

**State of California  
Action Plan for Disaster Recovery  
from 2017 Disasters  
Action Plan Amendment No. 5**

**California Department of Housing and Community Development**

**Draft for Submission to HUD**

**Submitted to the U.S. Department of Housing and Urban  
Development (HUD) to fulfill requirements related to Community  
Development Block Grant Disaster Recovery (CDBG-DR) Funds  
in Response to  
2017 Disasters (FEMA DR-4344 and DR-4353).**

**February 2025**



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## Table of Contents

I. Background and Summary of Changes.....	1
II. Action Plan Amendments.....	2
A. List of Changes.....	2
1. V. Proposed Disaster Recovery Programs.....	2
2. VI. Citizen Participation.....	3

## **I. Background and Summary of Changes**

On August 14, 2018, the U. S. Department of Housing and Urban Development (HUD) allocated \$124 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to the State of California to support California's unmet recovery needs related to the Federal Emergency Management Agency (FEMA) Major Disaster Declarations DR-4344 in October 2017 and DR-4353 in December 2017.

On January 27, 2020, HUD allocated an additional \$38 million of CDBG-DR funding to the State to address California's unmet infrastructure recovery needs, related to the FEMA Major Disaster Declarations: DR-4344 in October 2017 and DR-4353 in December 2017. The two grants combined bring a total of \$162,212,527 of CDBG-DR funding for the 2017 disasters.

The California Department of Housing and Community Development (HCD) is managing the associated CDBG-DR grant from HUD and implementing the goals and objectives of the state's initial, HUD-approved Action Plan. Through the Unmet Needs Action Plan Amendment, Number 1 (APA 1), HCD incorporated the \$38 million supplemental allocation into the Action Plan to address unmet infrastructure recovery needs. A subsequent substantial amendment added the New Infrastructure program and moved the funding from the initial FEMA Public Assistance Match program to the Multifamily Housing Program.

This is a non-substantial Action Plan Amendment Number 5 (APA 5) that modifies some provisions in the Homebuyer Assistance Program by providing clarity and consistency with related programs and program requirements and removing inapplicable content. This amendment will also change the current \$10 million threshold for substantial amendments to \$30 million, as articulated in the initial Action Plan.

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

### **Summary:**

Action Plan Amendment 5 (APA 5) will address the following items:

1. **Housing Recovery Programs:** Edits in this section modify provisions, create consistency with other requirements, align the Program with first mortgage requirements, reflect a change in the mode of funding distribution, and remove services that are not offered as part of homebuyer assistance.
2. **Substantial Amendment:** Edits in this section provide an update on the threshold increase for substantial amendment from \$10 million to \$30 million for addition or deletion of any CDBG-DR funded program, any funding change, or any change in the designated beneficiaries of the program.

## II. Action Plan Amendments

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

### A. List of Changes

#### 1. V. Proposed Disaster Recovery Programs

#### 2. Housing Recovery Programs

##### c. Homebuyer Assistance Program (Page 161)

In this section a clarification was made to align with Program terminology.

**Remove:** 6. Eligible applicants: LMI households whose primary residence (owner or renter) was in a high or very high fire hazard severity zone in a MID County at the time of the 2017 disasters.

**Replace:** 7. Eligible applicants: LMI households whose primary residence (owner or renter) was in a high or very high fire hazard severity zone in a MID Area at the time of the 2017 disasters.

In this section a clarification was made to include taxes and insurance as part of the closing costs. This is consistent with the requirements of the recipients' escrow accounts.

**Remove:** 7. Eligible Program Costs:

- Down payment assistance (up to 20% of the purchase price)
- Housing adjustment incentive
- Rate buydown to lowest possible rate
- All reasonable closing costs (legal, closing fee, title search, conveyance documents, notary fees, surveys, recording fees, lender fees, appraisal, inspection), except for taxes and insurance. These are usual and customary homeowner expenses.

**Replace:** 8. Eligible Program Costs:

- Down payment assistance (up to 20 percent of the purchase price)
- Housing adjustment incentive
- Rate buydown to lowest possible rate
- All reasonable closing costs (legal, closing fee, title search, conveyance documents, notary fees, surveys, recording fees, lender fees, appraisal, inspection), including for taxes and insurance. These are usual and customary homeowner expenses.

Also, wrap around housing and credit repair counseling services are not the usual and customary services offered as part of homebuyer assistance. Additionally, this modification also reflects a change in the mode of funding distribution (the subrecipient model instead of partnership).

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

**Replace:** 11. Housing counseling assistance will provide program applicants with financial educational services including financial literacy education, homebuyer counseling, and counseling to mitigate default/foreclosure proceedings. Subrecipient will work with HUD-approved housing counseling agencies which are uniquely situated to assist with the delivery of these services as part of the long-term recovery efforts provided through CDBG-DR funding.

## **2. VI. Citizen Participation**

### **4. Substantial Amendment (Page 174)**

A change to this action plan is considered to be a substantial amendment if it meets the following criteria:

**Remove:** Amendments are characterized by either an addition or deletion of any CDBG-DR funded program, any funding change greater than \$10 million of the CDBG-DR allocation, or any change in the designated beneficiaries of the program.

**Replace:** Amendments are characterized by either an addition or deletion of any CDBG-DR funded program, any funding change greater than \$30 million of the CDBG-DR allocation, or any change in the designated beneficiaries of the program.