CDBG-DR Action Plan for October & December 2017 Wildfires

PUBLIC MEETING

October 2018
AGENDA

• Introductions
• Funding Overview
• Disaster Overview
• HUD Action Plan
• Proposed Recovery Programs
• Question & Answer
GOALS AND OBJECTIVES

• Provide an overview of Community Development Block Grant Disaster Recovery (CDBG-DR) requirements and timeline
• Provide an understanding of impacted areas, damages, and unmet recovery needs
• Provide an overview of the state’s proposed recovery programs
• Discuss recovery timeline
• Open discussion, questions, and feedback
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

Mission: Provides leadership, policies, and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians.

- Grants and funding
- Mobile home registration
- Building standards
- Planning and community development
- Policy and research
AVAILABLE FUNDING

April 2018 - Federal Department of Housing and Urban Development (HUD) issued a press release stating that the State of California will receive a total of $212,374,000 for disaster recovery efforts from the 2017 wildfires, mudflows, and debris flows.

Funding split into two funding sources:

1. Unmet Recovery Needs - $124 million
   • Address serious unmet housing needs, business needs, and infrastructure recovery

2. Mitigation - $88 million
   • Not addressed in this presentation
HOW DOES THE STATE ACCESS THE RECOVERY FUNDS?

• To access the funds, the state must submit an Action Plan to HUD.

• The Action Plan must identify the following information:
  • Detailed analysis of the unmet recovery needs based on a methodology provided by HUD.
  • Overview of the recovery programs proposed by the state

• The state is required to outline in the plan how all documented housing unmet recovery needs will be met with CDBG-DR funds or other funds.
WHICH DISASTERS ARE COVERED BY THESE FUNDS?

**FEMA 4344 – October 2017 Fires**

- Central LNU Complex
  - Pocket Fire – Sonoma County
  - Tubbs Fire – between Calistoga & Santa Rosa
  - Nuns Fire – Sonoma County
  - Atlas Fire – Napa & Solano Counties
- Mendocino-Lake Complex
  - Redwood Valley – Mendocino County
  - Sulphur – Lake County
WHICH DISASTERS ARE COVERED BY THESE FUNDS?

FEMA 4344 - October 2017 Fires

• Wind Complex
  • Cascade and Laporte Fire
  • Lobo Fire
  • McCourtney Fire – Nevada County
WHICH DISASTERS ARE COVERED BY THESE FUNDS?

4353 – December 2017 Fires, Mudflows, and Debris Flows

• Thomas Fire – Ventura and Santa Barbara Counties
• Rye Fire – Los Angeles County
• Creek Fire – Angeles National Forest
• Lilac Fire – San Diego County
WHICH COUNTIES ARE ELIGIBLE TO RECEIVE THESE FUNDS?

FEMA 4344 – Disaster Declaration
- Butte
- Yuba
- Nevada
- Lake
- Napa
- Sonoma
- Mendocino
- Orange

FEMA 4353 – Disaster Declaration
- Santa Barbara
- Ventura
- Los Angeles
- San Diego
OVERVIEW OF CDBG-DR FUNDING REQUIREMENTS

• **Unmet Recovery Needs** – $124 million is available to meet unmet recovery needs; the state must address housing needs first.
  • $88 million in Mitigation funds – schedule and requirements TBD

• **Overall Benefit Requirement** – 70% of the total allocation must benefit low and moderate income households (individuals whose income is below 80% of area median income).

• **Most Impacted and Distressed Areas** – 80% of funds must be spent in these areas.

• **Documented Tie Back to the Disaster** – Each project must have a documented tie back to the appropriate disaster.

• **Duplication of Benefits** – CDBG-DR funds must address an identified unmet recovery need and cannot replace or duplicate other funding available to address the same need.
LOW AND MODERATE INCOME

• Funding from the Federal Department of Housing and Urban Development (HUD) must primarily serve Low and Moderate Income Households.

• HUD calculates income by using a household’s total annual gross income and number of people living in the household. These limits change annually.

