

**State of California
Action Plan for Disaster Recovery
from 2017 Disasters
Action Plan Amendment No. 3**

California Department of Housing and Community Development

Public Comment Period: May 1st – June 1st, 2023

Submitted to HUD: June 9, 2023

Approved by HUD: September 8, 2023

**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).**

April 2023



State of California 2017 CDBG-DR Action Plan Amendment 3



Table of Contents

I. Background and Summary of Changes	2
II. Action Plan Amendments.....	3
1. Executive Summary, Proposed uses of funds. (Page 13)	3
2. Housing Recovery Program	3
A. Owner Occupied Housing Rehabilitation and Reconstruction Program.....	3
B. Owner Occupied Housing Rehabilitation and Reconstruction Program, Form of Assistance	4
III. Public Comment.....	5

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 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 non-substantial amendment added additional clarity in seven different sections of the action plan. It did not propose to create any new program, nor propose to remove an existing program from the initial HUD approved Action Plan. This is the third amendment to this Action Plan.

This amendment modifies the state's Owner-Occupied Program to better assist LMI households who have a gap in their total assistance and as such cannot currently receive an award from the program. To ensure that assisted households can complete their repair or reconstruction projects, OOR makes awards only to projects that will be fully funded through the addition of the CDBG-DR assistance. HCD estimates there are over 100 applicant households experiencing such a shortfall. The amendment provides a path to award and project completion for this population by introducing a forgivable loan that may be awarded in addition to grant funds. The forgivable loan will be based on the amount of the applicant's gap, is available only to qualifying Solution 1 (state managed reconstruction) LMI households and is capped at \$250,000. Loans will only be available in conjunction with a grant. The loan cap was determined based on an analysis of applicant need and is projected to assist 68 percent of that population. To allow for awarding the proposed forgivable loans, the amendment also proposes increasing the total CDBG-DR funding cap from \$500,000 to \$750,000, inclusive of both grant and loan funding. Lastly, the amendment clarifies deed restrictions for the subsidized loan and the agreements to be signed and the form in which the assistance is provided. 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. APA 3 has been determined to be a substantial amendment.

Summary:

Action Plan Amendment 3 (APA 3) will address the following items:

1. **Executive Summary, Proposed Uses of CDBG-DR Funds:** Provides an update to include the subsidized loan for the OOR program.
2. **Housing Recovery Programs:** Edits in this section provide updates for clarity.
 - a. Owner Occupied Housing Rehabilitation and Reconstruction Program. Update the award caps for grants, loans and combined. Update the deed restrictions.
 - b. Owner Occupied Housing Rehabilitation and Reconstruction Program, Form of Assistance: This section updated to provide an update to include the subsidized loan for the OOR program.

II. Action Plan Amendments

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

1. **Executive Summary, Proposed uses of funds.** (Page 13)

Remove: The Owner-Occupied program will allow affected residents to apply directly to the state for gap financing grants up to \$500,000 to repair or rebuild their homes.

Replace: The Owner-Occupied program will allow affected residents to apply directly to the state for grants up to \$500,000 and subsidized loans up to \$250,000 to repair or rebuild their homes.

2. **Housing Recovery Program.** (Page 147)

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

A. Owner Occupied Housing Rehabilitation and Reconstruction Program. (Page 149)

Remove: The program will provide rehabilitation or reconstruction assistance to eligible applicants based on the extent of damage to their primary residences. Reconstruction is permissible where the total cost of rehabilitation is greater than the cost to reconstruct or where rehabilitation is otherwise technically infeasible. Reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner. A reconstructed property must not increase the number of dwellings on site, although the number of rooms may increase or decrease. The maximum amount of assistance is \$500,000 per damaged structure, after applying any duplication of benefits to the cost of the total rehabilitation or reconstruction. As a standard practice, program applicants requiring more than the \$500,000 cap on assistance must fund the remainder of their project with private funds or other resources; however, exceptions to the maximum award will be considered on a case-by-case basis.

