

**State of California
Action Plan for Disaster Recovery
from 2018 Disasters
Action Plan Amendment No. 9**

California Department of Housing and Community Development

Non-Substantial Amendment

Effective Date: June 21, 2025

**For submission 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 2018 Disasters (FEMA DR-4382 and DR-4407)**



Table of Contents

I. Background and Summary of Changes 1

II. Action Plan Amendment..... 1

1. Action Plan Amendment Table (pages 7-9) 1

2. I. Summary of Changes for Action Plan Amendments.....6

3. I. Executive Summary7

4. IV. Proposed Disaster Recovery Programs 9

I. Background and Summary of Changes

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 DR-4382 for the 2018 wildfire season. The funds were released in two allocations: Public Law 115-254 Unmet Needs allocation of \$491,816,000 and Public Law 116-20 Unmet Needs allocation of \$525,583,000.

The California Department of Housing and Community Development (HCD) manages CDBG-DR funds, in accordance with the goals and objectives set forth in the state's initial HUD-approved Action Plan for 2018 disasters ("18DR-Action Plan").

This is a non-substantial Action Plan Amendment Number 9 (APA 9) that moves \$29,577,912 from the 2018 Owner Occupied Rehabilitation and Reconstruction Program (OOR) to the Disaster Recovery Multifamily Housing Program (DR-MHP). The OOR Program will continue to serve eligible applicants who have submitted applications prior to the program application deadline.

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 9 (APA 9) will address changes in the following items:

- **Executive Summary, Proposed Use of CDBG-DR Funds:** Provides an update for the budget adjustments to repurpose funds from the OOR Program to DR-MHP.
- **Proposed Disaster Recovery Programs, Programs Overviews:** Provides updates for program distribution and budget changes as follows:
 - OOR Program: This section is updated to reflect the movement of OOR funds to the DR-MHP.
 - DR-MHP: This section is updated to reflect the movement of OOR funds to the DR-MHP to prioritize the areas with an outstanding unmet need for rental housing. Additionally, edits were made to provide clarity and consistency on DR-MHP.

II. Action Plan Amendment

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

1. Action Plan Amendment Table (pages 7-9)

The table was updated to include a summary of the changes included in this amendment.

Remove:

Action Plan Amendment Table

Amendment	Substantial or Non-Substantial	HUD Review/Approval	Summary of Changes
No. 1	Non-Substantial	March 10, 2022	<ul style="list-style-type: none"> - Updated document formatting - Clarified unmet needs tables - Updated language related to protected classes, equity, and program design. - Updated Relocation Assistance and clarified eligible costs under Owner Occupied Rehab Program. - Increased program award cap to \$500,000. - Updated Multifamily Program unit size and affordable rent. - Clarified the priority of LMI projects in the Infrastructure Program. - Renamed the Workforce Recovery Program to the Workforce Development Program. - Clarification to admin and planning processes.
No. 2	Substantial	September 8, 2022	<ul style="list-style-type: none"> - Updated budget summary table to reflect changes in program allocation. - Housing Recovery Programs - added Homebuyer Assistance to the suite of housing recovery programs. - Multifamily Housing Programs updated eligible activity. - Infrastructure Recovery Program - added Paradise Sewer Project Architecture and Engineering (A&E) direct grant. - Economic Revitalization Programs, updated Workforce Development Program and removed the Small Business Recovery Program.

State of California 2018 CDBG-DR Action Plan

Department of Housing and Community Development



No 3	Non-Substantial	February 27, 2023	<ul style="list-style-type: none"> - Updated Homebuyer Assistance Program for HCD to enter into an agreement with a nonprofit subrecipient. - Updated Multifamily Housing Program to allocate Phase II funds to four eligible jurisdictions with project oversubscriptions.
No.4	Substantial	September 12, 2023	<ul style="list-style-type: none"> - Updated Owner Occupied Housing Rehabilitation and Reconstruction Program as follows: <ul style="list-style-type: none"> - Maximum Assistance to include the subsidized loan assistance to the program. - Updated deed restrictions. - Multifamily Housing Program: Updated to unmet needs section to change the program budget. - Updated Allocation Methodology to align with the budget update. - Infrastructure Program: Updated unmet needs section to change the program budget. - Workforce Development: Updated unmet needs section to change the program budget.
No.5	Non-Substantial	July 31, 2023	<ul style="list-style-type: none"> - Updated Multifamily Housing Program to provide clarification to the program policy when a Master Standard Agreement (MSA) is cancelled.
No.6	Non-Substantial	August 23, 2023	<ul style="list-style-type: none"> - Updated the Workforce Development Program Notice of Funding. Availability (NOFA). This amendment reallocates the funding based on the original methodology to the jurisdictions to meet unmet needs submitted through the NOFA.
No.7	Substantial	Submitted to HUD October 17, 2024	<ul style="list-style-type: none"> - This amendment closed the 2018 Owner Occupied Rehabilitation and Reconstruction Program (OOR) program to new applicants and reallocated \$105,220,977.02 from the (OOR) to the Disaster Recovery

