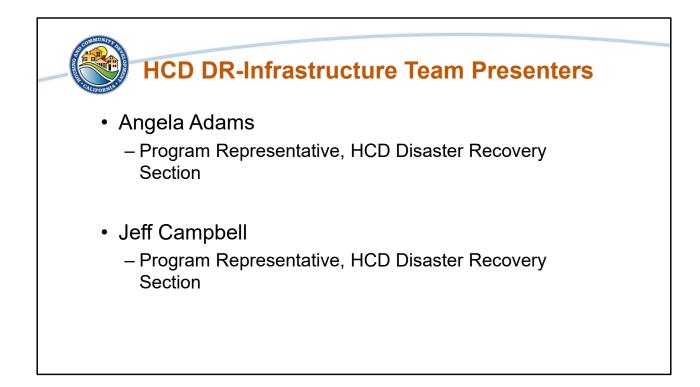
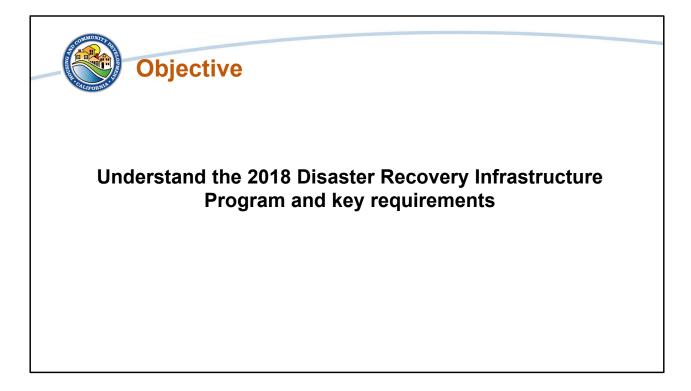


Hello and welcome to the State of California Department of Housing and Community Development's Disaster Recovery Infrastructure Program 101 webinar.



My name is Angela Adams, Program Representative in HCD's Disaster Recovery Section. I am joined by my colleague Jeff Campbell, who is also a Program Representative in HCD's Disaster Recovery Section.



Today we will introduce the 2018 Disaster Recovery Infrastructure program with the objective that after the webinar, Eligible Applicants will have an initial understanding of the 2018 DR-Infrastructure program and the key requirements.



- Eligible Applicants
- National Objective
- Environmental Reviews
- Address an impact of the disaster
- Disaster Tie-back
- Overall Housing Recovery

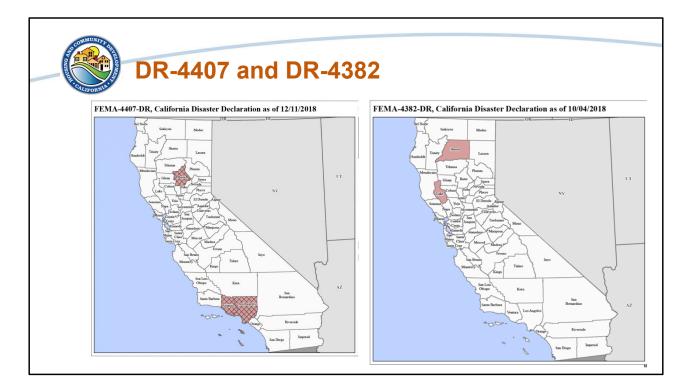
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Labor Compliance

To do this we will begin with an overview of various Community Development Block Grant Disaster Recovery (CDBG-DR) requirements. We do want to note that, all requirements can be found in the 2018 DR-Infrastructure Policies and Procedures which will be emailed to Eligible Applicants after the webinar and will be posted on HCD's website on the Community Development Block Grant Program - Disaster Recovery (CDBG-DR) - 2018 Disasters page.

We will go over, who are the Eligible Applicants, the National Objectives, Environmental Reviews, and labor compliance.

Projects must address an impact of the disaster and all projects must demonstrate a tie-back to the 2018 disasters DR-4382 and DR-4407. Further all projects must also demonstrate a tie to overall housing recovery from those 2018 disasters.



Eligible Applicants for the DR-4407 CA Wildfires and DR-4382 California Wildfires and High Winds Disaster are shown in red on these maps.



### **Eligible Applicants**

### **Eligible Counties**

- Butte County
- Lake County
- Los Angeles County
- Shasta County
- Ventura County

### **Eligible Towns/Cities**

- Agoura Hills
- Anderson
- Calabasas
- Chico
- Gridley
- Lakeport
- Los Angeles

- Malibu
- Oroville
- Paradise
- Redding
- Shasta Lake
- Thousand Oaks
- Westlake Village

More specifically, the eligible applicants for Infrastructure Recovery Program funds are city and county governments that received FEMA Public Assistance funds for permanent infrastructure projects related to DR-4382 and DR-4407 disaster events and/or are listed as a subrecipient jurisdiction under the 2018 CDBG Disaster Recovery Multifamily Housing Program.

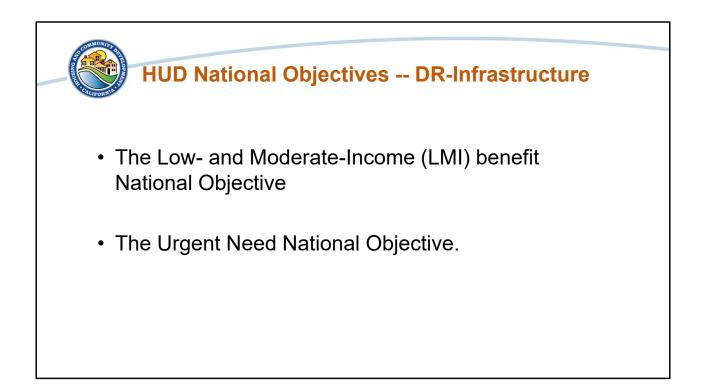
The Eligible County Applicants are:

