State of California 2025 – 2029 Federal Consolidated Plan and 2025 – 2026 Annual Action Plan

First Amendment - Substantial

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DRAFT

November 3, 2025

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State of California
2025 – 2029 Federal Consolidated Plan and 2025 – 2026 Annual Action Plan First Amendment - Substantial

Background

The State of California's 2025–2029 Federal Consolidated Plan (Con Plan) is a United States Department of Housing and Community Development (HUD) required strategic planning document that identifies housing and community development needs, analyzes market conditions, and sets priorities and goals on behalf of the communities and population groups served by annual federal funds provided by HUD and administered by the State of California.

The Con Plan includes the following annual federal programs administered by the California Department of Housing and Community Development (HCD): Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnerships Program (HOME), and National Housing Trust Fund (NHTF). The Con Plan also includes the Housing for Persons With AIDS (HOPWA) program, administered by the California Department of Public Health. These state-administered federal funds are available, with exceptions (ESG and NHTF), only within cities and counties that do not receive funds for these programs directly from HUD. These cities and counties are known as "non-entitlement" jurisdictions or nonparticipating jurisdictions (PJs), depending on the program. The Con Plan is developed through community engagement and data analysis and includes a one-year Annual Action Plan (AAP) detailing how first-year goals will be implemented.

Purpose of the Amendment

The First Substantial Amendment to California's 2025–2029 Con Plan and 2025–2026 AAP makes the following changes:

- updates the Method of Distribution for the HOME program to increase flexibility in how funds are made available to improve expenditure rates and maximize community benefit;
- clarifies language about establishing preferences for particular populations in HOME funded programs;
- adjusts outcome and funding data based on awarded activities and anticipated future year federal funding amounts within the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), National

Housing Trust Fund (NHTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) funding.

The changes will help the state better support affordable housing development and more accurately reflect the anticipated outcomes in all areas including reducing homelessness, improving infrastructure, and boosting local economies, especially in low- and moderate-income areas.

Key Updates

Program Goals and Outcomes

The amendment updates goals related to affordable housing development and preservation, homelessness prevention and response, infrastructure improvements, and economic development. These updates reflect current funding levels and anticipated program performance.

Summary of AP-30 HOME Program Changes

The AP-30 section was revised to expand the flexibility of the HOME program's Methods of Distribution (MODs). The amendment removed the previous fixed MOD structure and replaced it with a broader framework that allows HCD to use competitive Notices of Funding Availability (NOFAs), Over-The-Counter (OTC) NOFAs, Project or Program Solicitations, or Direct Funding. This change enables HCD to respond more effectively to project readiness, funding gaps, and HUD expenditure deadlines.

Fixed grant size limits were removed, and the amendment now allows HCD to set those limits in each NOFA or solicitation. It also permits increasing funding limits for previously awarded projects that need additional support.

Additionally, the amendment introduces prioritization criteria for awarding gap financing to previously funded projects and clarifies that unclaimed set-aside funds will be reallocated to the general HOME pool.

Summary of Changes in AP-90

The amendment made several clarifications to the AP-90 section. It removed specific examples of populations that might be prioritized (such as disaster survivors or COVID-impacted households) and replaced them with more general language, allowing for broader flexibility. It also clarified that preferences may be applied at either the project or program level. Additionally, the amendment updated the phrasing to allow the state to respond to either unforeseen or emergency needs, rather than limiting it to emergencies alone. Finally, it explicitly stated the state's intent to use HOME funds for both homebuyer assistance and owner-occupied rehabilitation.

This amendment reinforces California’s strategic approach to federal housing and community development funding. It ensures that the state remains adaptable, compliant, and focused on delivering meaningful outcomes for communities across California.

Language being removed is indicated by ~~strikethrough~~ while new language being added is underlined and highlighted in red font.

The full text of the original 2024-2025 AAP and all amendments may be found at [Annual Action Plans and Amendments](#).

PR-15 Citizen Participation – 91.105, 91.115, 91.200(c) and 91.300(c)

Summary of Citizen Participation Process and Consultation Process

This amendment will be available for a 30-day public comment period in accordance with the California Department of Housing and Community Development's (HCD) Citizen Participation Plan. The public comment period will run from November 4, 2025, to December 4, 2025, during which all interested members of the public are encouraged to review and provide feedback.

A virtual public hearing will be held as an online webinar on November 19, 2025, at 2:00 p.m. The webinar is open to the public, and registration is required: Public Hearing. Webinar details, including access instructions, will be provided in a confirmation email upon registration.