Replace: The program will provide rehabilitation or reconstruction assistance to eligible applicants based on the extent of damage to their primary residences. Reconstruction is permissible where the total cost of rehabilitation is greater than \$100,000 or where rehabilitation is otherwise technically infeasible. Reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner. A reconstructed property must not increase the number of dwellings on site, although the number of rooms may increase or decrease. The maximum amount of assistance is \$750,000 per damaged structure, after applying any duplication of benefits to the cost of the total rehabilitation or reconstruction. Grant awards are capped at \$500,000, subsidized loans are capped at \$250,000, and together they may not exceed \$750,000. As a standard practice, program applicants requiring more than the assistance maximum must fund the remainder of their project with private funds or other resources; however, exceptions to the grant, loan, and combined award caps will be considered on a case-by-case basis.

Remove: To safeguard the CDBG-DR investment in the property, HCD will require a deed restriction on properties funded through the program. The deed restriction will remain in effect for a period of two years, following the date of receipt of the certificate of occupancy of the rehabilitated or reconstructed structure. For the length of the deed restriction, the property cannot be sold, cannot be used as a second home, cannot be converted into rental property, and otherwise cannot have its use changed by the property owner. Compliance with the deed restriction will be monitored annually by HCD, and failure to comply with the deed restriction will result in grant fund recovery. The deed restriction may be relieved on a case-by-case basis by HCD in certain circumstances. The specific language and requirements in the deed restriction will be set forth in the program manual and will be available for applicants to review prior to participating in the program.

Replace: To safeguard the CDBG-DR investment in the property, HCD will require a deed restriction or restrictive covenant on properties funded through the program. The deed restriction or restrictive covenant will remain in effect for a period of two years for grants and five years for subsidized loans, following the date of receipt of the certificate of occupancy of the rehabilitated or reconstructed structure. For the length of the deed restriction or restrictive covenant, the property cannot be sold, cannot be used as a second home, cannot be converted into rental property, and otherwise cannot have its use changed by the property owner. Compliance with the deed restriction or restrictive covenant will be monitored annually by HCD, and failure to comply with the deed restriction will result in grant fund recovery. The deed restriction or restrictive covenant may be relieved on a case-by-case basis by HCD in certain circumstances. The specific language and requirements in the deed restriction and restrictive covenant will be set forth in the program manual and will be available for applicants to review prior to participating in the program.

B. Owner Occupied Housing Rehabilitation and Reconstruction Program

Form of Assistance (page 153)

This section updated to include the subsidized loan for the OOR program.

State of California 2017 CDBG-DR Action Plan Amendment 3



Remove: Assistance is provided in the form of a grant award to qualifying applicant's construction project, after a contractor has been selected to perform the approved scope. The award is provided as payment reimbursement for costs incurred and expended. The scope of work is determined by a site inspection performed by qualified construction estimators. Once the scope of work has been determined, the applicant signs a construction agreement with the contractor.

Replace: Assistance is provided in the form of grants and subsidized loans made to qualifying applicants after a contractor has been selected to perform the approved scope. Applicants receiving a subsidized loan will be provided loan disclosures as described in the program policy and procedures. The assistance is provided as reimbursement payments for costs incurred and expended. Once the scope of work has been determined, the applicant is issued an award offer which states the amount and form of assistance (grant or grant and loan). Applicants who accept their offer will then execute program grant and loan documents (as applicable).

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 3, 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.

APA 3 was available for public review and comment for thirty (30) days from May 1st through 5:00 p.m. Pacific Standard Time on June 1st, 2023.

Comments could be submitted by the following methods:

- Electronic mail to (DisasterRecovery@hcd.ca.gov); or
- Post mail to Disaster Recovery Section, Attn: Mona Akbar, HCD, 2020 West El Camino Avenue, Suite 200, Sacramento, CA 95833

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 June 1st, 2023.