State of California 2018 CDBG-DR Action Plan

Department of Housing and Community Development



			Multifamily Housing Program (DR-MHP), Homebuyer Assistance Program (HBA), Workforce Development, and Infrastructure Program.
No.8	Non-Substantial	Submit to HUD: February 18, 2025	<ul style="list-style-type: none"> – Updated and clarified language in the Homebuyer Assistance Program. – Increased the threshold for substantial amendment from \$10 to \$50 million.

Replace:

Action Plan Amendment Table

Amendment	Substantial or Non-Substantial	HUD Review/Approval	Summary of Changes
No. 1	Non-Substantial	March 10, 2022	<ul style="list-style-type: none"> - Updated document formatting - Clarified unmet needs tables - Updated language related to protected classes, equity, and program design. - Updated Relocation Assistance and clarified eligible costs under Owner Occupied Rehab Program. - Increased program award cap to \$500,000. - Updated Multifamily Program unit size and affordable rent. - Clarified the priority of LMI projects in the Infrastructure Program. - Renamed the Workforce Recovery Program to the Workforce Development Program. - Clarification to admin and planning processes.
No. 2	Substantial	September 8, 2022	<ul style="list-style-type: none"> - Updated budget summary table to reflect changes in program allocation. - Housing Recovery Programs - added Homebuyer Assistance to the suite of housing recovery programs.

State of California 2018 CDBG-DR Action Plan

Department of Housing and Community Development



			<ul style="list-style-type: none"> - Multifamily Housing Programs updated eligible activity. - Infrastructure Recovery Program - added Paradise Sewer Project Architecture and Engineering (A&E) direct grant. - Economic Revitalization Programs, updated Workforce Development Program and removed the Small Business Recovery Program.
No 3	Non-Substantial	February 27, 2023	<ul style="list-style-type: none"> - Updated Homebuyer Assistance Program for HCD to enter into an agreement with a nonprofit subrecipient. - Updated Multifamily Housing Program to allocate Phase II funds to four eligible jurisdictions with project oversubscriptions.
No.4	Substantial	September 12, 2023	<ul style="list-style-type: none"> - Updated Owner Occupied Housing Rehabilitation and Reconstruction Program as follows: <ul style="list-style-type: none"> - Maximum Assistance to include the subsidized loan assistance to the program. - Updated deed restrictions. - Multifamily Housing Program: Updated to unmet needs section to change the program budget. - Updated Allocation Methodology to align with the budget update. - Infrastructure Program: Updated unmet needs section to change the program budget. - Workforce Development: Updated unmet needs section to change the program budget.
No.5	Non-Substantial	July 31, 2023	<ul style="list-style-type: none"> - Updated Multifamily Housing Program to provide clarification to the program policy when a Master Standard Agreement (MSA) is cancelled.

State of California 2018 CDBG-DR Action Plan

Department of Housing and Community Development



No.6	Non-Substantial	August 23, 2023	<ul style="list-style-type: none"> - Updated the Workforce Development Program Notice of Funding Availability (NOFA). This amendment reallocates the funding based on the original methodology to the jurisdictions to meet unmet needs submitted through the NOFA.
No.7	Substantial	Submitted to HUD October 17, 2024	<ul style="list-style-type: none"> - This amendment closed the 2018 Owner Occupied Rehabilitation and Reconstruction Program (OOR) program to new applicants and reallocated \$105,220,977.02 from the (OOR) to the Disaster Recovery Multifamily Housing Program (DR-MHP), Homebuyer Assistance Program (HBA), Workforce Development, and Infrastructure Program.
No.8	Non-Substantial	Submit to HUD: February 18, 2025	<ul style="list-style-type: none"> - Updated and clarified language in the Homebuyer Assistance Program. - Increased the threshold for substantial amendment from \$10 to \$50 million.
No. 9	Non-Substantial	Submit to HUD: July 23, 2025	<ul style="list-style-type: none"> - This amendment moved \$22,554,540 from the closed OOR Program to the DR-MHP Program. - The amendment will allow a subrecipient to accept HCD's solicitation process should a project selected via a subrecipient's solicitation process need additional funds that HCD has available. - It also provided clarity and consistency on DR-MHP Program and removed inapplicable content.

2. I. Summary of Changes for Action Plan Amendments

Action Plan Amendment Number 9 (page 9)

This section was modified to include a summary of changes for APA 9. This amendment moved funds from the closed OOR Program to the DR-MHP. The funds became available with the successful closure of the OOR Program, which managed to meet the unmet need detailed in the action plan.