This amendment will be available for review on HCD's website at HCD's Consolidated Plans page.

Public Comment Submission

All comments must be received by 5:00 p.m. PST on December 4, 2025, and can be submitted in any form convenient to the public, including written responses, email, and over the phone.

Submit written comments to:

California Department of Housing and Community Development
651 Bannon St., Suite 400
Sacramento, CA 95811
Attention: HUD Reporting Coordinator

via email: FederalReporting@hcd.ca.gov

Phone: (916) 263-2771

Accessibility and Accommodations

HCD will make every effort to accommodate the needs of non-English-speaking residents and individuals with disabilities. Translation services and auxiliary aids are available upon request. Please submit requests by email to FederalReporting@hcd.ca.gov prior to the public hearing date.

Strategic Plan

SP-05 Overview

Strategic Plan Overview

This Strategic Plan discusses the state's priority needs, five-year goals, anticipated resources, and projected outcomes for the CDBG, HOME, ESG, HOPWA and NHTF program funding. This section also includes references to the CDBG-DR program and expectations for disaster related efforts over the next five years. CDBG-DR has its own discrete action plans, and this section will refer to those plans when appropriate.

The Strategic Plan also discusses the state's current efforts and five-year strategy for increasing affordable housing production, mitigating challenges to affordable housing, alleviating the condition of homelessness and poverty, as well as the strategy for improving the overall condition of existing housing stock across the state, for tribal entities and in the Colonias. The plan also describes how HCD federal funding will invest in public facilities and infrastructure improvements in the state, including in the Colonias.

In 2024, HCD published *California's Housing Future 2040*. The report lays out policy considerations and a legislative strategy for improving affordability in California. The Strategic Plan of this Consolidated Plan draws heavily upon this vision, which ties statewide housing need to specific policy recommendations and allocation strategies.

SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)

Introduction

HCD receives funds for these programs on an annual basis through the federal budget/appropriations process to address the identified different needs across the state as determined by the goals and allocation priorities of this Consolidated Plan. The anticipated resources for the first year of the Con Plan, FY 2025-2026, and the remaining four years of the five-year Con Plan cycle are provided in the table below. These numbers align with AP-15, and both include administration costs. They also align with SP-45, AP-20, and AP-35/38, but do not include administration costs.

The numbers are based on an average of previous annual allocations and will be updated once HCD receives updated allocation information from HUD. Annual programs, with the exception of NHTF, are allocated through the federal budget/appropriation process and tend to be relatively stable. However, the ongoing NHTF allocation is based on assessments to Fannie Mae/Freddie Mac loans rather than through the federal budget/appropriation process. Federal interest rates can impact the number of assessments (higher rates can mean fewer people buying, resulting in fewer loans). For example, recent interest rate hikes resulted in a sharp reduction in NHTF allocations. These allocations can go back up in the future if interest rates are reduced.

The Program Income (PI) estimates are based on PI generated by state-held loan portfolios and from locally held state recipient loan portfolios during FY 2023. Total CDBG State Program Income (PI) available for FY23 was $18,000,000. HOME Program Income and Recaptured funds received in FY23 were $10,007,118 received by HOME state recipients and $742,913 received by HCD.

CDPH/OA receives federal and state funds to administer several programs that provide HIV services to persons living with HIV/AIDS or those at risk for acquiring HIV. CDPH receives HOPWA funds on an annual basis through the federal budget/appropriations process.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available for Remainder of Con Plan $	Narrative Description
			Annual Allocation $	Program Income: $	Prior Year Resources $	Total $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	29,748,591	18,000,000	2,000,000	49,748,591	~~125,336,000~~ 107,094,927	2025 HUD Award Allocation, Available PI Balance, Estimate of Prior Year CDBG Resources
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	37,693,108.71	750,000	0	38,443,108.71	~~154,988,536.2~~ 135,695,191	2025 HUD Award Allocation, Available PI Balance, Estimate of Prior Year HOME Resources
HOPWA	public - federal	Permanent housing in facilities	5,265,574	0	5,683,832	10,949,406	~~20,395,676~~ 18,956,066	2025 HUD Award Allocation