- Butte County
- •Lake County
- Los Angeles County
- Shasta County

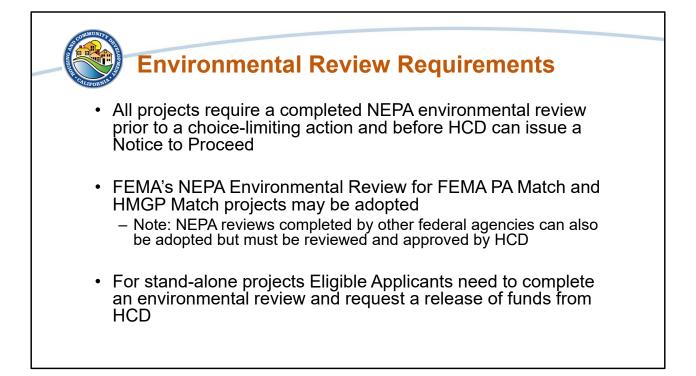
# •Ventura County

While the Eligible Municipal Applicants include

- Chico
- Gridley
- Oroville
- Paradise
- Agoura Hills
- Calabasas
- City of Los Angeles
- Malibu
- Lakeport
- Anderson
- Redding
- Shasta Lake
- Thousand Oaks
- Westlake Village



For the DR-Infrastructure Program, all projects must meet either: the Low- and Moderate-Income (LMI) benefit National Objective, or the Urgent Need National Objective. It is the responsibility of the Eligible Applicant to substantiate LMI or Urgent Need as the project's National Objective.



An environmental review that complies with National Environmental Policy Act (NEPA) must be completed before CDBG-DR funds are expended. However, HUD grantees are permitted to adopt FEMA's review if that Federal agency has previously performed an environmental review for assistance under the Robert T. Stafford Disaster Relief and Emergency Assistant Act. In those cases, the work performed by FEMA and HUD must be exactly the same work.

As such, eligible FEMA Public Assistance (PA) Match and Hazard Mitigation Grant Program (HMGP) Match projects may submit FEMA's completed environmental review. If a project's scope changes beyond what was approved in the project worksheet, an additional HUD environmental review must be completed. When submitting FEMA's environmental review, the Subrecipient must obtain a completed copy of FEMA's environmental review and keep the copy in its project file. If the environmental review documentation is not available, verification from FEMA or the California Governor's Office of Emergency Services (Cal OES) is necessary.

For Stand-alone DR-Infrastructure Projects, each Eligible Applicant is required to perform a NEPA environmental review on the Project prior to federal funds being committed or disbursed by HCD. The environmental review shall document

compliance with 24 CFR Part 58, NEPA, and all related laws, authorities, and executive orders.

Subrecipients will be responsible for ensuring that DR-Infrastructure Program projects are in compliance with the California Environmental Quality Act (CEQA) and obtain all necessary local and state permits. Note: NEPA reviews completed by other federal agencies can also be adopted but must be reviewed and approved by HCD.

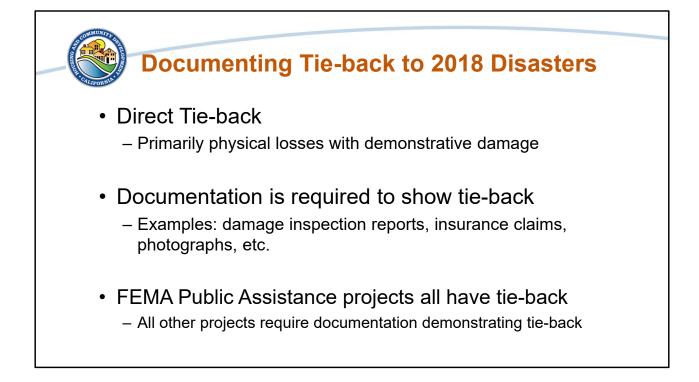
More details can be found in the 2018 DR-Infrastructure Policies and Procedures.

# Davis-Bacon Labor Compliance Requirements

- FEMA PA Match and HMGP Match construction completion prior to December 1, 2020 – Eligible for CDBG-DR funding without Davis-Bacon labor requirements
- All projects completed after December 1, 2020, inprogress, or yet to begin are required to meet Davis-Bacon labor requirements to be eligible for funding

Due to the date that HCD signed the agreement with HUD, any FEMA PA Match and HMGP projects completed prior to the date of December 1, 2020 that were not Davis Bacon or Section 3 compliant are eligible for non-federal match funding under the DR-Infrastructure Program. Eligibility of FEMA PA Match or HMGP Match projects that were completed after December 1, 2020 or are in progress at the time of the application requires that the Eligible Applicant must show project compliance with federal regulations and federal labor regulations (i.e. Davis Bacon Compliance and Section 3).

Stand-alone projects are required to have labor compliance (i.e. Davis-Bacon and Section 3) in order to be eligible for funding under the CDBG DR-Infrastructure Program. More specifics regarding compliance can be found in the 2018 DR-Infrastructure Policies and Procedures Manual.



All projects funded through the DR-Infrastructure Program must in some way respond to a direct impact from the following federally declared disasters as per Federal Register Notice 85 FR 4681 published January 27, 2020, to address the unmet infrastructure recovery needs, related to: DR-4382 California Wildfires and High Winds (July 23, 2018 to September 19, 2018) or DR-4407 California Wildfires (November 8, 2018 to November 25, 2018).

Direct Tie-backs are the clearest and most demonstrative type of impact from the disaster. This is primarily physical losses with demonstrative damage or physical losses with insurance estimates (the most effective tool) . An important consideration for direct tiebacks is that the damage isn't always evident right after the disaster. Months or years later, the damage to infrastructure might show itself.

Documentation that can show a direct impact can include, but is not limited to, damage estimate prepared by city/county staff or contractor; Reconstruction estimates for physical losses by engineers or other similar professionals; Insurance claims; or Professional photograph evidence of the physical impact of the disaster on the project with clear dates and timeline. The FEMA PA program requires clear documentation showing a direct disaster-related impact as a prerequisite for entry into FEMA PA program. Only after an impact threshold has been met will FEMA consider making disaster funds available to applicants. It is assumed that if the potential applicant received funding and support through the FEMA PA program, the submitted FEMA PA Match project has a tie to one of the declared disasters. For FEMA PA Match projects, that tie to the 2018 disasters is documented by FEMA's approval of the Project Worksheet. That documentation will need to be uploaded as part of the Notice of Intent (NOI) and Application process.