Add:

Action Plan Amendment Number 9

The 18DR-Action Plan Amendment Number 9 (APA 9) is a non-substantial amendment that repurposes \$22,554,540 from the 2018 Owner Occupied Rehabilitation and Reconstruction Program (OOR) to the Disaster Recovery Multifamily Housing Program (DR-MHP) to prioritize the areas with an outstanding unmet need for rental housing.

The amendment will allow a subrecipient to accept HCD's solicitation process should a project selected via a subrecipient's solicitation process need additional funds that HCD has available.

Edits also provide clarity and consistency on multifamily program and removes inapplicable content, such as details on a small rental program that was eliminated following a collaborative process with subrecipients.

3. I. Executive Summary

4. Proposed Use of CDBG-DR Funds (page 20)

This section was modified to describe the movement of funds from the OOR Program to the DR-MHP Program to support projects in areas with an ongoing unmet need for rental housing. Additionally, this section was modified to explain additional changes introduced by APA 9.

Add:

The Action Plan Amendment Number 9 (APA 9) repurposes \$22,554,540 from the Owner-Occupied Rehabilitation and Reconstruction Program (OOR) to the Disaster Recovery-Multifamily Housing Program (DR-MHP) to support projects in areas with an ongoing unmet need for rental housing. The funds became available with the successful closure of the OOR Program, which met the remaining unmet need of eligible impacted homeowners as detailed in the action plan. The APA 9 also provides clarity and consistency on DR-MHP and removes inapplicable content, such as details on a small rental program that was eliminated following a collaborative process with subrecipients.

FIGURE 2: 2018 CDBG-DR BUDGET SUMMARY – APA 9 BUDGET

Program	APA 8 Budget	APA 9 Change	APA 9 Budget	Percentage of Total
Total CDBG-DR Funds	\$1,017,399,000	N/A	\$1,017,399,000	100.00%
Housing	\$528,529,351	N/A	\$528,529,351	51.94%
Owner-Occupied Rehabilitation and Reconstruction	\$117,162,645	\$(22,554,540)	\$94,608,105	9.29%
Homebuyer Assistance Program	\$42,676,926	N/A	\$42,676,926	4.19%
Multifamily Housing Program	\$368,689,780	\$22,554,540	\$391,244,320	38.45%

Infrastructure	\$389,668,187	N/A	\$389,668,187	38.30%
Local Infrastructure /FEMA Match	\$359,668,187	N/A	\$359,668,187	35.35%
Paradise Sewer A&E	\$30,000,000	N/A	\$30,000.00	2.95%
Economic Revitalization	\$47,549,551	N/A	\$47,549,351	4.67%
Workforce Development	\$47,549,351	N/A	\$47,549,351	4.67%
Planning	\$782,161	N/A	\$782,161	0.08%
Regional & Local Planning Activities	\$782,161	N/A	\$782,161	0.08%
Administration	\$50,869,950	N/A	\$50,869,950	5.00%
2018 Administration	\$50,869,950	N/A	\$50,869,950	5.00%

4. Proposed Use of CDBG-DR Funds (page 26)

This section was modified to incorporate changes in DR-MHP Program focus, including deprioritizing small rental projects, based on limited resources and reevaluation of the unmet needs.

Remove: The Owner-Occupied Rehabilitation Program, as originally articulated in the initial Action Plan as a stand-alone program will close for new applicants as of January 31, 2024. The program will continue to assist eligible applicants who submitted applications prior to the deadline.

The multifamily housing program will allow local governments to identify, select, and submit potential projects to the state for eligibility and compliance review, approval, and funding. Local governments that receive funds will work with qualified developers and contractors to construct the developments. Assistance will also be available for the rehabilitation and reconstruction of small rental properties (properties with up to seven units total). Both the multifamily program and the small rental program are aimed at assisting renters impacted by the disasters.

Replace: The 2018 Owner-Occupied Rehabilitation Program, as originally articulated in the initial Action Plan as a stand-alone program will close for new applicants as of January 31, 2024. The program will continue to assist eligible applicants who submitted applications prior to the deadline.

The multifamily housing program allows local governments to identify, select, and submit potential projects to the state for eligibility and compliance review, approval, and funding. Local governments that receive funds work with qualified developers to construct the developments. Assistance was made available for the rehabilitation and reconstruction of small rental properties (properties with up to seven units total) for interested jurisdictions. Both the multifamily program and the small rental program aim to assist renters impacted by the disasters. A collaborative planning and program design effort followed, which ultimately determined that a small rental program was not a local priority given limited resource.

