



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

Mr. Gustavo Velasquez
Director
Department of Housing and Community Development
State of California
2020 West El Camino Ave.
Sacramento, CA 95833-1876

Dear Mr. Velasquez:

The Department is approving the State of California's Action Plan for Community Development Block Grant disaster recovery (CDBG-DR) funds appropriated by the Supplemental Appropriations for Disaster Relief Act, 2018 Public Law (P.L.) 115-254 and Additional Supplemental Appropriations for Disaster Relief Act, 2019 P.L. 116-20. On January 27, 2020, the Department announced via a *Federal Register* Notice the allocation of \$3.8 billion CDBG-DR funds for the purpose of assisting in long-term recovery from major disasters that occurred in 2017, 2018, and 2019. The State of California was allocated \$1,017,399,000 from this appropriation and identified the Department of Housing and Community Development as its administrative agency for the funds. This letter transmits the enclosed CDBG-DR grant agreement for \$1,017,399,000, which will be administered under the following grant numbers: B-19-DV-06-0001 in the amount of \$491,816,000 and B-19-DV-06-0002 in the amount of \$525,583,000.

Consistent with the January 27, 2020, Notice, the Department of Housing and Community Development submitted the CDBG-DR Action Plan to HUD on August 28, 2020, which includes activities to assist in long-term recovery from major disasters. Subsequently, at the Department's request, the State of California submitted revisions on October 2, 2020, which addressed all *Federal Register* Notice requirements for approval and must be made available to the public via the grantee's website. Posting the Action Plan gives the public and other key stakeholders the opportunity to review the Action Plan.

The Department has concerns regarding the State's assessment of unmet recovery needs, and the assessment of needs of vulnerable populations. The State's Action Plan included data on vulnerable populations, but it remains unclear how the State used this data to comprehensively assess unmet needs. The Department will schedule targeted technical assistance with State disaster recovery staff to improve the State's ongoing review of unmet recovery needs, especially the needs of vulnerable populations.

The submitted Action Plan proposes several projects and programs that meet the requirements of the *Federal Register* Notice. The list of CDBG-DR funded programs and respective budgets are in the CDBG-DR Disaster Allocation Table below.

Table 1: CDBG-DR Disaster Allocation

Activity	New Funding	% of Total
Housing Programs		
Owner-Occupied Rehabilitation and Reconstruction	\$205,107,638	20%
Multi-family and Small Rental Housing	\$279,983,672	28%
Infrastructure		
Local Infrastructure and FEMA Match	\$354,524,780	35%
Economic Revitalization		
Workforce Development	\$40,695,960	4%
Planning		
Regional and Local Planning Activities	\$86,217,000	8%
Administration	\$50,869,950	5%
Total	\$1,017,399,000	100%

The Department also takes this opportunity to highlight that at least 70 percent of funds must be used to support activities benefiting low- and moderate-income persons. Further, the January 27, 2020, Notice requires grantees to primarily consider and address unmet housing needs. A grantee may also allocate funds to address unmet economic revitalization and infrastructure needs, but in doing so, the grantee must identify how unmet housing needs will be addressed or how its economic revitalization or infrastructure activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas. Additionally, the State must expend at least 80 percent of the total award amount within the HUD-identified “most impacted and distressed” areas as defined in the applicable *Federal Register* Notice.

The State of California must execute the enclosed grant agreements to obligate the CDBG-DR funds. Please sign and return a copy for HUD’s signature via email to disaster_recovery@hud.gov. The date of HUD’s signature on the grant agreement is the date on which the funds are obligated. All funds obligated for this grant must be expended within the six years of the obligation date of this grant agreement.

The Department remains committed to assisting the State of California’s Department of Housing and Community Development in its efforts to address the State of California’s recovery needs and looks forward to working with you and your staff to achieve this goal. If you have any questions regarding the information in this letter, please contact Jessie Handforth Kome, Director, Office of Block Grant Assistance, at (202) 708-3587.

Sincerely,

John Gibbs
Assistant Secretary (Acting)

Enclosures