For the Stand-Alone, HMGP Match, and any other federal match projects, the tie to the 2018 disasters is documented as part of the NOI and Application process and stored in the program file. In practice, this means that you will need to upload the documentation demonstrating the projects tie to the 2018 disasters into Grants Network.

A consideration on project eligibility and disaster tieback is that if FEMA determined that a PA project is ineligible due to lack of evidence of disaster tieback, and that project is being submitted to HCD as a Stand-Alone project, it will be difficult for HCD to fund that project unless the Eligible Applicant has substantial evidence.

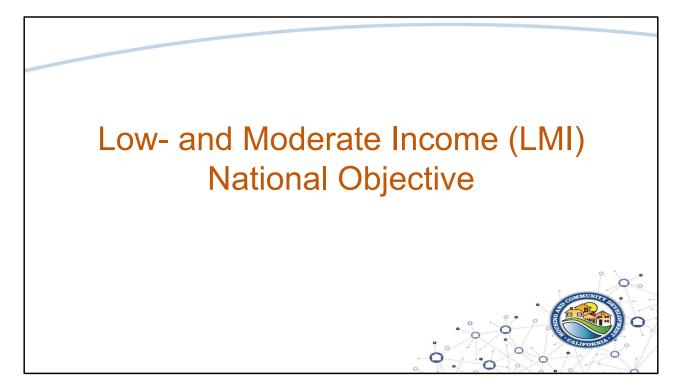


## **Overall Housing Recovery**

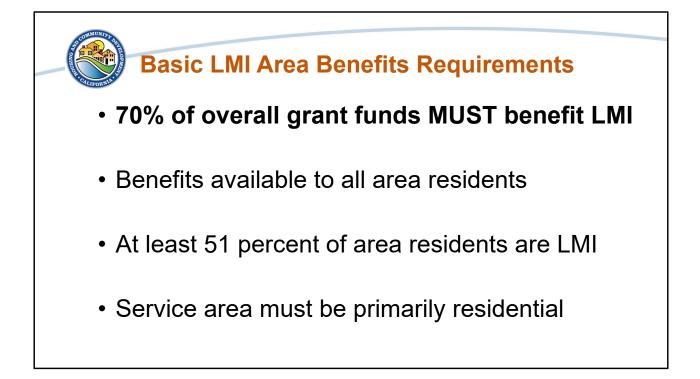
Supports overall housing recovery from DR-4382 or DR-4407

- · Enable recovery of residential areas
  - Transportation: Roads
  - Essential utilities: Stormwater drainage improvements; Potable water; Sanitary sewer; Electric and gas utilities; Wastewater treatment facilities
  - Public infrastructure and facility needs: Schools; parks; other public facilities that are important publicly owned assets

For all projects, HCD reviews how each project supports the overall housing recovery from DR-4382 or DR-4407. Projects that support overall housing recovery are infrastructure projects that enable the recovery of residential areas by meeting transportation needs, restoring essential utilities, and addressing other public infrastructure and facility needs. Examples of housing-related infrastructure that support recovery include but are not limited to: roads, school facilities, stormwater drainage improvements, potable water, sanitary sewer, electric and gas utilities, wastewater treatment facilities, parks, and other public facilities that are important publicly owned assets.

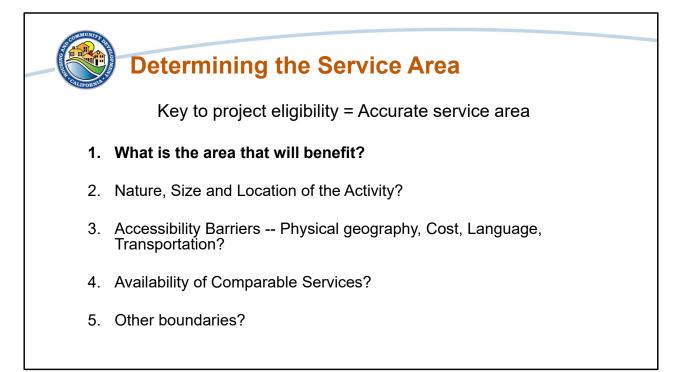


Next, we will go through Low- and Moderate-Income, or LMI benefits as understanding LMI benefits and how to calculate it is crucial to a successful project submission.



Per 85 FR 4681, Published January 27, 2020, 70% of the Funds must benefit Low- and Moderate-Income populations or areas.

Basic qualification requirements for an LMI area benefit include: The benefits are available to all area residents. At least 51 percent of the area residents are low- and moderate-income persons. At least 51 percent means 51 percent or greater, so no rounding up! Service area must be primarily residential. As a note, while LMI area benefit is the main methodology used to show LMI, there are others that could be used. It all depends on the activity.

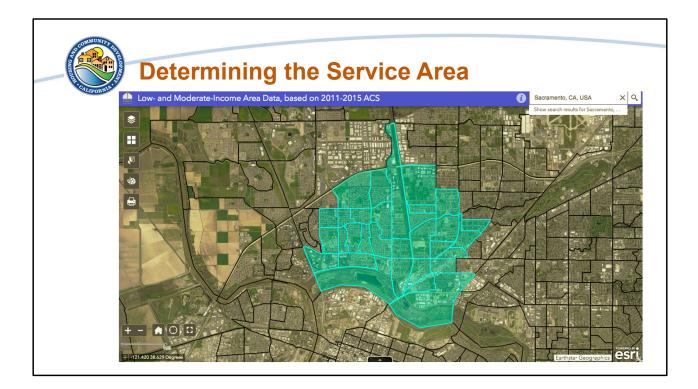


When developing the Service Area the primary question is: What is the area that will benefit? This is crucial, as a key component for demonstrating project eligibility is being able to accurately identify the project's service area and who it serves. We suggest seeking input from an expert on both the infrastructure project and on the geography and population it overlaps and serves.