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available for Remainder of Con Plan $	Narrative Description
			Annual Allocation $	Program Income: $	Prior Year Resources $	Total $		
		Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA						
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	12,277,614	0	2,500,000	14,777,614	~~49,625,668~~ 44,199,410	2025 HUD Award Allocation plus Prior Years Resources.
ESG RUSH	public federal	Street Outreach Emergency Shelter, Rapid Re-Housing, Homelessness Prevention, Admin, HMIS Activities				3,000,000		A set-aside of ESG funds in the amount of $3,000,000 was awarded to HCD under ESG RUSH funds via

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available for Remainder of Con Plan $	Narrative Description
			Annual Allocation $	Program Income: $	Prior Year Resources $	Total $		
								contract to eligible subrecipients in the disaster declared areas under DR-4856, for performance of eligible activities as defined in the RUSH Notice: FR-6315-N-01
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	23,448,689.68	0	0	23,448,689.68	~~167,620,184~~ 84,415,282	2025 HUD Allocation
CDBG-DR 2017	Public Federal	Owner Occupied Rehab; Multifamily	0	0	10,000,000	10.000,000	0	B-18-DP-06-0001

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available for Remainder of Con Plan $	Narrative Description
			Annual Allocation $	Program Income: $	Prior Year Resources $	Total $		
Unmet Needs		Housing; Homebuyer Assistance						B-19-DP-06-0001
CDBG-DR 2018 Unmet Needs	Public Federal	Multifamily Rental New Construction, Multifamily Rental Rehabilitation, Other, Infrastructure	0	0	476,314.34	476,314.34	0	B-19-DV-06-0001 B-19-DV-06-0002
CDBG-DR Mitigation	Public Federal	Public Services and Planning, Various Resilient Infrastructure	0	0	0	0	0	B-18-DP-06-0002 B-19-DT-06-0001
CDBG-NDR	Public Federal	Biomass Facility, Community Resilience Center, Forest, and Watershed Health	0	0	3,563,723	3,563,723	0	2013 HUD Award: B-13-DS-06-0001
CDBG-DR Unmet Needs	Public Federal	Multifamily Housing, Infrastructure, Owner-Occupied Rehabilitation	0	0	187,000,000	187,000,000	0	2020 HUD Award: B-21-DZ-06-0001 B-21-DF-06-

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available for Remainder of Con Plan $	Narrative Description
			Annual Allocation $	Program Income: $	Prior Year Resources $	Total $		
								0001 B-22-DF-06-0001
CDBG-DR 2023 Unmet Needs	Public Federal	Multifamily Rental New Construction, Manufactured Housing Unit Replacement & Elevation Community Resiliency Centers	85,349,000	0	97,797,455	183,146,455	0	B-23-DG-06-0001 ~~*2024 (See note)~~
CDBG-DR 2024	Public Federal	~~TBD~~ Multifamily Rental Housing New Construction, Infrastructure, Homebuyer Assistance, Regional & Local Planning, Insurance Resilience Planning, and Mitigation.	416,597,000	0	0	416,597,000	0	B-25-DU-06-0001 ~~*2024 (See note)~~

Table 571 - Anticipated Resources

~~*2024 anticipated HUD allocation based on a January 7, 2025, announcement and universal notice published by HUD. The associated funds are an estimate of what will be available during the 2025-2029 Consolidated Plan. Community engagement efforts and Action Plan development are underway. The Consolidated Plan will be amended to account for these funds when information becomes available.~~

SP-45 Goals – 91.315(a)(4)

Goals Summary Information

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase Supply of Affordable Housing	Development of new rental and homeownership housing opportunities to increase the supply of affordable housing	2025	2029	Affordable Housing	Statewide	Increased Supply and Preservation of Affordable Housing	~~CDBG $27,075,697.62~~ HOME ~~$139,270,784.36~~ $115,477,616 HTF ~~$154,765,788.3~~ $87,369,817	Rental Units Constructed: ~~1,332~~ 745 Household Housing Units (HOME, ~~CDBG~~, HTF) Homeowner Housing Added: ~~355~~ 67 Household Housing Units (~~CDBG~~, HOME)
2	Preserve Existing Affordable Housing	Rehabilitation of existing units in order to preserve viability and affordability of existing housing stock.	2025	2029	Affordable Housing	Statewide	Increased Supply and Preservation of Affordable Housing	CDBG ~~$22,297,633.34~~ $29,020,260 HOME ~~$23,211,797.39~~ $18,501,938 HTF	Rental Units Rehabilitated: ~~430~~ 137 Household Housing Units (CDBG, HOME, HTF) Homeowner Housing Rehabilitated:

