



California Department of Housing and Community Development

Community Development Block Grant-Disaster Recovery
2020/2021 Action Plan – Amendment 6

Non-Substantial Amendment Effective date:
February 2025.



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I. Background and Summary of Changes

On February 3, 2022, the U.S. Department of Housing and Urban Development (HUD) allocated \$231,203,000 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-4558 and DR-4569 through the publication of the Federal Register, Vol. 87, No. 23, February 3, 2022 ([87 FR 6364](#)). This allocation was made available through Public Law 117-43.

Additionally, under the authority of Public Law 117-43, HUD announced on May 24, 2022, through Federal Register publication [87 FR 31636](#), California would be receiving \$14,761,000 in CDBG-DR funding for the 2021 disaster, FEMA DR-4610. Then, subsequently, on November 30, 2022, [HUD announced through a press release: HUD Announces \\$1.447 Billion for 2021 Disaster Recovery and Mitigation | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#), that California would be receiving an additional \$9,647,000 in CDBG-DR funding for DR-4610, for a total allocation of \$24,408,000. This additional funding is officially authorized through the January 18, 2023, Federal Register publication [88 FR 3198](#).

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 2020 and 2021 disasters (“2020 and 2021 DR-Action Plan”).

This is a non-substantial Action Plan Amendment Number 6 (APA 6) 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 6 (APA 6) will address changes in the following items:

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- **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.
- **Homebuyer Assistance Program:** Edits in this section modify and remove provisions that are not applicable, 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.

II. Action Plan Amendments

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

A. List of Changes

1. 3. General Requirements

3.6 Amendments

3.6.1 Substantial Amendment (page 173)

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

Remove: The allocation or reallocation of \$10,000,000

Replace: The allocation or reallocation of \$30,000,000

2. 5. Program Details

5.1 2020 Homebuyer Assistance Program

Program Affordability Period (page 209)

This section was removed because the Program does not need to establish an affordability period. The Program only needs to establish an ownership period.

Remove: Program Affordability Period is a minimum of two years.

Program National Objective(s)

Eligible Program Costs (page 209)

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

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:

- 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), except for taxes and insurance. These are usual and customary, homeowner expenses.

Replace:

- 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.

Form of Assistance (page 210)

This change aligns the Program with the first mortgage pricing.

Remove: Funding for HBA is provided in a forgivable loan. Term of forgiveness is a minimum of 2 years.

Replace: Funding for HBA is provided in a forgivable loan. Term of forgiveness is a minimum of five years.

Program Responsible Entity (page 210)

This text is removed because the content is incompatible with the HBA Program.

Remove: HCD will directly administer the Multifamily Program and will directly solicit applications for affordable housing development projects. Funding will be made available to applicants by HCD through a Notice of Funding Availability (NOFA) process whereby applicants will compete for funds in one of six regional set-asides based on the location of the proposed project.

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Other Program Details (page 210)

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: 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 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: 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.

Program Method of Distribution Description/Overview (page 210)

A part of this section was removed because it is not applicable any longer. This alteration also reflects a change in the mode of funding distribution.

Remove: In partnership with the OOR program intake process, HCD will provide a Homebuyer Assistance Program (HBA) as an additional programmatic option to its housing recovery portfolio to meet the needs of those impacted by the 2020 disasters.

Remove: HBA will be a standalone program run by HCD with the assistance of either a state agency partner or a procured contractor and will provide down payment and other housing assistance to low- to moderate-income disaster impacted survivors, enabling them to relocate outside of high-risk areas or the disaster declared areas.

Replace: HBA will be a standalone program run by HCD with the assistance of either a state agency partner or a procured contractor or with the assistance of a non-profit organization under a direct subrecipient agreement between HCD and the non-profit organization and will provide down payment and other housing assistance to low- to moderate-income disaster impacted survivors, enabling them to relocate outside of high-risk areas or the disaster declared areas.