Homebuyer Assistance Program (HBA). The OOR program will continue to serve eligible applicants who have submitted applications prior to the program application deadline. The resources transferred to the DR-MHP and HBA programs will help address on going post disaster housing recovery needs of LMI renters and homeowners. The amendment will also change the current \$3 million threshold for substantial amendments to \$10 million, as articulated in the initial Action Plan.

Page numbers are provided with the proposed changes. Removed and replaced text updates have been made in the context of the named section within the action plan.

Summary:

Action Plan Amendment 4 (APA 4) will address the following items:

1. **Executive Summary, Proposed Uses of CDBG-DR Funds:** Provides an update to OOR and DR-MHP programs by reallocating funds from the OOR Program to the DR-MHP Program and adding a new HBA Program.
2. **Housing Recovery Programs:** Edits in this section provide updates for program distribution, budget and adding the HBA program.
 - a. **Owner Occupied Housing Rehabilitation and Reconstruction Program:** This amendment reduces the budget by \$26,150,000 million. These funds will be reallocated to the DR-MHP Program and HBA Program.
 - b. **Disaster Recovery Multifamily Housing Program:**
 - i. This section is updated to increase the budget by \$16 million.
 - ii. The Budget Table and Method of Distribution for MHP is updated to reflect an increase in the \$16 million. The budget increase will fund program activity delivery costs and unmet needs identified in the Most Impacted and Distressed areas (MID).
 - c. **Homebuyer Assistance Program:**
 - i. Add Homebuyer Assistance Program to the suite of housing recovery programs.
3. **Substantial Amendment:** Edits in this section provides update on the threshold for substantial amendment from \$3 million to \$10 million for addition or deletion of any CDBG-DR funded program, any funding change, or any change in the designated beneficiaries of the program.

II. Action Plan Amendments

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

I. Executive Summary

5. Proposed Uses of CDBG-DR Funds. (Pages 12 and 13)

Remove: The Owner-Occupied Rehabilitation program, as originally articulated in the initial Action Plan as a stand-alone program will close for new applicants.

Replace: The Owner-Occupied program was closed to new applicants as of January 31, 2024. The program will continue to assist eligible applicants who submitted applications prior the deadline.

Add: HCD will add a Homebuyer Assistance Program (HBA) as an additional programmatic option to its recovery portfolio to meet the needs of those impacted by the 2017 disasters. The

HBA will provide down payment and other housing assistance to low- to moderate-income disaster impacted survivors, enabling them to relocate outside of high or very high Fire Hazard Severity Zones.

IV. Proposed Disaster Recovery Programs

1. Allocation of Funds (Page 135)

b. HCD Administered (Page 137)

Add: HCD will administer the Homebuyer Assistance Program (HBA) through its Subrecipient, Golden State Finance Authority, as an additional programmatic option to its recovery portfolio to meet the needs of those impacted by the 2017 disasters. The HBA will provide down payment and other housing assistance to low- to moderate-income disaster impacted survivors in MID counties, enabling them to relocate outside of high or very high Fire Hazard Severity Zones.

III. Proposed Use of Funds

Figure 9: CDBG-DR Program Summary Changes from the 2017 Action Plan Amendment Number 1 (Page 11).

	Action Plan Amendment 1 Allocation	Percent of Total	Action Plan Amendment 4 Allocation	Percent of Total	Change
Total CDBG- DR Funds	\$162,212,527	100%	\$162,212,527	100%	\$0
Administration	\$8,110,625	5%	\$8,110,625	5%	\$0
Program Allocations	\$154,101,902	95%	\$154,101,902	95%	\$0
Housing Programs	\$117,947,250	73%	\$117,947,250	73%	\$0
Owner Occupied	\$47,627,648	29%	\$21,477,648	14%	(\$26,150,000)
Multi-Family	\$70,319,602	43%	\$86,319,602	54%	\$16,000,000
Homebuyer Assistance	\$0	0%	\$10,150,000	5%	\$10,150,000
Infrastructure	\$36,154,651	22%	\$36,154,651	22%	\$0
Infrastructure Program	\$36,154,651	22%	\$36,154,651	22%	\$0
PA Match	\$0	0%	\$0	0%	\$0
Total CDBG- DR Funds	\$162,212,527	100%	\$162,212,527	100%	\$0