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

HCD considered 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 3. HCD Made the public comments available to citizens, public agencies, and other interested parties upon request.

State of California 2017 CDBG-DR Action Plan Amendment 3



A summary of all comments received, timely, was included in the final Substantial Action Plan Amendment, Number 3, submitted to HUD for approval. Following HUD approval, all comments received, timely, during the public comment period was noted and summarized in the final, comprehensive Action Plan, as amended.

Virtual Public Hearing

The following provides a summary of public comments for the 2017 CDBG-DR Action Plan Amendment #3 during the public comment period beginning May 1st, 2023, through June 1st, 2023.

Since the Subsidized Loan Program for the Owner-Occupied Rehabilitation and Reconstruction Program (OOR) was being added to both the 2017 and 2018 CDBG DR grants, the public hearing was done at the same time and the public comments were the same pertaining to both action plan amendments.

The following transcript is from the virtual public hearing held on May 24th, 2023, as the required public hearing for the 2017 CDBG-DR Action Plan Amendment #3. Questions are from meeting participants and answers are from HCD staff.

1. **Public Comment Question Butte County:** Hi there, I hear that you are meeting with local governments. When is the meeting with Butte County?

HCD Response: This is the first of the two public meetings. There is one tomorrow for the Tribal Government and one tomorrow in Spanish

2. **Public Comment - Question from Butte County:** I have a couple of questions about the slides. The loans that will be subsidized loans for up to \$250,000 are those being underwritten by HCD. So, there will no local government involvement in that piece of the OOR Program?

HCD Response: Yes, the subsidized loan program will be run by HCD.

3. **Question from Butte County:** I know that was some work done with the OOR Program to allow for the use CalHOME potentially as a subsidized loan gap financing for eligible applicants who were unable to, who had insurance issues, is the subsidized loan that is proposed here up to \$250,000 replacing that concept, or are we still pursuing as an option?

HCD Response: It is not replacing the concept; it should be still pursued by the applicants. More details to come in policies and procedures.

4. **Question from Butte County:** Ok, because I know that the Town of Paradise and the county were working with HCD kind of through that CalHOME piece, I think that town of paradise was doing kind of the most with HCD in terms of problem solving around that issue and then the solutions that were developed by the group would be brought to the rest of the jurisdictions in terms of how to use those funds. So, it sounds like that conversation is ongoing and it is not yet resolved and is not dealt with necessary in this amendment, correct?

State of California 2017 CDBG-DR Action Plan Amendment 3



HCD Response: I don't know if I fully understand your question, but yes, HCD is still working with CalHome Program with Butte County and Town of Paradise. This is an additional option to cover funding gaps that applicants have.

5. **Public Comment from CHIP Housing:** What is the date that the comments are due? PowerPoint presentations are helpful, are those available. I am thinking of more for the 2020 Presentations.

HCD Response: June 1st is the last day at 5pm for the public comment for this amendment. PowerPoint presentations are available on the CDBG-DR Website, under 2020 Disasters, click on the plus sign to see the action plan amendment.

Written Public Comment

The following questions were received in writing by HCD staff during the required 30-day public comment period for the 2017 CDBG DR Action Plan Amendment #3.

Since the Subsidized Loan Program for Owner-Occupied Rehabilitation and Reconstruction Program (OOR) was being added to both the 2017 and 2018 CDBG DR grants, the answers from HCD regarding the OOR program was the same pertaining to both the action plan amendments.

- a. **Public Comment – Email letter received 5/24/23 from Valley Contractors Exchange & Valley Contractors Workforce Foundation.**

State of California 2017 CDBG-DR Action Plan Amendment 3



valley contractors exchange, inc.

951 East 8th Street • Chico, CA 95928 • (530) 343-1981 • Fax 343-3503
www.vceonline.com

Dear Sir/Madam,

The intent of this letter is to provide public comment on the State of California's Action Plan for Disaster Recovery, specifically **Amendment No. 4 of the 2018 Disasters Action Plan**. On behalf of Valley Contractors Exchange and our 350-construction industry professionals, we would like to express our gratitude on the State's efforts to assist in disaster recovery.