• Using this definition, Low and Moderate Income Households must earn under 80% of Area Median Income. Area Median Income is based on the median income of a County or Metropolitan Statistical Areas.
<table>
<thead>
<tr>
<th>Geography</th>
<th>Persons in Family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Butte</td>
<td>$33,900</td>
</tr>
<tr>
<td>Lake</td>
<td>$33,450</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$54,250</td>
</tr>
<tr>
<td>Mendocino</td>
<td>$33,950</td>
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<tr>
<td>Napa</td>
<td>$51,450</td>
</tr>
<tr>
<td>Nevada</td>
<td>$40,600</td>
</tr>
<tr>
<td>Orange</td>
<td>$61,250</td>
</tr>
<tr>
<td>San Diego</td>
<td>$54,500</td>
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<td>Santa Barbara</td>
<td>$56,250</td>
</tr>
<tr>
<td>Sonoma</td>
<td>$55,000</td>
</tr>
<tr>
<td>Ventura</td>
<td>$56,800</td>
</tr>
<tr>
<td>Yuba</td>
<td>$33,600</td>
</tr>
<tr>
<td>State</td>
<td>$43,400</td>
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</table>
MOST IMPACTED AND DISTRESSED AREAS

• Areas designated by Department of Housing and Urban Development (HUD) based on the following factors:
  • FEMA Individual Assistance household registration
  • Concentrated damage
  • One or more impacted counties and damage over $10 million

• 80% of the CDBG-DR Funds must be spent in the Most Impacted and Distressed Areas.

• The remaining 20% may be spent outside those areas, but must still meet a need resulting from the disaster.
HUD MOST IMPACTED AND DISTRESSED AREAS

• FEMA 4353 (Blue) & 4344 Counties (Green)
• 80% of funds must be spent in the following areas:
  • Counties
    o Sonoma
    o Ventura
  • Zip Codes
    o 95470 (Mendocino)
    o 95901 (Predominately Yuba)
    o 94558 (Predominately Napa)
    o 95422 (Clearlake)
    o 93108 (Montecito)
ACTION PLAN OVERVIEW
## UNMET NEEDS SUMMARY

<table>
<thead>
<tr>
<th>Category</th>
<th>Data Source</th>
<th>Total Impact</th>
<th>Resources Available</th>
<th>Unmet Need (Total Impact less Applied Resources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>FEMA IA</td>
<td>$209,630,395</td>
<td>$23,723,406</td>
<td>$185,906,989</td>
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<tr>
<td>Infrastructure</td>
<td>FEMA PA</td>
<td>$592,197,307</td>
<td>$557,523,980</td>
<td>$34,673,327</td>
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<tr>
<td></td>
<td>FEMA HMGP*</td>
<td>$1,118,748,393</td>
<td>$648,572,968</td>
<td>$470,175,423</td>
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<tr>
<td>Economic*</td>
<td>SBA – Commercial Loss</td>
<td>$123,619,322</td>
<td>$33,084,100</td>
<td>$90,535,222</td>
</tr>
<tr>
<td>Agriculture*</td>
<td>Local</td>
<td>$259,438,082</td>
<td>N/A</td>
<td>$259,438,082</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$2,303,633,499</strong></td>
<td><strong>$1,262,904,454</strong></td>
<td><strong>$1,040,729,043</strong></td>
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*Not addressed in the Unmet Needs Action Plan at this time.
RECOVERY PROGRAMS
WHAT PROGRAMS ARE BEING PROPOSED?

• **Housing:** Two programs that address owner-occupant and rental housing recovery.
  - **Owner-Occupied ($48 million):** Rehab or reconstruction of owner-occupied properties. Small Rental (1-4 units) may be considered after survey period is complete.
  - **Multi-Family ($67 million):** Rehab, reconstruction or new construction of large-scale housing developments.

• **Infrastructure ($3.5 million):** Repair funding limited to required match for approved FEMA Public Assistance (PA) public utility projects.
• HCD will manage the program.
• Rehab or reconstruction of owner-occupied residences.
• Max gap finance award of up to $150,000 for a single property.
• Surveys will be conducted prior to application period to assess and prioritize the universe of potential applicants.
• Applicants are assigned a case manager who will guide applicants from application through closeout.
**Proposed Homeowner Prioritization**

*Owner-occupied households with a household member that is disabled or has access or functional needs are given first priority within each established tier.*

<table>
<thead>
<tr>
<th>Applicant Prioritization Tiers*</th>
<th>Geography</th>
<th>Owner-occupant Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied Rehabilitation and Reconstruction Program</td>
<td>7 Most Impacted Counties and Zips Only</td>
<td>All Areas with Federal Disaster Declaration</td>
</tr>
<tr>
<td>Tier 1</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Tier 2</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Tier 3</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Tier 4</td>
<td></td>
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</tr>
</tbody>
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HOUSING: SURVEY FOR POTENTIAL HOUSING PROGRAM APPLICANTS

- Survey made available following HUD’s approval of the Action Plan.
- Information used to refine program allocations, prioritization criteria, workflows and other design components to ensure an effective and efficient program.
- Allows homeowner to continue to repair their home during the program design phase.
- Based on outcomes, an Action Plan Amendment is submitted to make needed adjustments.
WHO SHOULD COMPLETE THE SURVEY?

