

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
FINANCIAL ASSISTANCE DIVISION**

1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 322-1560
FAX (916) 323-6016

**Federal Programs
CDBG and HOME****MANAGEMENT MEMORANDUM
Memorandum Number 10-01**

Date: April 20, 2010

TO: Eligible CDBG/HOME Jurisdictions

From: Chris Westlake
Deputy Director, Division of Financial Assistance

SUBJECT: USE OF CDBG/HOME FUNDS FOR EARTHQUAKE DISASTER RECOVERY

This memo is to notify Community Development Block Grant (CDBG) and HOME (HOME Investment Partnerships Program) grantees of their options for using CDBG/HOME funds in response to the recently declared California Earthquake Disaster within Imperial County.

Governor Schwarzenegger Proclaimed a State of Emergency in Imperial County due to the 7.2 magnitude earthquake occurred on Sunday, April 4, 2010.

Eligible CDBG/HOME jurisdictions with open grant allocations may redirect their available funds to eligible earthquake disaster related losses. Program Income on-hand may also be directed or redirect to assist jurisdictions with eligible earthquake related losses. The Governor's Proclamation dated April 5, 2010 declared the County of Imperial the affected area within California. This Proclamation would cover the following jurisdictions:

County of Imperial
Brawley
Calexico
Calipatria
El Centro
Holtville
Imperial (City)
Westmorland

Existing open CDBG and HOME grants:

CDBG and HOME funds may be utilized by existing grantees for earthquake disaster recovery by requesting redirection of funds for CDBG/HOME eligible activities. A resolution by the governing body authorizing the change in activity along with a Disaster Recovery Plan, detailing the amount of funds redirected, the types of activities funded, along with milestone and completion dates must be submitted to the Department. Grantees would be required to hold a public hearing for the use of CDBG funds on the proposed changes to the existing grants. For both CDBG and HOME, after review and approval by the Department, and

depending on the activity, the standard agreement may need to be amended to incorporate the change in activity. The National Environmental Protection Act (NEPA) review must also be completed for the proposed activity.

Program Income held at the local level (CDBG and HOME):

Grantees may redirect their program income funds to earthquake related activities. Program Income may be used to augment funding for an existing open CDBG grant activity or on any Program Income Revolving Loan Activity. This process may bring a quicker access to funds. However depending on the grantee's Reuse Plan, a revised Reuse Plan may have to be drafted and a public notice held to allow citizen input on the proposed changes. Once approved, and the NEPA clearance is obtained, the local jurisdiction may start directing their program income funds immediately, without having to provide a funds request or contract amendment.

For HOME, Program Income may be used for any HOME-eligible activity, but NEPA clearance is still required.

Eligible Activities:

Activities allowed under the urgent need for earthquake related recovery, may include grants to provide emergency rental assistance for up to three months, assistance to small businesses affected by the earthquake, working capital loans for small businesses, repairs to water and/or sewer systems or other CDBG approved activities related to the earthquake disaster.

Under HOME, Tenant Based Rental Assistance (TBRA) or rehabilitation or multi-family rental project or single-family homes may be allowed.

ROUNDTABLE MEETING:

To assist with each jurisdiction's unique needs and what would be needed to use all available funds (open grants/Program Income) HCD staff will be on hand at the following location:

**Wednesday, April 28, 2010
6:00PM-8:00PM**

**Imperial County Planning & Development Services
Conference Room
801 Main. St.
El Centro, CA 92243**

This Roundtable meeting will be used to discuss what is eligible, and what each jurisdiction would need to do to redirect their funds towards earthquake recovery activities.

Also, it is important that each jurisdiction in attendance bring a list of possible projects, along to an overall damage assessment. This will allow HCD to discuss actual projects and their possible eligibility under HOME or CDBG.

We will also address any possible federal overlay requirements that may apply to a particular project/activity.