The Exchange has serious concerns about the exorbitant charges levied on homeowners under the **ReCover CA Owner Occupied Reconstruction Program**, and the need to give oversight of the program to local municipalities.

The **ReCover CA program** purpose is to assist homeowners affected by the Camp Fire and other devastating wildfires that have struck California in recent years. This program has noble intentions; the execution and the amounts levied to rebuild are unreasonable.

An example of this travesty; is HCD is charging \$559,414.28 for a 1,061 sq. ft. home with an attached 400sq. ft. garage. An estimate from a local contractor indicates a home with the same specifications could be built for \$405,786. Including all W.U.I. compliant building code requirements such as fire sprinklers and solar, which is lacking in HCD's pricing.

Rather than increase the total CDBG-DR funding cap from \$500,000 to \$750,000 HCD. HCD should eliminate administrative waste and bring HCD's cost to be in line with the actual building costs of the area. It is imperative that the tax dollars be spent responsibly to further support those affected by these disasters.

Housing and Community Development (HCD) agency has met with local jurisdictions on multiple occasions to encounter significant roadblocks to progress. This lack of responsiveness and progress from the HCD agency is leaving Survivors frustrated and concerned about the future of the program.

An effective oversight model for the program lead by the local municipalities would create efficiency and efficacy. Local authorities are better equipped to assess the needs of their communities and determine the appropriate level of assistance for individual homeowners. In addition, homeowners would get the necessary services to expedite the recovery process.

In conclusion, The Valley Contractors Exchange is urging, HCD to consider revising the pricing structure of the **ReCover CA program**, provide direct oversight of the program to local municipalities, work closely with local authorities to eliminate barriers that are hindering the success of the program.

Respectfully,

A handwritten signature in black ink that reads "Amy Rohrer".

Amy Rohrer, Executive Director
Valley Contractors Exchange

HCD Response to Valley Contractors Exchange, Inc:

Thank you for your comment to the 2017/2018 CDBG DR Action Plan Amendment. In keeping with the California Department of Housing and Development's (HCD) commitment to transparency and the stewardship of limited public funds, we appreciate the opportunity to respond to your comments.

The ReCoverCA Owner-Occupied Rehabilitation/Reconstruction Program (ReCoverCA) is the nation's first large-scale wildfire housing reconstruction program. HCD is proud to have built this innovative program from scratch and continues to implement its equity-focused outreach, case management and continues to align resources to assist the most vulnerable disaster survivors.

As part of ongoing program and process improvements, HCD has conducted value engineering to lower reconstruction costs while still meeting the state's mitigation resiliency and Wildland-Urban Interface (WUI) code requirements, federal labor compliance laws, and ensure that low- to moderate-income (LMI) applicants have low maintenance and utility expenses after their home is reconstructed. Low maintenance homeownership is achieved through the use of highly durable building materials including cement siding, ceramic tile, long-life LED fixtures, and stone countertops. HCD's rebuilding plan for Solution 1 includes solar panels. The cost of ReCoverCA ensures full compliance with state and federal construction and program requirements and will continue to use these architectural plans for the 2017 and 2018 ReCoverCA program.

This amendment adds the ReCoverCA Reconstruction Subsidized Loan Program (RRSL) that will allow HCD to assist LMI households to complete their repairs and projects who have a gap in their total assistance and cannot currently receive an award from the program. This amendment provides a path to award applicants who would otherwise not be eligible, and thereby enable homes to complete reconstruction project completion. To ensure that assisted households can complete their repairs or reconstruction projects, ReCoverCA makes awards only to projects that will be fully funded through the addition of the CDBG-DR assistance. HCD estimates there are over 100 applicant households experiencing such a shortfall who, through RRSL, will be able to fully fund their rebuild and begin construction.