4. IV. Proposed Disaster Recovery Programs

A. Connection to Unmet Needs

Allocation of Funds (page 153)

A budget summary table was added to reflect the state allocations for APA 9.

Add:

FIGURE 96: CDBG-DR PROGRAM BUDGET (APA 9)

PROGRAM	PROGRAM ALLOCATION	PERCENTAGE OF TOTAL
Housing Programs	\$528,529,351	51.94%
Infrastructure	\$389,668,187	35.35%
Economic Revitalization	\$47,549,351	4.67%
Planning	\$782,161	.08%
Administration	\$50,869,950	5.0%
Total CDBG-DR Funds	\$1,017,399,000	100.0%

Program Allocations

1. HCD Administered Programs

1. HCD Administered (page 156)

Sections below were modified to reflect updates to the OOR Program allocation.

Remove: Owner-Occupied Housing Rehabilitation and Reconstruction Program: Based on the unmet recovery needs, HCD will allocate \$205,107,638 to build on their 2018 disaster recovery program and directly operate an Owner-Occupied Housing Rehabilitation and Reconstruction Program. HCD CDBG-DR Program Implementation staff will oversee an outreach and application intake process, environmental review and construction management program for homeowners whose homes were damaged or destroyed. The state will prioritize homeowners based on tiers which are outlined in 95: Owner occupied Housing Recovery Applicant Prioritization. HCD has procured a qualified vendor to perform full scale program management duties to augment HCD capacity and ensure high quality customer service delivery. Program staff will work with the vendor to maintain program timeliness, provide oversight, and ensure all levels of the program are compliant. This represents 20 percent of the program funds towards owner-occupied reconstruction.

Replace: Owner-Occupied Housing Rehabilitation and Reconstruction Program: Based

on the unmet recovery needs, HCD will allocate \$94,608,105 to build on their 2018 disaster recovery program and directly operate an Owner-Occupied Housing Rehabilitation and Reconstruction Program. HCD CDBG-DR Program Implementation staff will oversee an outreach and application intake process, environmental review and construction management program for homeowners whose homes were damaged or destroyed. The state will prioritize homeowners based on tiers which are outlined in 95: Owner occupied Housing Recovery Applicant Prioritization. HCD has procured a qualified vendor to perform full scale program management duties to augment HCD capacity and ensure high quality customer service delivery. Program staff will work with the vendor to maintain program timeliness, provide oversight, and ensure all levels of the program are compliant. This represents 9.29 percent of the program funds towards owner-occupied reconstruction.

Program Overviews

Housing Recovery Programs

Owner Occupied Housing Rehabilitation and Reconstruction Program (page 159)

Remove: The program will provide rehabilitation or reconstruction assistance to eligible applicants based on the extent of damage to their primary residences.

1. Allocation Amount: \$222,383,622.19

Replace: The program will provide rehabilitation or reconstruction assistance to eligible applicants based on the extent of damage to their primary residences.

1. Allocation Amount: \$94,608,105

Multifamily Housing Program

1. Unmet Needs (page 166)

Section below was modified to reflect updates to the DR-MHP Program allocation.

Remove: The unmet needs analysis identified significantly less damage to rental property than owner-occupied units. However, the impact to LMI populations were higher among renters than homeowners, and the state recognizes that renters are often harder to track, and the state is in need of additional affordable housing. Multifamily housing projects will be funded to address the unmet housing recovery need. Of the \$529,855,816.20 identified to address the housing recovery need, \$281,139,507.36 will be used to address the rental housing recovery need through multifamily housing development.

Replace: The unmet needs analysis identified significantly less damage to rental property than owner-occupied units. However, the impact to LMI populations were higher among renters than homeowners, and the state recognizes that renters are often harder to track, and the state is in need of additional affordable housing. Multifamily housing projects will be funded to address the unmet housing recovery need. Of the \$528,529,351 identified to address the housing recovery need, \$391,244,320 will be

used to address the rental housing recovery need through multifamily housing development.

4. Maximum Assistance (pages 166-167)

Terminology was adjusted to the program requirements. Additionally, per unit subsidy limit policy was modified for select cases, and a paragraph was moved to a more appropriate section.

Remove: If HUD has issued a regional per-unit subsidy increase for the participating subrecipient, the alternative subsidy amount may be used, up to 240 percent of the HOME subsidy limit. The minimum threshold for multifamily housing project participation is a total project cost of \$250,000 per project.

Replace: If HUD has issued a regional per-unit subsidy increase for the participating jurisdiction, the alternative subsidy amount may be used, up to 240 percent of the HOME subsidy limit. The minimum threshold for multifamily housing project participation is a total project cost of \$250,000 per project.