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
								~~$17,196,198.70~~ $9,707,757	~~466~~ 332 Household Housing Units (CDBG, HOME)
3	Improve Access to Affordable Housing	Rental and homebuyer assistance programs operated by grantees and subrecipients for eligible populations, including security and utility deposits, monthly rental assistance.	2025	2029	Affordable Housing	Statewide	Improved Access to Affordable Housing	CDBG ~~$11,148,816.67~~ $10,691,675 HOME ~~$30,949,063.19~~ $25,519,915	Direct Financial Assistance to Homebuyers: ~~502~~ 288 Households Assisted (CDBG, HOME) Tenant-Based Rental Assistance: ~~950~~ 851 Households Assisted (HOME)
4	Prevent Homelessness	Address the needs of those at risk of homelessness through prevention activities. Includes HOPWA-tenant-based rental assistance and homeless prevention activities through the	2025	2029	Homeless	Statewide	Addressing the Homelessness Crisis	HOPWA ~~$719,752.31~~ $18,382,659 ESG ~~$2,893,978.45~~ $2,765,301 ESG RUSH	Homelessness Prevention ~~4,115~~ 3,704 Persons Assisted (ESG, ESG RUSH, HOPWA)

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
		ESG and HOPWA programs.						$138,750	
5	Address Homelessness	Address the increasing number of individuals and families experiencing homelessness by providing assistance to households currently experiencing homelessness. Includes shelter and street outreach activities.	2025	2029	Homeless	Statewide	Addressing the Homelessness Crisis	HOPWA ~~$23,271,991.51~~ $10,796,165 ESG ~~$54,985,590.55~~ $52,540,717 ESG RUSH $2,636,250	Tenant-Based Rental Assistance / Rapid Rehousing: ~~13,830~~ 11,472 Households Assisted (ESG, ESG RUSH, HOPWA) Homeless Person Overnight Shelter: ~~39,550~~ 35,858 Persons Assisted (ESG, ESG RUSH, HOPWA) Homeless Person Street Outreach ~~35,500~~ 31,808 Persons Assisted (ESG)

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
									HIV/AIDS Housing Operations: ~~210~~ 35 HHU (HOPWA) Public Service Activities other than Low/Moderate-Income Housing Benefit: ~~5,000~~ 3,000 Persons Assisted (HOPWA)
6	Invest in Community and Public Infrastructure and Facilities	Provide support for public facilities and infrastructure, particularly in rural areas, with the goal of supporting low and moderate-income households in these communities.	2025	2029	Non-Housing Community Development	Statewide	Investment in Community and Public Infrastructure and Facilities	CDBG ~~$63,707,523.82~~ $79,423,870	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: ~~215,000~~ 192,640 Persons Assisted (CDBG)

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
									Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: ~~100 Households Assisted (CDBG)~~ Includes 5% Colonias ($8,323,255)
7	Provide Community-Based Public Services	Provide support for public services, particularly in rural areas, with the goal of supporting low and moderate-income households and special needs populations in these communities.	2025	2029	Non-Housing Community Development	Statewide	Community-Based public services	CDBG ~~$22,297,633.34~~ $21,383,349	Public service activities other than Low/Moderate Income Housing Benefit: ~~104,000~~ 116,480 Persons Assisted (CDBG)
8	Increase Economic	Economic development includes investment in businesses and projects in support of	2025	2029	Non-Housing Community Development	Statewide	Increased economic development	CDBG ~~$12,741,504.76~~ $12,219,057	Jobs Created/ Retained:

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
	Development Opportunities	job creation and retention activities primarily benefiting low-to-moderate income persons in order to encourage community revitalization, and the provision of neighborhood serving businesses to improve access to jobs, goods and services, and grow the local economy.					opportunities		~~200~~ 179 Jobs (CDBG) Businesses Assisted: ~~175~~ 156 Businesses Assisted (CDBG)

Table 60 – Goals Summary

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

Over this next five-year Consolidated Planning period, the state estimates the following:

- Rental Housing: construction of approximately ~~1,330~~ 745 rental units and rehabilitation of approximately ~~490~~ 137 rental units through CDBG, HOME, and NHTF.
- Homeownership: construction of approximately ~~240~~ 67 owner-occupied units and rehabilitation of approximately ~~460~~ 332 owner-occupied units through CDBG and HOME.
- Direct Financial Assistance to Homebuyers: assist approximately ~~500~~ 288 households through CDBG and HOME.
- Tenant-Based Rental Assistance: assist nearly ~~200~~ 851 households through HOME.