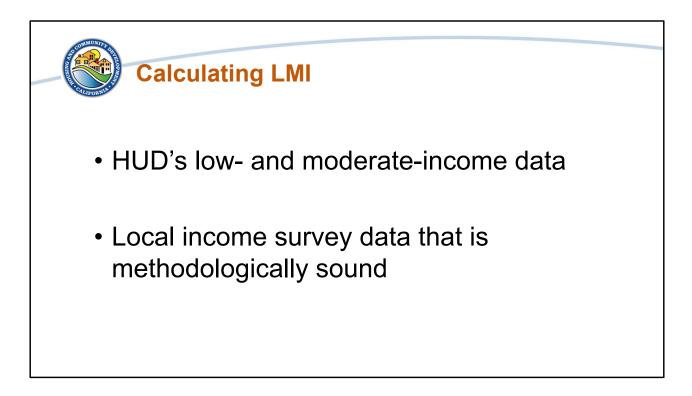
Other questions to consider when drawing the service area include: What is the Nature, Size and Location of the Activity? What are the Accessibility Barriers related to Physical geography, Cost, Language, Transportation, etc.? In other words, are people able to easily access the activity? What is the Availability of Comparable Services? Are there other services that already provide the same or similar benefit to the area? What other boundaries, such as fire districts or utility networks are there? Will this hinder or hamper your efforts or cause a duplication of services?

Things to remember are that Boundaries do not need to be coterminous with Census

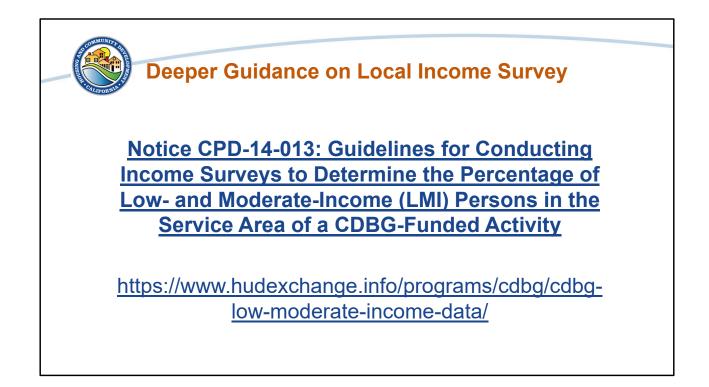
boundaries. i.e. it does not need to be an exact match between the service area and the census area with LMI. What it must be is a REASONABLE Boundary that is based upon the nature of the activity



Things to remember: A service areas might overlap with multiple Blocks, like in this example of a hypothetical service area in Sacramento. We can see that the blue "service area" incorporates several HUD Blocks. When this happens, you will need to calculate the LMI of all the blocks together to find the total LMI for that service area.

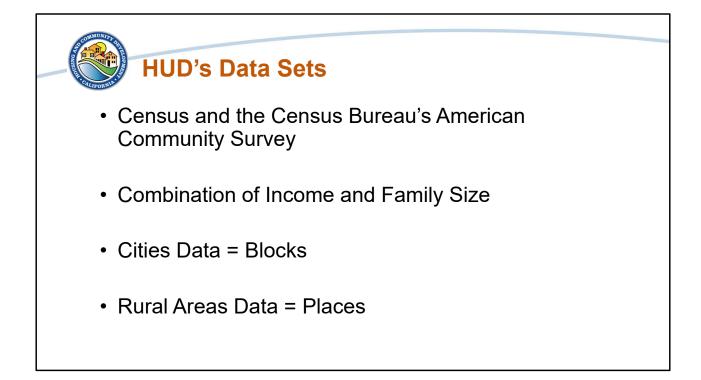


To calculate the LMI service benefit area Eligible Applicants may use either: HUD's low- and moderate-income data, or local income survey data that is methodologically sound. It is recommended to use HUD's low- and moderate-income data and we will walk through how to get and use that data.

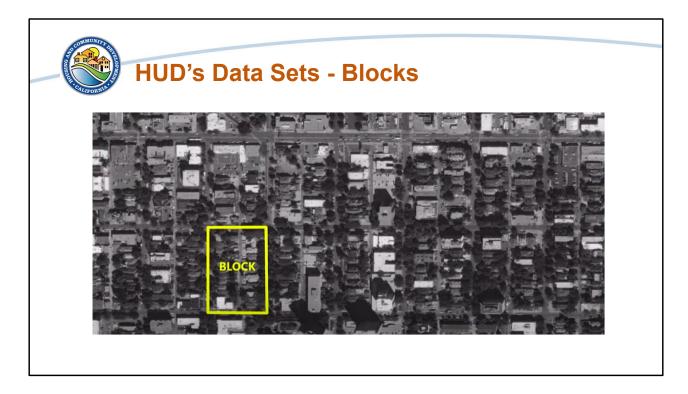


Any questions for Local Income Survey can be answered at an Office Hour. You can also find guidance on how to do an Income Survey, from confidence intervals to sample size can be found in: <u>Notice CPD-14-013</u>: <u>Guidelines for Conducting Income</u> <u>Surveys to Determine the Percentage of Low- and Moderate-Income (LMI) Persons in the Service Area of a CDBG-Funded Activity</u>.

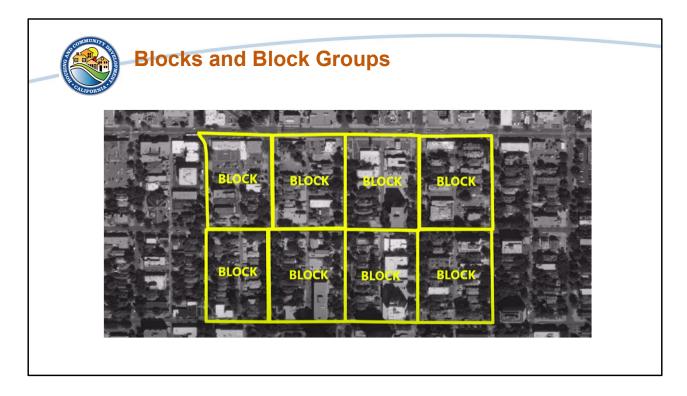
Calculation specifics can be found at HUD Exchange CDBG LMI data. An important thing to keep in mind is that the basis for all the confidence interval thresholds and the sample size if you are doing your own survey is that it has to be at least as good as the HUD provided data. Given the resources and time needed to devote to doing a Local income survey we highly recommend using HUD's data.