Remove: The appropriate HOME cost allocation will be used on a per-project basis to ensure that CDBG-DR funds are applied to a proportionate share of total development cost. Individual projects are not subject to a funding cap, but subrecipients may not request CDBG-DR funds greater than the allocations indicated in the Allocation Methodology section and 105 below. Furthermore, projects are subject to the per-unit funding limit in 104 above. If subrecipients who have executed a Master Standard Agreement (MSA) with HCD fail to meet performance milestones or other contractual requirements, HCD may cancel the MSA. HCD may include any unused funds from cancelled MSA(s) in a Notice of Funding Availability (NOFA) for developers to directly apply for project funding. To the extent feasible, the NOFA will utilize the unused funds in their original geographical area. The NOFA requirements will be set out in the Program policies and procedures.

Replace: The appropriate HOME cost allocation will be used on a per-project basis to ensure that CDBG-DR funds are applied to a proportionate share of total development cost. Individual projects are not subject to a funding cap, but subrecipients may not request CDBG-DR funds greater than the allocations indicated in the Allocation Methodology section and Figure 104 below. Furthermore, projects are subject to the per-unit funding limit in Figure 103 above. In select cases, HCD may waive the per-unit subsidy limit to advance key recovery projects while ensuring cost reasonableness.

6. Allocation Methodology (page 168)

The additions below provide further explanation how APA 9 will address the remaining unmet needs. The modification will allow a subrecipient to accept HCD's solicitation process should a project selected via a subrecipient's solicitation process need additional funds that HCD has available.

Add: As of early 2025, several jurisdiction-approved projects are unable to secure other competitive housing funds needed to begin construction. This lack of competitiveness for

other funding indicates a remaining unmet need for housing resources in these jurisdictions. HCD has worked with jurisdictions to determine remaining project-specific funding gaps and through APA 9 will allocate additional funds to advance stalled projects.

HCD is making a change to the 2018 DR-MHP solicitation process to allow a subrecipient to select a project to receive an award that did not apply to the subrecipient's local Project Solicitation Process; provided that a) HCD has funds available, b) HCD has agreed to provide funding to the project that is awarded under another HCD DR-MHP NOFA or solicitation, and c) the selected project can complete construction and meet the National Objective prior to the 2018 grant closeout deadline.

Also, new tables detailing updated allocations for the DR-MHP were added.

Remove:

Figure 94 shows the updated allocations.

In 2021 and 2022, several jurisdictions decided to defer or decline their allocation. Figure 104 shows the updated allocations.

Figure 94: DR-MHP Allocation in MID (APA 7)

Jurisdiction	Additional Allocation Amount (proposed allocation)
County of Butte	\$10,619,642
County of Butte	\$17,870,696
County of Butte	\$18,511,098
Town of Paradise	\$28,801,012
City of Clearlake	\$11,747,825
TOTAL	\$87,550,273

Replace:

Figure 104 shows the updated allocations.

Figure 104: DR-MHP Allocation in MID (APA 9)

Jurisdiction	Additional Allocation Amount (proposed allocation)
County of Shasta	\$10,837,586
County of Ventura	\$11,716,954
TOTAL	\$22,554,540

Add:

FIGURE 105: MULTIFAMILY HOUSING RECOVERY BY SUBRECIPIENT ALLOCATION (APA 9)

	% OF TOTAL	APA 7 MF ALLOCATION	APA 9 MF CHANGE	APA 9 MF ALLOCATION
Total	100%	\$336,497,102	22,554,540	\$359,051,642
Butte County	70%	\$254,784,821	--	\$254,784,821
Butte County	32%	\$118,186,473	--	\$118,186,473
Chico	9%	\$32,496,114	--	\$32,496,114
Gridley	1%	\$2,394,037	--	\$2,394,037
Oroville	5%	\$17,000,089	--	\$17,000,089
Paradise	23%	\$84,707,672	--	\$84,707,672
Lake County	9%	\$25,656,518	--	\$25,656,518
Lake County		--	--	--
Clearlake	6%	\$15,650,917	--	\$15,650,917
Lakeport	3%	\$10,005,601	--	\$10,005,601
Los Angeles County	8%	\$28,820,889	--	\$28,820,889
Los Angeles County	1%	\$2,708,009	--	\$2,708,010
Agoura Hills	7%	\$26,112,880	--	\$26,112,880
Calabasas		--	--	--
Malibu		--	--	--
Shasta County	16%	\$23,214,313	\$10,837,586	\$34,051,899
Shasta County	4%	\$5,023,554	\$10,837,586	\$15,861,140
Redding	5%	\$16,660,145	--	\$16,660,145
Anderson		--	--	--
Shasta Lake	0%	\$1,530,614	--	\$1,530,614
Ventura County	4%	\$3,434,070.05	\$11,716,954	\$15,151,024
Ventura County	4%	\$3,434,070.05	\$11,716,954	\$15,151,024
Thousand Oaks		--	--	--
Uncommitted Funds			\$586,491	\$586,491

7. Delivery (page 172)

In this section, language was refined. Also, a paragraph was moved from another section for a more appropriate placement.