Thank you for your comment.

b. Public Comment – Email letter received 6/1/23 from Butte County

State of California 2017 CDBG-DR Action Plan Amendment 3



Butte County Administration

Andy Pickett
Chief Administrative Officer

25 County Center Drive, Suite 200
Oroville, California 95965

T: 530.552.3300
F: 530.538.7120

buttecounty.net/administration

Members of the Board

Bill Connelly | Peter Durfee | Tami Ritter | Tod Kimmelshue | Doug Teeter

June 1, 2023

Mona Akbar
Disaster Recovery and Response Unit
Dept. of Housing and Community Development
2020 West El Camino Avenue, Suite 200
Sacramento, CA 95833

RE: Public Comment from the County of Butte on the 2018 Draft Disaster Action Plan Amendment 4 (APA 4) of the 2018 CDBG-DR Action Plan

Dear Ms. Akbar,

On January 27, 2020, the U.S. Department of Housing and Urban Development (HUD) allocated \$1,017,399,000 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-4407 and DR4382 for the 2018 wildfire season. On May 1, 2023, State Housing and Community Development (HCD) issued the DRAFT 2018 Action Plan Amendment 4 (APA 4), a substantial amendment which proposes changes to existing program design for the Owner Occupied Housing and Rehabilitation Program (OOR Program), Multifamily Housing Program, Infrastructure Program, Workforce Development program and the Planning Program. Butte County respectfully submits the following public comments for the APA 4 Public Comment Period.

In November of 2018, Butte County suffered the deadliest and most destructive wildfire in California's history. The Camp Fire resulted in the deaths of 85 civilians; the destruction of 14,500 structures, including 13,696 single-family homes and 276 multifamily structures; and damage to another 589 structures. In August of 2020, the North Complex Fire caused the deaths of 15 civilians and destroyed 2,445 additional structures.

In March of 2023, the Butte County Board of Supervisors approved the General Plan 2040 Update. This General Plan Update supports the County's efforts to rebuild and create a more resilient future following these catastrophic wildfires. The County used the Update as an opportunity to address issues related to climate adaptation and environmental justice, as well as other new State laws. The Housing Element includes a plan to address housing for residents of all income levels, including rebuilding fire-destroyed units. Specifically, Goal H-5 in the Housing Element states, "Facilitate rebuilding of communities impacted by wildfires." An appendix to the Housing Needs Assessment includes the Rebuild Sites in the Camp Fire and North Complex Fire – Impacted Communities.

State of California 2017 CDBG-DR Action Plan Amendment 3



The General Plan 2040 Update also includes adoption of the Upper Ridge Community Plan. The Upper Ridge Community Plan was prepared to reflect Magalia's shared vision of the community's future after the devastating effects of the Camp Fire. The Plan identifies specific goals, strategies, and recommendations that will shape multiple aspects of life in the Upper Ridge, such as future housing; healthy and resilient neighborhoods; protection and management of natural resources; community safety; and social and economic equity in the Upper Ridge plan area in the coming decades.

Through the establishment of these planning and policy documents approved by the Butte County Board of Supervisors, the County is responsible for guiding the restoration of a broad spectrum of housing types following these catastrophic fires. However, the 2018 Action Plan and Amendments grant control over the OOR Housing Program to the State to restore owner-occupied single-family homes. Consistently, Butte County has advocated for local control over the OOR Program since the 2018 Action Plan was initially published, believing that local control and oversight would expedite the rebuilding of housing lost as a result of these disasters, decrease overall programmatic costs, and create greater alignment between policy documents related to recovery and real-world recovery outcomes. The County is understandably concerned that any delays in programmatic outcomes for housing restoration result in prolonged trauma for communities suffering the effects of disaster and displacement.