• Homeowners whose primary residence was located in the declared disaster area.
• The property was damaged as a direct result of the qualified disasters (FEMA 4353 & 4344).
• Households with all ranges of incomes are able to complete the survey but funding will be awarded based on prioritization criteria.
WHAT ARE THE ELIGIBILITY REQUIREMENTS OF THE HOMEOWNER PROGRAM?

• Homeowners must provide evidence of ownership and occupancy at the time of the disaster(s).

• Information on income and assets collected to determine household income level and program prioritization.

• Documentation of resources available to address disaster impacts (e.g. FEMA, insurance, and SBA) must be provided to calculate need for CDBG-DR funding.

• Funding is not eligible for second homes.
Example: Ms. Jones suffers $75,000 damage to her property from the Tubbs fire. She receives $50,000 from private insurance and is awarded $15,000 from SBA to repair her home. Ms. Jones would be eligible for $10,000 in CDBG-DR funding.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to Rebuild or Repair</td>
<td>$75,000</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>($50,000)</td>
</tr>
<tr>
<td>SBA</td>
<td>($15,000)</td>
</tr>
<tr>
<td>Maximum CDBG-DR Award</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

**Special Role of SBA Assistance**

Even though SBA must be repaid, it is still counted as a federal assistance and therefore cannot be duplicated with CDBG-DR funds.
HOUSING: PROPOSED MULTI-FAMILY RENTAL PROGRAM

• Provides gap financing for large-scale housing developments.
• Would entail a minimum percentage of affordable units.
• State will make funding available to local government, local government will oversee projects approved by State.
• Per unit maximum will be based on HOME subsidy limits.
INFRASTRUCTURE:
PROPOSED FEMA PA MATCH PROGRAM

• Provides funding for required state/local match on approved FEMA-PA projects that directly support housing recovery.

• Initial focus is limited to public utilities damaged by disaster.

• State will make funding available to local government, local government will oversee projects approved by State.
TIMELINE – ACTION PLAN

- **April**
  - Notice of Appropriation: $124.55 million

- **May-July**
  - Effective Date of Federal Register Notice – 8/20

- **Aug.**
  - Public Meetings
  - State Submits Certifications and Implementation Plan to HUD – 10/19

- **Sept.**
  - State Publishes Action Plan for Public Comment – 11/12-12/11

- **Dec.**
  - State Submits Action Plan to HUD – 12/18

- **Jan.**
  - HUD Approves State Action Plan – 2/1

- **Feb.**
  - Grant Agreement Executed and Line of Credit Established – Estimate

CA Department of Housing and Community Development - October 2018

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WHEN WILL FUNDING BE AVAILABLE?

DRAFT TIMELINE

• **February 1, 2019** – Department of Housing and Urban Development (HUD) approves Unmet Need Action Plan.

• **February – March 2019** – State receives Grant Agreement & Line of Credit from HUD.

• **March – April 2019** – State launches Homeowner Survey to understand current program interest.

• **April – May 2019** – Program launch and homeowner applications for priority one applicants are available.

• **Summer 2019** – Initial homeowner awards.
NEXT STEPS- WHAT CAN YOU DO TO STAY INVOLVED?

1. **Sign up:** Sign into the meeting tonight to stay in touch with HCD by email.

2. **Attend Public Meetings:** Round 2 of Public Meetings in November/December 2018. HCD will communicate schedules via e-mail.

3. **Provide feedback to HCD:** Public Comment Draft of Action Plan will be available November 12, 2018 on [www.hcd.ca.gov](http://www.hcd.ca.gov). All public comment is addressed in the Action Plan prior to submission to HUD.

4. **Housing Survey:** The housing survey will launch in early 2019. HCD encourages homeowners to complete the survey.
For further information on HCD’s CDBG-DR Recovery Programs, please visit: hcd.ca.gov

- Contact:
  - Primary Contact: Susan Naramore, Susan.Naramore@hcd.ca.gov, 916-263-0371
  - Maziar Movassaghi, Maziar.Movassaghi@hcd.ca.gov, 916-263-0256

- Comments on the CDBG-DR Action Plan can be submitted via email during the public comment period to DisasterRecovery@hcd.ca.gov
  - Public comment period will last for 30 days, ending on December 14, 2018.