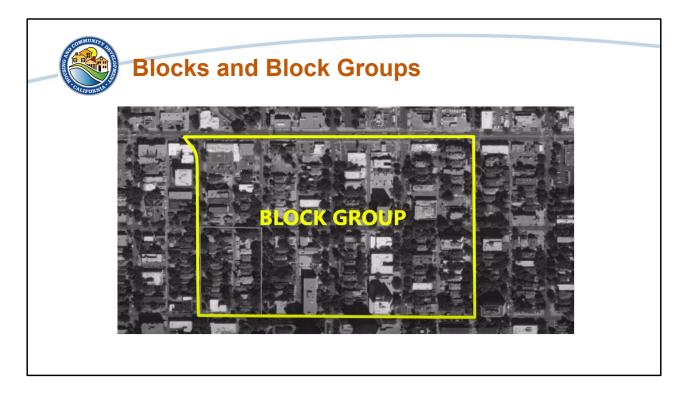
HUD's data is from the Census and the Census Bureau's American Community Survey. HUD combines Income and Family size data. For Cities Data is formed into Blocks (i.e. the homes on a single street block) and for Rural Areas Data is formed into Places. Something to keep in mind is that Block Groups are the best granular data for urban areas LMI Service Areas and Places are the best granular data for rural areas LMI service areas.



This is an example of a Block. You can see that it is all the residences along a single street unit.



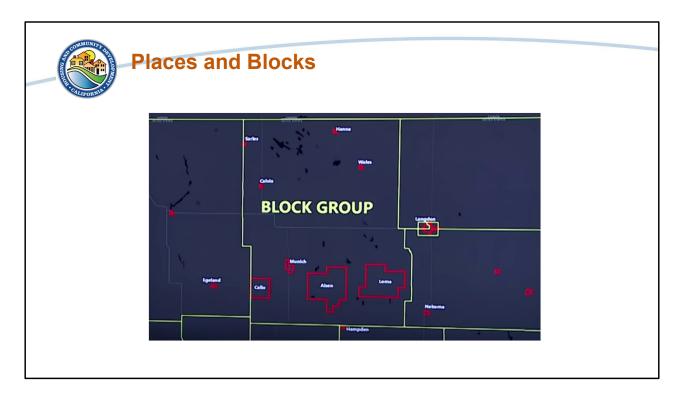
Next you can see how the Blocks in a single geography can line up. As a note, blocks are based on residences and don't contain economic data, so that's why we can only use block groups and tracts for LMI calculations.



The Blocks in a single geography are then formed into a Block Group which is HUD's basic unit of provided data that they combine with Census data to get the economic information. Something to keep in mind is that Block groups can and will be combined to create the service area for your activity.

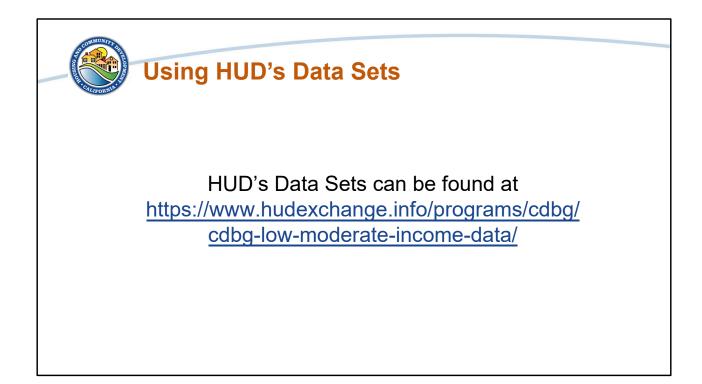


Rural areas are different than cities due to the lower population density. As such the unit of data HUD provides for LMI Service Area Calculations is for a Place, which often incorporates a town. As Block Groups are based on population size, rural area's Block Groups will often incorporate multiple small towns.

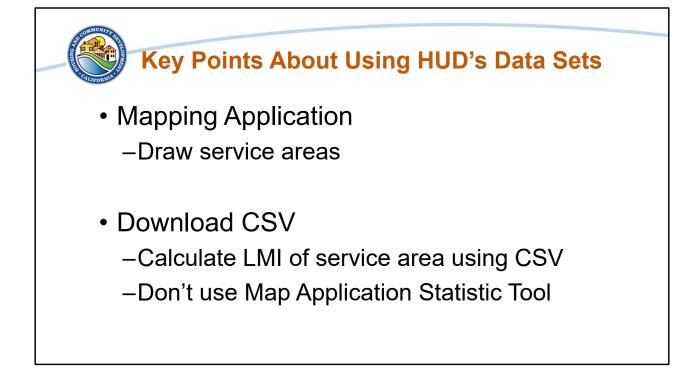


For example, this Block Group in North Dakota incorporates eight towns that are each separate Places.

As most activities for Places and Jurisdictions won't benefit an entire rural Block Group, you won't calculate the LMI based on the Block Group.



HUD's data sets can be found at HUD Exchange under their CDBG LMI Data page. There you can find tutorials that will walk you through exactly how to use HUD's data to map service areas and calculate the service area's LMI. If you have any further questions about using HUD's data please email us or bring your questions to an Office Hour session.



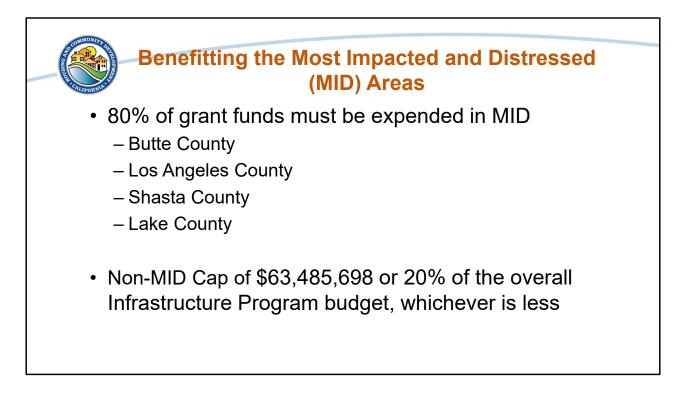
There are a few important Key Points about using HUD's data that we do want to mention here though. First, the easiest way to get the information is to use HUD"s Mapping Application. There are different way to get the information, but this is the easiest to generally draw your service areas and get the LMI for the area. Further, if you don't have a GIS person on your team HUD's mapping application can be helpful. The second key point is to make sure to download the CSV spreadsheet for the service area if you draw it in HUD's mapping application. It is important to have the real data to make your calculations for the service area's LMI. Don't use the Map Application's Statistic tool as it rounds up the percentages before calculating the average and will give you the wrong number.