HCD has been operating the OOR Program (2017 and 2018 Action Plans) with little meaningful coordination with local jurisdictions. On October 26, 2022, Butte County and the Town of Paradise issued a joint letter to HCD regarding concerns related to the OOR Program. Specifically, the joint letter raised the issue that homes built within the program are not cost-reasonable for the area; building plans are inflexible, unsuitable, and over-engineered; and some expenses are being paid twice, such as fees necessitated by local jurisdictions which are then duplicated by the OOR Program, like land surveys and septic inspections.

Despite these concerns raised by the Town and County, the most recent reports from the OOR Program show that almost five (5) years after the 2018 Camp Fire, zero (0) homes have been completed. To explain this, HCD cites the overall cost of an OOR rebuild and the financial constraints of the individuals the program intends to assist. To address these issues, APA 4 proposes to increase the maximum assistance per damaged structure from \$500,000 to \$750,000, with a grant cap of \$500,000, and a subsidized loan cap of \$250,000. Additionally, the APA 4 then proposes to reallocate most of the original \$86.2 million for planning efforts and support of local capacity building to new housing and infrastructure programs. HCD has left \$782,160.67 allocated to the planning efforts. It would seem that those needed planning dollars could be retained, at least in part, were it not for the cost increases to subsidize the OOR program. This reallocation appears to meet the needs of HCD as opposed to the needs of local jurisdictions, as Butte County would not have requested this change.

Given the way the OOR program is currently structured with authority situated at the State, Butte County understands the ways in which these changes are intended to address program delivery bottlenecks. However, an evaluation of construction costs for single-family homes in Paradise with an average of 1,500 square feet show OOR program costs are substantially higher than what individuals who are not enrolled in the OOR Program are paying for their rebuilds. For example, an average new build in Paradise costs \$405,000, which is \$345,000 lower than the OOR maximum assistance proposed in the APA 4, and nearly \$100,000 lower than the proposed OOR grant cap. Butte County believes the State has encountered financial gaps when working to qualify individuals for the program in part for this reason: the State is charging 46% more for the same value than what non-enrolled

State of California 2017 CDBG-DR Action Plan Amendment 3



individuals are paying. To cover these inflated OOR costs by allowing individuals to incur up to \$250,000 in subsidized loans shifts the financial burden onto the applicant and adds years of repayment to a critical phase of personal financial recovery.

Butte County's goal is to assist fire survivors and to advocate for efficient, cost-reasonable programs to restore housing lost to wildfire. Butte County believes that if local jurisdictions were authorized to run the OOR Program, housing reconstruction costs would be significantly less, housing would be rebuilt more quickly, vulnerable populations would be housed more rapidly reducing prolonged trauma related to displacement, and tax payer dollars would be utilized most efficiently. According to the DR Quarterly Performance Report – 1Q23, with zero homes completed, HCD has drawn down over \$11M for the OOR Program (2018 Action Plan).

Short of shifting authority to operate the OOR Program to local jurisdictions where recovery is occurring, Butte County continues to raise questions surrounding the maximum assistance cap and the decisions behind the subsidized loan option. Rather than allowing grants and loans to balloon around exorbitant program costs, the County wishes to see measures proposed that would curtail and control costs for the benefit of fire survivors both in the short-term and in the long run. If costs can be controlled on the OOR program, Butte County proposes a modest restoration of planning funds with the remainder dedicated to the CDBG-DR Multifamily Housing Program which is over-subscribed and running efficiently.

These comments are consistent with concerns Butte County staff has presented to HCD throughout the development of the 2018 CDBG-DR Action Plan. If there are any questions, please contact Tracy Davis, Program Development Manager, Butte County Administration, tdavis@buttecounty.net, 530.552.3350.

Thank you for your consideration.

Sincerely,

A blue ink signature of Máximo A. Pickett, consisting of a stylized 'M' and 'A' followed by a horizontal line.

Máximo A. Pickett
Chief Administrative Officer

HCD Response to Butte County:

Thank you for your comment on the 2017 and 2018 CDBG-DR Action Plan Amendment.