Remove: Notices to Proceed. Their role will include the procurement of qualified developers and/or construction contractors, project management, environmental reviews, compliance monitoring (including Section 3 and applicable labor and wage requirements),

construction management, and project closeout. Subrecipients will open solicitations to qualified developers with projects. Procurements of developers and contractors must adhere to the procurement requirements set forth in 2 CFR Part 200.218 – 200.326. Construction advertisement and procurement will include notifying minority and women-owned businesses of contracting opportunities available for federally assisted projects.

Replace: Notices to Proceed. Their role will include the selection of qualified developers, program management, environmental reviews, compliance monitoring (including Section 3 and applicable labor and wage requirements), construction oversight, and project closeout. Subrecipients will open solicitations to qualified developers with projects. Procurements of developers and contractors must adhere to the procurement requirements set forth in 2 CFR Part 200.218 – 200.326.

If subrecipients who have executed a Master Standard Agreement (MSA) with HCD fail to meet performance milestones or other contractual requirements, HCD may cancel the MSA. HCD may include any unused funds from cancelled MSA(s) in a Notice of Funding Availability (NOFA) for developers to directly apply for project funding. To the extent feasible, the NOFA will utilize the unused funds in their original geographical area. The NOFA requirements will be set out in the Program policies and procedures.

8. Project Eligibility (pages 173-174)

Language was refined for consistency with the Program requirements and clarified to incorporate changes in Program focus based on limited resources and reevaluation of the unmet needs. Also, a clarification on rent standards was provided.

Remove:

8. Delivery

Eligibility of multifamily housing project proposals will be assessed by HCD. Specific eligibility criteria include:

- The proposed project must be located in a Most Impacted and Distressed area or otherwise have been impacted by DR-4382 or DR-4407.
- The proposed project must have a minimum of eight total units for multifamily and will be 1-7 for Small Rental.
- The proposed project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater, for projects with eight or more total units. Small Rental Minimum affordable units will be established to ensure financial viability of projects and will be further defined in the program policies and procedures.
- Maximum Rents: HCD is proposing to establish program affordable rents at the annual High HOME rents for each applicable area. For those units that are for Extremely Low-Income Households, HCD is proposing to establish program affordable rents at the CTCAC rents for 30 percent AMI for each applicable area.
- The proposed project must meet one of the HCD project types defined in the “2019 Multifamily Housing Program Final Guidelines” Article 2, Section 7302(e)(1-5). This requirement may not be applicable to Small Rental projects, with a final determination to

be made in the program policies and procedures.

- All sources of funding required to complete the project must be identified and secured or readily accessible.
- The proposed project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or by comparing submitted costs to an independent cost estimate.
- The proposed project must not exceed the HOME per-unit subsidy limit. This requirement may not be applicable to Small Rental projects, with a final determination to be made in the program policies and procedures. The proposed project must meet the following affordable rent requirements and tenant income limits over the duration of the minimum affordability period. At a minimum, the following thresholds must be adhered to in all projects:
 - HCD will determine the percent of units in an approved multifamily development that will be leased to tenants with an income of up to 80 percent of the area median income (AMI) based on regulatory and program requirements.
- Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the rehabilitation or reconstruction of multifamily rental projects with eight or more units and a minimum affordability period of 20 years for the new construction of multifamily rental units with five or more units. Multifamily projects with funding sources that require longer affordability periods will have the longer affordability period prevail over the 15 - or 20-year requirement. This requirement may not be applicable to Small Rental projects, with a final determination to be made in the program policies and procedures.

HCD will monitor subgrantees to ensure that appropriate environmental reviews, award closings, monitoring, and closeout are conducted on a per-project basis. HCD will also monitor to ensure that the specific requirements of other funding sources committed to the project are also satisfactorily met. A monitoring plan will be established with the subgrantee upon closing of the grant award.

Details on affordable rent requirements, tenant income limits, and minimum affordability period can also be found under Section III, part 1(d).

Replace:

8. Project Eligibility

Eligibility of multifamily housing project proposals will be assessed by HCD. Specific eligibility criteria include:

- The proposed project must be located in a Most Impacted and Distressed area or otherwise have been impacted by DR-4382 or DR-4407.
- The proposed project must have a minimum of eight total units.
- The proposed project must have a minimum of four affordable units or 30 percent of

units must be affordable units, whichever is greater, for projects with eight or more total units.