#### For More Information on using HUD's Low Moderate Income Summary Data (LMISD)

<u>CPD Notice 19-02</u> discusses how to use the LMISD geographies to match the service area.

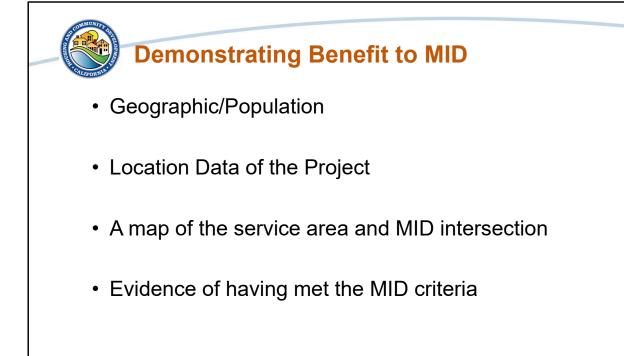
You can find more details in CPD Notice 19-02 which discusses how to use the LMISD geographies to match the service area. The LMI percentages are determined for various geographies, including each block group, each local government (both incorporated and unincorporated cities and towns, i.e. "places"), and each CDBG grantee.



Thank you Angela.

As Per 85 FR 4681, Published January 27, 2020, 80% of the funds be expended in the MID which are established as Butte County, Los Angeles County, Shasta County, and Lake County. This means that not more that 20% of funds can be expended outside the Most Impacted and Distressed Areas.

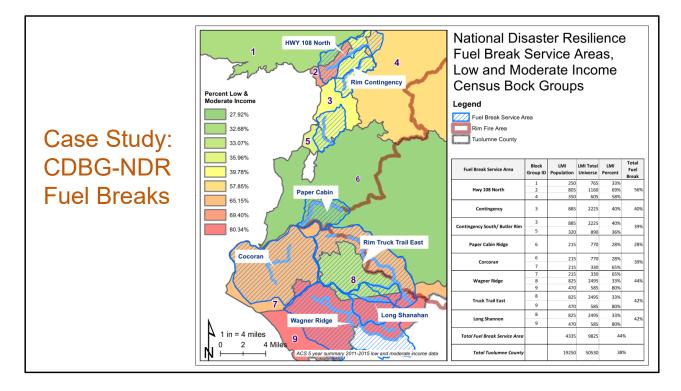
To ensure that the DR-Infrastructure meets the HUD requirement that 80% of the grant-wide funds spent in MID areas, the total dollars allocated to non-MID areas shall not exceed \$63,485,698 or 20% of the overall Infrastructure Program budget, whichever is less. The non-MID areas include jurisdictions of Ventura County and the City of Thousand Oaks.



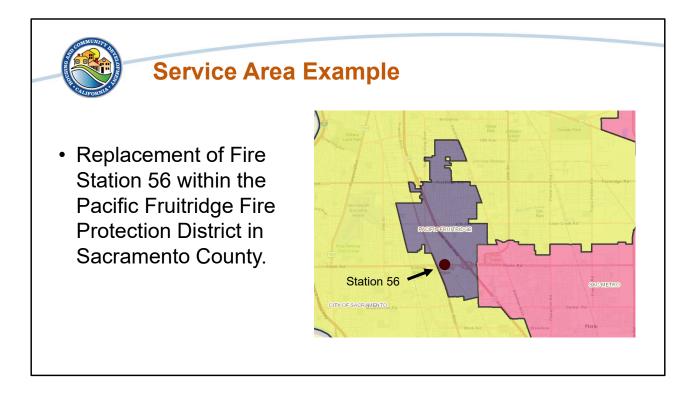
Demonstrating Benefit to the MID can be shown in different ways. Primary methods to demonstrate the benefit of the activity to the MID is through service area maps focused on either: Geography or Population. Geography is when the benefit to the MID can be demonstrated with a service maps showing how the activity is located within the MID, or it services the geographic area of the MID. Population MID benefit is when the service maps demonstrate how the activity being funded services the people living in the MID and who were impacted by the disasters.

To demonstrate benefit to MID, Eligible Applicants need to provide: the Location Data of the Project and a map of the service area and the intersection with the MID. Eligible applicants also need Evidence of having met the MID criteria.

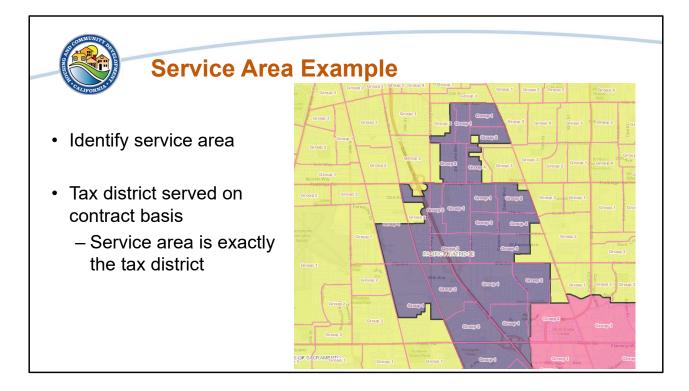
More information is in the 2018 DR-Infrastructure Policies and Procedures.