We appreciate your comments about the ReCoverCA Owner Occupied Rehabilitation/Reconstruction Program (ReCoverCA). The RecoverCA program continues to implement equity-focused outreach and case management as well as additional value engineering to lower cost as much as possible while still meeting the state's mitigation resiliency and Wildland-Urban Interface (WUI) code requirements.

This amendment adds the ReCoverCA Reconstruction Subsidized Loan Program will allow the California Department of Housing and Community Development (HCD) to assist LMI households to complete their repairs and projects who have a gap in their total assistance and cannot currently receive an award from the program. This amendment provides a path to award applicants who would otherwise not be eligible, and thereby enabling homes to complete reconstruction project completion. This amendment does not change the cost of reconstruction, however, HCD appreciates the opportunity to respond to your comments.

State of California 2017 CDBG-DR Action Plan Amendment 3



As part of ongoing process improvements and in response to the County and Town's joint letter in the Fall of 2022, HCD has conducted value engineering to lower reconstruction costs while meeting the state's mitigation resiliency and WUI code requirements and ensuring that low- to moderate-income (LMI) applicants have low maintenance and utility expenses after their home is reconstructed. Low maintenance homeownership is achieved through the use of highly durable building materials including cement siding, ceramic tile, long-life LED fixtures, and stone countertops. Please note that all HCD's plan sets include solar panels. The cost of ReCoverCA ensures full compliance with state and federal construction and program requirements.

For the ReCoverCA program, there are 14 projects that have been completed in the Town of Paradise and 16 projects are under construction. There are 50 additional projects in the pipeline. The Program will continue to use these architectural plans for the 2017 and 2018 ReCoverCA program.

Per HCD's responses to the letter to Butte County on 10/26/22, HCD utilizes surveys, inspections and other services conducted by the County or homeowner at every opportunity, except when they do not meet program requirements.

HCD looks forward to continued collaboration with Butte County and continued dialogue around 2017 and 2018 programs and values its monthly and bi-weekly meetings with Butte County held since 2019.

Thank you.

c. Public Comment – Email letter received 6/1/23 from Town of Paradise

State of California 2017 CDBG-DR Action Plan Amendment 3



Town of Paradise
Business & Housing Services
5555 Skyway
Paradise, CA 95969
(530) 872-6291 x122
housing@townofparadise.com

June 1, 2023

State of California
Department of Housing and Community Development
Disaster Recovery Unit
2020 West El Camino Drive
Sacramento, CA 95833

To Whom It May Concern:

This letter is to provide public comment on the State of California Action Plan for Disaster Recovery from 2018 Disasters Action Plan Amendment No. 4 specifically for the changes to the housing programs. Since Paradise was the most impacted jurisdiction of the 2018 wildfires with, I would like to provide a "boots-on-the-ground" perspective.

While I appreciate the support that HCD provides to local jurisdictions who have suffered greatly in these wildfire disasters, it is my firm belief that survivors are best serviced at the local level. Local jurisdictions have the resiliency like no others. Local jurisdictions know the unique needs of their residents and have better access to local resources. Often times, and as in our case, local jurisdictions are already experienced in owner-occupied housing rehabilitation/reconstruction, homebuyer assistance and affordable multifamily housing development programs. Local jurisdictions can recover much faster if funding is made available directly to them as evidenced by so many other local jurisdictions nationwide who have also suffered from disasters.

With regard to the 2018 CDBG-DR Action Plan Amendment #4, I would like to see all or a portion of the CDBG-DR housing assistance funds provided to the local jurisdictions that have experience running Owner-Occupied Housing Rehabilitation/Reconstruction, Homebuyer Assistance, and Multifamily Housing Programs; HCD should only run those programs in jurisdictions that are not experienced or do not wish to run their own housing recovery programs.