- Maximum Rents: HCD is proposing to establish program affordable rents at the annual High HOME rents for each applicable area. For those units that are for Extremely Low-Income Households, HCD is proposing to establish program affordable rents at the CTCAC rents for 30 percent AMI for each applicable area. HCD may accept alternative rent standards on a case-by-case basis to facilitate compliance with other project funding sources.
- The proposed project must meet one of the HCD project types defined in the “2019 Multifamily Housing Program Final Guidelines” Article 2, Section 7302(e)(1-5).
- All sources of funding required to complete the project must be identified and secured or readily accessible.
- The proposed project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or by comparing submitted costs to an independent cost estimate.
- The proposed project must not exceed the HOME per-unit subsidy limit, unless HCD issues a waiver. The proposed project must meet the following affordable rent requirements and tenant income limits over the duration of the minimum affordability period. At a minimum, the following thresholds must be adhered to in all projects:
 - HCD will determine the percent of units in an approved multifamily development that will be leased to tenants with an income of up to 80 percent of the area median income (AMI) based on regulatory and program requirements.
- Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the rehabilitation or reconstruction of multifamily rental projects with eight or more units and a minimum affordability period of 20 years for the new construction of multifamily rental units with five or more units. Multifamily projects with funding sources that require longer affordability periods will have the longer affordability period prevail over the 15 - or 20-year requirement.

HCD will monitor subrecipients to ensure that appropriate environmental reviews, award closings, monitoring, and closeout are conducted on a per-project basis. HCD will also monitor to ensure that the specific requirements of other funding sources committed to the project are also satisfactorily met. A monitoring plan will be established with the subrecipient upon closing of the grant award.

Details on affordable rent requirements, tenant income limits, and minimum affordability period can also be found under Section III, part 1(d).

11. Form of Assistance (page 176)

A paragraph was moved to a more appropriate section.

Remove:

11. Form of Assistance

Selected proposals will be funded by grant on a reimbursement basis via a Standard Agreement between HCD and the subgrantee. Specific payment terms and conditions are outlined in the MSA. The MSA will define financial and property management requirements as well as remedies to correct deficient or non-compliant projects. Master Standard Agreements will also contain CDBG-DR recapture provisions for non-performance or breach of subrecipient responsibility. HCD will monitor construction agreements between the subrecipient and the developer or contractor to ensure that proper financial controls and safeguards are in place to protect CDBG -DR funds.

If subrecipients who have executed a Master Standard Agreement (MSA) with HCD fail to meet performance milestones or other contractual requirements, HCD may cancel the MSA. HCD may include any unused funds from cancelled MSA(s) in a Notice of Funding Availability (NOFA) for developers to directly apply for project funding. To the extent feasible, the NOFA will utilize the unused funds in their original geographical area. The NOFA requirements will be set out in the Program policies and procedures.

Replace:

11. Form of Assistance

Selected proposals will be funded by grant on a reimbursement basis via a Standard Agreement between HCD and the subgrantee. Specific payment terms and conditions are outlined in the MSA. The MSA will define financial and property management requirements as well as remedies to correct deficient or non-compliant projects. Master Standard Agreements will also contain CDBG-DR recapture provisions for non-performance or breach of subrecipient responsibility. HCD will monitor construction agreements between the subrecipient and the developer to ensure that proper financial controls and safeguards are in place to protect CDBG -DR funds.

14. Small Rental Projects (1-7 units) (pages 176-177)

This section was removed to reflect changes in Program focus to deprioritizing small rental projects based on limited resources and reevaluation of the unmet needs.

Remove:

14. Small Rental Projects (1-7 units)

Small rental recovery funding will address rental housing needs through rehabilitation, reconstruction, or new construction of one-to-seven-unit housing opportunities on a single site or on scattered sites within DR-4382 or DR-4407 disaster-impacted areas. Sites shall be appropriately zoned to accommodate the housing unit(s) and have appropriate access to water and electric utility service. A dwelling unit is defined as having complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

Subject to the Department's determination of economic feasibility within a housing market area, the Small Rental program will be offered by Multifamily Housing program subrecipients that elect to set-aside a portion of their allocation for Small Rental projects. Small Rental program activities will be regulated through separate policies and procedures designed specifically for smaller-scale rental projects.

For any Small Rental housing project, at least 51 percent of the units in the project must be reserved for low- and moderate-income renters and rents shall not exceed the High HOME Investment Partnerships program (HOME) rent limits published by HUD. The High HOME rents for a jurisdiction are the lesser of the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits published by HUD include average occupancy per unit and adjusted income assumptions.