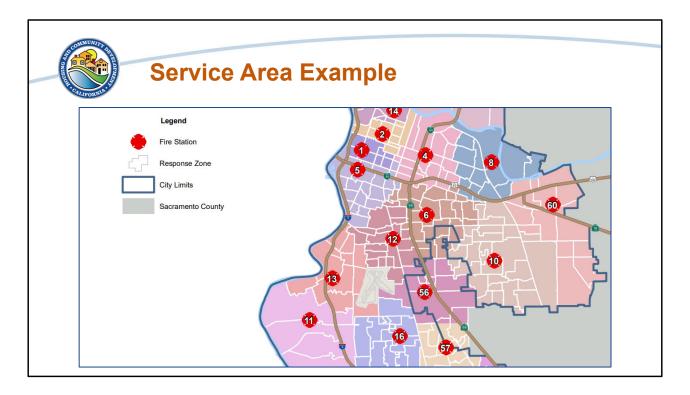
This is a case study from for CDBG-NDR on Fuel Breaks that has a service map putting it all together– LMI Blocks, MID, and service areas. HCD partnered with CAL FIRE and the USFS on this project to install fuel breaks in Tuolumne County, which for this examples is being used as a MID. CAL FIRE, as the experts, completed the analysis to define the service area for each fuel break. As a reminder it is important to consult experts for the role of defining the service area. Then the LMI population was calculated using the block groups that intersected with the service area. The orange and above on the map indicates the LMI blocks, and in the chart, there is more specific information regarding the LMI breakdown. The key takeaway is if you're working with other agencies or departments on DR-Infrastructure projects, especially with PA Match and HMGP Match, it is important to work with those agencies and/or departments to determine the project's service area or areas. In this project's case, multiple service areas were combined to create a single LMI benefit percentage.



Another example is if Fire Station 56 within the Pacific Fruitridge Fire Protection District in Sacramento County needed to be replaced. First, let's assume that it was damaged by a disaster.



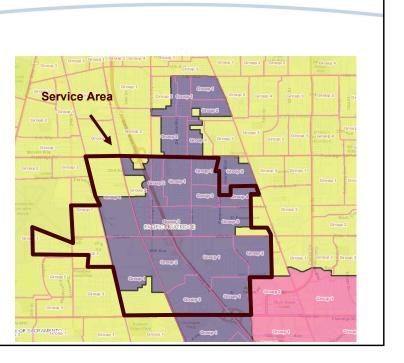
The first step is to identify the service area. For this hypothetical example, what is being shown is the tax district. The City of Sacramento's fire department serves this area on a contract basis, so the service area doesn't match the tax district exactly.



This response zone map confirms that Fire Station 56 does not match the tax district as shown in this map. While the tax districts are found using Sacramento County's GIS online map system, you may need to contact other departments or dig deeper to determine the service area.



- Use all fully contained block groups, as well as partially contained block groups as part of the service area.
- HUD will not allow block groups to be prorated.



Because the service areas are not likely to line up perfectly with block groups, use all fully contained block groups, as well as partially contained block groups, even if the service area boundary only intersects with one percent of the block group. HUD will not allow block groups to be prorated. All of the block groups shown within the service area are over 51% LMI, so this project would meet the LMI national objective.

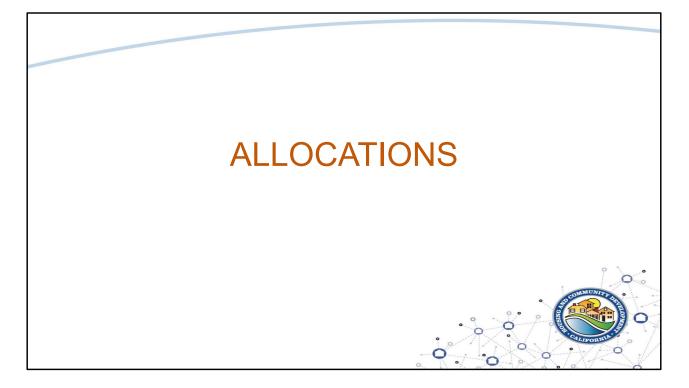


## Service Area Example: Key Takeaways

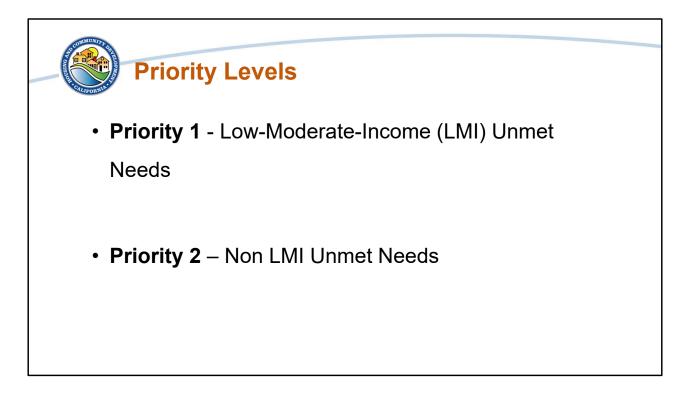
- Provide detailed documentation on <u>who</u> the project serves.
  Especially important for projects that don't have a clear service area (e.g. road/bridge projects).
- In your LMI calculations, include all block groups that are within and partially overlap the service area. If those partial block groups change the benefit area to below 51% LMI, consider an income survey.

It is important to remember to document as much as possible. Provide detailed documentation on <u>who</u> the project serves. Especially important for projects that don't have a clear service area (e.g. road/bridge projects).

In your LMI calculations, include all block groups that are within and partially overlap the service area. If those partial block groups change the benefit area to below 51% LMI, consider an income survey.

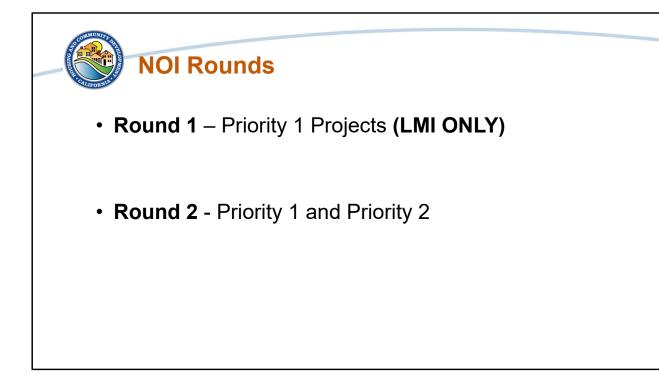


Another key part of the program to go over is the allocation methodology. Based on the grant and program specifics, HCD is using an allocation methodology that we are basing on the submissions for the Notices of Intent, or NOI. The purpose of the allocations is to enable more flexibility for the Eligible Applicants in the potential projects they may submit, and to ensure that the funds are going to the areas that have the most need.