2. Housing Recovery Programs. (Page 139)

The following provides a summary of the section with language added for closing of the program.

a. Owner-Occupied Housing Rehabilitation and Reconstruction Program. (Page 140)

This section updated to reflect the close of applications to the OOR program to new applicants and reallocate remaining funds to the DR-MHP and HBA.

Timeline. (Page 145)

Remove: The Owner-Occupied Housing Rehabilitation and Reconstruction Program is expected to commence in quarter two of 2019 and remain operational through the end of the grant term.

Replace: The Owner-Occupied Housing Rehabilitation and Reconstruction Program is closed to new applicants effective January 31, 2024. The program will continue to assist eligible applicants who submitted applications prior to the deadline.

b. Multifamily Housing Program

Allocation Methodology. (Page 148)

Add: To prioritize the areas with the greatest unmet need, Action Plan Amendment 4 will redirect remaining funds from the OOR program to MHP to support the oversight and implementation of the current projects and support subrecipients in the MID area with projects that have already been underwritten by DR-MHP and conditionally approved, as follows:

2017 APA 4 CDBG-DR Multifamily Housing Recovery by Impacted Jurisdiction (Updated)

Allocation Summary	Total Allocation	Allocation to MID	Percent to MID	APA 4 Total Allocation to MID	Allocation Outside of MID	Percent outside of MID
Sonoma County	\$4,698,809	\$4,698,809	100%		\$0	0%
City of Santa Rosa	\$38,469,772	\$38,469,772	100%		\$0	0%
Ventura County	\$2,756,047	\$2,756,047	100%		\$0	0%
City of Ventura	\$4,601,064	\$4,601,064	100%		\$0	0%
Mendocino County	\$6,591,778	\$6,235,730	95%		\$356,048	5%
Yuba County	\$1,666,091	\$1,622,677	97%		\$43,413	3%
Napa County	\$420,094	\$0	0%		\$420,094	100%
City of Napa	\$2,889,774	\$2,851,517	99%		\$38,257	1%
City of Clearlake	\$1,157,983	\$1,157,983	100%	\$10,000,000	\$0	0%
Santa Barbara County	\$588,504	\$57,028	10%		\$531,476	90%

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City of Santa Barbara	\$848,011	\$0	0%		\$848,011	100%
Butte County	\$679,013	\$0	0%		\$679,013	100%
Los Angeles County	\$590,987	\$0	0%		\$590,987	100%
Nevada County	\$424,028	\$0	0%		\$424,028	100%
San Diego County	\$405,845	\$0	0%		\$405,845	100%
Total	\$66,787,799	\$62,450,627	93.51%	\$10,000,000	\$4,337,172	6.49%

The funds will be allocated to conditionally approved projects previously underwritten by DR-MHP. This approach ensures MID areas with the highest need are prioritized for additional recovery funding.

c. Homebuyer Assistance Program

Add: Homebuyer Assistance Program (Page 153)

HCD will add a Homebuyer Assistance Program (HBA) as an additional programmatic option to its recovery portfolio to meet the needs of those impacted by the 2017 disasters. HBA will be a standalone program to provide down payment and other housing assistance to low- to moderate income disaster impacted homeowners and renters in the most impacted and distressed (MID) areas, enabling them to relocate outside of high and very high Fire Hazard Severity Zones.