ReCoverCA (the state-run OOR program) is proving ineffective. Over 1,200 households completed their survey, but "HCD estimates there are over 100 applicant households experiencing such a shortfall." Far too many survivors could not navigate the complicated process and gave up trying, but that does not mean that those households are not experiencing a shortfall. Paradise has been running a successful OOR program for over 20 years. If OOR funds are made available directly to Paradise, we can ensure those households who are most in-need will be serviced in-person. Two funding sources are currently available for OOR (CalHome-DA and CDBG-DR OOR funds) which could work beautifully together to solve many duplication of benefits issues, but with the two programs being administered by different jurisdictions (local and state, respectively), they still have yet to be successfully layered now two years after the release of the CDBG-DR funds. By increasing the per subsidy limit from \$500,000 to \$750,000, HCD will have to design and implement a loan program whereas CalHome funds are available immediately. By increasing the subsidy limit, even more local assistance is removed (Town of Paradise CalHome OOR program) and survivors will work with program operators who are not local and do not know first-hand what the survivors are experiencing.

State of California 2017 CDBG-DR Action Plan Amendment 3



Since the Camp Fire, Paradise has assisted 15 fire-affected households purchase a new home utilizing CDBG entitlement funds, HOME and CalHome program income funds, and CalHome-DA funds. In my opinion, the Homebuyer Assistance funds is the perfect program to allow the local jurisdictions to administer since many jurisdictions have experience running a first-time homebuyer program.

Lastly, I agree that more funding for the MHP program is warranted, and I appreciate the (somewhat) local control. Most, if not all, of the jurisdictions in Butte County receiving an allocation from HCD were over-subscribed. More MHP resources made available by HCD could alleviate tax-credit short-falls if HCD chooses to fund more than 40% of the total development costs of approved project and/or fund additional projects that were submitted but are waiting for more funding.

To conclude, CDBG-DR funds are a life-line for survivors and local jurisdictions. Local jurisdictions, like Paradise, already have similar programs and are ready to go whereas the State has a huge learning curve on every aspect. Every unspent dollar at the expenditure deadlines for these funds is money that could have serviced those survivors that the CDBG-DR program is designed to serve. Local jurisdictions are resilient, resourceful and determined to recover; local funding can accomplish so much more if given the opportunity.

Thank you for this opportunity to comment on the 2018 CDBG-DR Action Plan Amendment #4.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kate Anderson".

Kate Anderson,
Housing Program Manager

HCD Response to Town of Paradise:

Thank you for your comment on the 2017/2018 CDBG-DR Action Plan amendment.

The ReCoverCA Owner Occupied Rehabilitation and Reconstruction Program (ReCoverCA) continues to implement equity-focused outreach and case management. The California Department of Housing and Community Development (HCD) has required specific programmatic and customer service training for all ReCoverCA case managers as well as updated internal standard operating procedures, job aids, processing timelines, and applicant touchpoints to ensure ReCoverCA case managers provide accurate and timely information to all applicants.

As part of ongoing program and process improvements and streamlining, HCD has conducted value engineering to lower reconstruction costs while meeting the state's mitigation resiliency and the Wildland-Urban Interface (WUI) code requirements and the Department's goal to ensure low- to moderate-income (LMI) applicants have low maintenance and utility expenses after their home is reconstructed. Low maintenance homeownership is achieved through the use of highly durable building materials including cement siding, ceramic tile, long-life LED fixtures, and stone countertops. The cost of ReCoverCA ensures full compliance with state and federal construction and program requirements.

State of California 2017 CDBG-DR Action Plan Amendment 3



This amendment adds the ReCoverCA Reconstruction Subsidized Loan Program will allow HCD to assist LMI households to complete their repairs and projects who have a gap in their total assistance and cannot currently receive an award from the program. This amendment provides a path to award applicants who would otherwise not be eligible, and thereby enabling homes to complete reconstruction project completion.

HCD looks forward to continued collaboration with the Town of Paradise and continued dialogue around 2017 and 2018 programs and values its monthly meetings with the Town over the last year.