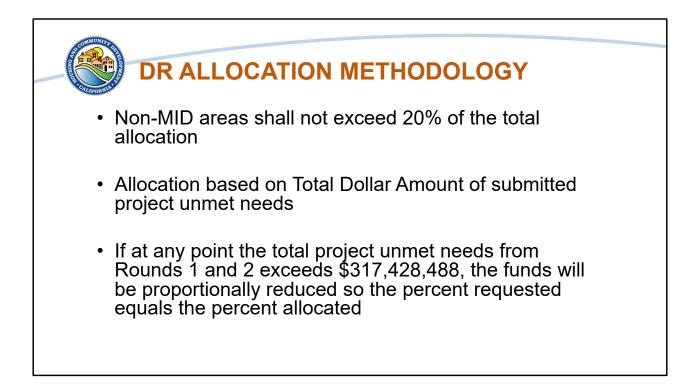
For the 2018 DR-Infrastructure Program, there are two rounds of NOIs that align with HCD's unmet needs Priority Levels. The Priority Levels are as follows:

Priority 1: Projects showing an unmet need that meets the Low-Moderate-Income National Objective. (LMI) Priority 2: Projects showing an unmet need that do not meet the LMI National Objective



Round 1 of the NOI is for **Priority 1 ONLY** projects, while Round 2 accepts both Priority 1 and Priority 2 projects. The LMI National Objective does not need to be verified at the NOI stage, but the expectation is that the Eligible Applicant can provide service area or area benefit data to support the projects Priority Level.

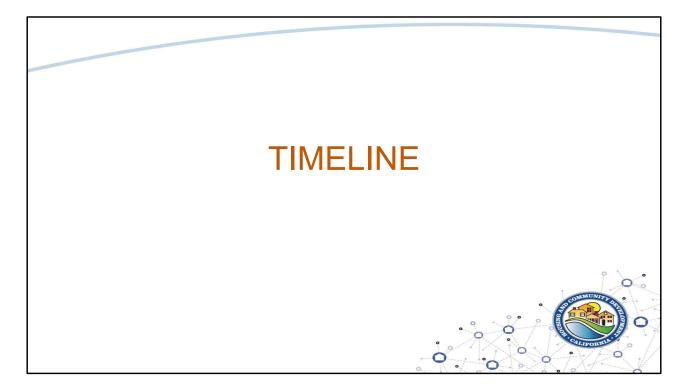
If an evaluation of submitted applications by HCD determines that the proposed projects do not result in HCD meeting its grant-wide 70% LMI and 80% MID funding requirements. HCD reserves the right to reevaluate the program and weigh options for ensuring that DR-Infrastructure Program funds meet HUD requirements.



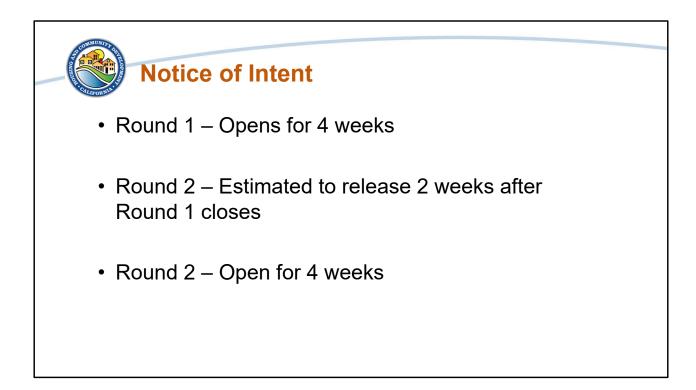
To ensure that the DR-Infrastructure meets the HUD requirement that 80% of the grant-wide funds are spent in MID areas, the total dollars allocated to non-MID areas shall not exceed 20% of the total DR-Infrastructure Program budget.

Allocations are calculated based on the total unmet dollar amount for project unmet needs, by round. If the requested amount from Eligible Applicants is less than the program budget of \$317,428,488 and all project unmet are determined to be eligible, Eligible Applicants will be allocated 100% of their requested unmet needs. If at any point the total project unmet needs from Rounds 1 and 2 exceeds \$317,428,488, the funds will be proportionally reduced so the percent requested equals the percent allocated. That said, it is important to note that LMI projects will be fully funded as long as there is funding available. If demand exceeds supply, all Priority 2/non-LMI projects will be proportionally reduced

HCD reserves the right to provide partial funding to Eligible Applicants, increase select Eligible Applicant allocations to ensure project feasibility, open another NOI round, and/or reprogram Infrastructure Program funds. Allocations will not exceed the unmet need amount submitted under the NOI. For more on allocations see the 2018 DR-Infrastructure Polices and Procedures.



For the last section for today, we will go over the estimated timeline for the programs and the new Office Hour availability.



The DR-Infrastructure Round 1 Notice of Intent will be open for four weeks.

Round 2 of the NOI will open 2 weeks after Round 1 closes and Round 2 will also be open for four weeks.

Round One is expected to Open in the next few weeks and you will be notified of the release ahead of time.

More information about the rounds and priorities can be found in the 2018 DR-Infrastructure policies and procedures which will be shared after the webinar.



HCD is also holding individual office hours for the Round One NOI on Tuesdays and Thursdays starting next week. There are office hours set aside for the morning and afternoon at 10 am and 2 pm. All Primary Points of Contact for each Eligible Applicant will receive the announcement regarding the individual webinars that includes an Excel link to sign up for an office hour after this webinar. Please use the Excel Spreadsheet that was shared to sign up for a session. They are first come, first served, but more Office Hours will be opened up as needed. There will also be Office Hours available during Round 2.

If there are questions about how to develop a service area, where to find the data needed to calculate the LMI benefit, or other technical assistance questions, these sessions are for that purpose. Please note that HCD will not be determining project eligibility at these office hours meetings.



Please send any follow-up questions from today's webinar to DR-Infrastructure@hcd.ca.gov. All follow-up questions will be answered and shared by email with the Eligible Applicants' Point of Contacts.



To know more about what HCD is doing you can sign-up for our email at hcd.ca.gov.



You can also follow-us on Facebook, Twitter, and Linkedin.



And that concludes our 2018 DR-Infrastructure 101 webinar. Thank you all for joining us today. Once again if you have any questions regarding today's webinar please contact us at dr-infrastructure@hcd.ca.gov. This presentation and any follow-up questions and answers will be shared with all eligible applicants. We look forward to seeing you at the Office Hours. Thank you and have a great day.