Other federal and state requirements may apply, as applicable, including but not limited to: Duplication of Benefits, National Environmental Policy Act, National Floodplain Elevation Standards, Broadband Infrastructure pursuant to 83 FRN 40314 for projects with more than four rental units, accessibility requirements under Section 504 of the Rehabilitation Act and the federal Fair Housing Act, State prevailing wages, Section 3 of the Housing and Community Development Act of 1968, Minority and Women Business Enterprise (M/WBE), Uniform Relocation Assistance and Real Property Acquisition Act, Lead-Safe Housing Rule, CalGreen, Wildlife Urban Interface, Article XXXIV - Section 1 of the California Constitution, California Building Codes, and Resilient Home Construction Standards.

All requirements of the Small Rental program within the Multi-family Housing Program will be detailed in the Small Rental program policies and procedures manual and guidance provided to subrecipients and prospective developers.

Infrastructure Recovery Program

E. Paradise Sewer Project A&E

9. Unmet Needs (page 181)

This section was modified to reflect the correct allocation for Infrastructure Recovery Programs.

Remove: Funding stand-alone infrastructure projects that tie to DR-4382 or DR-4407 and the local portion of the non-federal share match on federal disaster-related grants in support of housing meet the requirement to address housing recovery needs first. Necessary infrastructure recovery must be complete before housing recovery is complete. The unmet needs assessment identified \$2,838,348,374 in unmet infrastructure recovery needs. Of the CDBG-DR funds received, \$389,348,700.80 will be used for Infrastructure Recovery Programs, which includes an estimated 38 percent of the total program allocation.

FIGURE 1: UNMET INFRASTRUCTURE RECOVERY NEED

CATEGORY	IDENTIFIED UNMET NEED	CDBG-DR FUNDED
Infrastructure Recovery	\$2,838,348,374	\$347,428,488

Replace: Funding stand-alone infrastructure projects that tie to DR-4382 or DR-4407 and the local portion of the non-federal share match on federal disaster-related grants in support of housing meet the requirement to address housing recovery needs first. Necessary infrastructure recovery must be complete before housing recovery is complete. The unmet needs assessment identified \$2,838,348,374 in unmet infrastructure recovery needs. Of the CDBG-DR funds received, \$389,668,187 will be used for Infrastructure Recovery Programs, which includes an estimated 38 percent of the total program allocation.

FIGURE 110: UNMET INFRASTRUCTURE RECOVERY NEED

CATEGORY	IDENTIFIED UNMET NEED	CDBG-DR FUNDED
Infrastructure Recovery	\$2,838,348,374	\$389,668,187

E. Paradise Sewer Project A&E

Unmet Needs (page 183)

This section was modified to reflect the correct allocation for Infrastructure Recovery Programs.

Remove: Funding stand-alone infrastructure projects that tie to DR-4382 or DR-4407 and the local portion of the non-federal share match on federal disaster-related grants in support of housing meet the requirement to address housing recovery needs first. Necessary infrastructure recovery must be complete before housing recovery is complete. The unmet needs assessment identified \$2,838,348,374 in unmet infrastructure recovery needs. Of the CDBG-DR funds received, \$389,348,700.80 will be used for Infrastructure Recovery Programs, which includes an estimated 38 percent of the total program allocation.

Funding stand-alone infrastructure projects that tie to DR-4382 or DR-4407 and the local portion of the non-federal share match on federal disaster-related grants PA Match for infrastructure recovery is consistent in support of housing meet the with the requirement to address housing recovery needs first. Necessary infrastructure recovery must be complete before housing recovery is complete. The unmet needs assessment identified

\$2.8B in unmet infrastructure recovery needs. Of the CDBG-DR funds received, \$309M will be used for Infrastructure Recovery Programs. The unmet needs assessment identified \$2,838,348,374 in unmet infrastructure recovery needs. Of the CDBG-DR funds received, \$317,428,488 will be used for Infrastructure Recovery Programs, which includes an estimated 38 percent of the total program allocation.

FIGURE 97: UNMET INFRASTRUCTURE RECOVERY NEED

CATEGORY	IDENTIFIED UNMET NEED	CDBG-DR FUNDED
Infrastructure Recovery	\$2,838,348,374	\$389,668,186.81

Replace: Funding stand-alone infrastructure projects that tie to DR-4382 or DR-4407 and the local portion of the non-federal share match on federal disaster-related grants in support of housing meet the requirement to address housing recovery needs first. Necessary infrastructure recovery must be complete before housing recovery is complete. The unmet needs assessment identified \$2,838,348,374 in unmet infrastructure recovery needs. Of the CDBG-DR funds received, \$389,668,187 will be used for Infrastructure Recovery Programs, which includes an estimated 38 percent of the total program allocation.

FIGURE 111: UNMET INFRASTRUCTURE RECOVERY NEED

CATEGORY	IDENTIFIED UNMET NEED	CDBG-DR FUNDED
Infrastructure Recovery	\$2,838,348,374	\$389,668,187