1. **Unmet Needs:** As the State of California continues to recover from the devastating fires in 2017, the state is expanding housing programs to meet the needs of impacted homeowners and renters. The HBA program extends the ReCoverCA portfolio to include an option for homeowners or renters who are looking to relocate outside of high and very high fire zones. Providing a program such as HBA provides an alternative option to meet the housing recovery needs of impacted households.
2. **Allocation Amount:** \$10,150,000
3. **Maximum Assistance:** Applicants are eligible to receive up to \$350,000.
4. **Eligible Activity:** HCD Act 105(a)(24) Homeownership Assistance.
5. **National Objective:** Low to Moderate Income Housing
6. **Eligible applicants:** LMI households whose primary residence (owner or renter) was in a high or very high fire hazard severity zone in a MID County at the time of the 2017 disasters.
7. **Eligible Program Costs:**
 - Down payment assistance (up to 20% of the purchase price)
 - Housing adjustment incentive
 - Rate buydown to lowest possible rate
 - All reasonable closing costs (legal, closing fee, title search, conveyance documents, notary fees, surveys, recording fees, lender fees, appraisal, inspection), except for

taxes and insurance. These are usual and customary homeowner expenses.

8. Ineligible Program Costs:

- Moving expenses including storage expenses
- Temporary relocation housing
- Costs associated with the sale of the disaster impacted property

9. Form of Assistance: Forgivable loan. Term of forgiveness will be a minimum of 5 years.

10. Housing Counseling: Housing counseling assistance will provide program applicants with wrap around housing and financial educational services including financial literacy education, homebuyer counseling, credit repair counseling, and counseling to mitigate default/foreclosure proceedings. HCD's subrecipient will work with HUD-approved housing counseling agencies which are uniquely situated to assist with the delivery of these services as part of the long-term recovery efforts provided through CDBG-DR funding.

V. Citizen Participation

4. Substantial Amendment (Page 164)

Remove: HCD will engage citizens throughout the disaster recovery program to maximize the opportunity for input on proposed program changes that result in a substantial amendment. Substantial Amendments are characterized by either an addition or deletion of any CDBG-DR funded program, any funding change greater than \$3 million of the CDBG-DR allocation, or any change in the designated beneficiaries of the program.

Replace: HCD will engage citizens throughout the disaster recovery program to maximize the opportunity for input on proposed program changes that result in a substantial amendment. Substantial Amendments are characterized by either an addition or deletion of any CDBG-DR funded program, any funding change greater than \$10 million of the CDBG-DR allocation, or any change in the designated beneficiaries of the program.

III. Public Comments

In keeping with the State's Citizen Participation Plan, as articulated in Section V of the initial, HUD-approved Action Plan, HCD published this proposed Action Plan Amendment, Number 4, on the CDBG-DR Action Plan webpage (<https://www.hcd.ca.gov/grants-and-funding/disaster-recovery-and-mitigation/action-plans-and-federal-register-notices-frns>) in English and Spanish.

2017 APA 4 will be available for public review and comment for thirty (30) days from June 17 through 5:00 p.m. Pacific Standard Time on July 17, 2024. Comments can be submitted by the following methods:

- Electronic mail to (DisasterRecovery@hcd.ca.gov); or

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- Post mail to Disaster Recovery Section, Attn: Mona Akbar, HCD, 651 Bannon Street, Suite 700, Sacramento CA 95811

If submitting comments via regular post mail, please factor delivery time into your mailing date. As above, all comments must be in writing and received by HCD by 5:00 p.m. Pacific Daylight Time on July 17, 2024.

Residents who require a reasonable accommodation or other assistance to fully participate in the public comment process can request assistance by contacting the HCD Disaster Recovery Section via the same methods, listed above, for submission of public comments.

HCD will consider all public comments received, timely and in writing, via e-mail, or delivered in person at official public hearings regarding this Action Plan Amendment, Number 4. HCD will make public comments available to citizens, public agencies, and other interested parties upon request. A summary of all comments received, timely, will be included in the final Substantial Action Plan Amendment, Number 4, submitted to HUD for approval. Following HUD approval, all comments received, timely, during the public comment period will be noted and summarized in the final, comprehensive Action Plan, as amended.