Expected Resources

AP-15 Expected Resources – 91.320(c) (1,2)

Introduction

HCD receives funds for these programs on an annual basis through the federal budget/appropriations process to address the identified different needs across the state as determined by the goals and allocation priorities of this Consolidated Plan. The anticipated resources for the first year of the Con Plan, FY 2025-2026, and the remaining four years of the five-year Con Plan cycle are provided in the table below. These numbers align with AP-15, and both include administration costs. They also align with SP-45, AP-20, and AP-35/38, but do not include administration costs.

The numbers are based on an average of previous annual allocations and will be updated once HCD receives updated allocation information from HUD. Annual programs, with the exception of NHTF, are allocated through the federal budget/appropriation process and tend to be relatively stable. However, the ongoing NHTF allocation is based on assessments to Fannie Mae/Freddie Mac loans rather than through the federal budget/appropriation process. Federal interest rates can impact the number of assessments (higher rates can mean fewer people buying, resulting in fewer loans). For example, recent interest rate hikes resulted in a sharp reduction in NHTF allocations. These allocations can go back up in the future if interest rates are reduced.

The Program Income (PI) estimates are based on PI generated by state-held loan portfolios and from locally held state recipient loan portfolios during FY 2023. Total CDBG State Program Income (PI) available for FY23 was $18,000,000. HOME Program Income and Recaptured funds received in FY23 were $10,007,118 received by HOME state recipients and $742,913 received by HCD.

CDPH/OA receives federal and state funds to administer several programs that provide HIV services to persons living with HIV/AIDS or those at risk for acquiring HIV. CDPH receives HOPWA funds on an annual basis through the federal budget/appropriations process.

Anticipated Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	Public Federal	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services	29,748,591	18,000,000	2,000,000	49,748,591	~~125,336,000~~ 107,094,927	2025 HUD Anticipated Award Allocation, Available PI Balance, Prior Year CDBG Resources
HOME	Public Federal	Acquisition, Homebuyer Assistance, Homeowner Rehabilitation, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, New Construction for Ownership, Tenant-Based Rental Assistance	37,693,108.71	750,000	$0	38,443,108.71	~~154,988,536.24~~ 135,695,191	2025 HUD Anticipated Award Allocation, Available PI Balance, Prior Year HOME Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	Public Federal	Conversion and Rehabilitation for Transitional Housing, Financial Assistance, Overnight Shelter, Rapid Re-Housing (Rental Assistance), Rental Assistance Services, Transitional Housing	12,277,614	0	2,500,000	14,777,614	~~49,625,668~~ 44,199,410	2025 HUD Anticipated Award Allocation, Prior Year Resources
ESG RUSH	Public Federal	Street Outreach Emergency Shelter, Rapid Re-Housing, Homelessness Prevention, Admin, HMIS Activities	N/A	0	0	3,000,000	~~3,000,000~~ 0	A set-aside of ESG funds in the amount of $3,000,000 was awarded to HCD under ESG RUSH funds via contract to eligible subrecipients in the disaster declared areas under DR-4856, for performance

Program	Source of Funds	Use of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
								of eligible activities as defined in the RUSH Notice: FR-6315-N-01
NHTF	Public Federal	Acquisition, Administration and Planning, Homebuyer Assistance, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, New Construction for Ownership	23,448,689.68	0	0	23,448,689.68	~~167,620,184~~ 84,415,282	2025 HUD Anticipated Award Allocation

Program	Source of Funds	Use of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	Public Federal	Permanent Housing Facilities (PHP), Short-Term or Transitional Housing Facilities (STRMU), Supportive Services, Tenant-Based Rental Assistance	5,265,574	0	5,683,832	10,949,406	~~20,395,676~~ 18,956,066	2025 HUD HOPWA Award Allocation
CDBG-DR 2017 Unmet Needs	Public Federal	Owner Occupied Rehab; Multifamily Housing; Homebuyer Assistance	0	0	10,000,000	10,000,000	0	B-18-DP-06-0001 B-19-DP-06-0001
CDBG-DR 2018 Unmet Needs	Public Federal	Multifamily Rental New Construction, Multifamily Rental Rehabilitation, Other, Infrastructure	0	0	476,314.34	476,314.34	0	B-19-DV-06-0001 B-19-DV-06-0002

Program	Source of Funds	Use of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG-DR Mitigation	Public Federal	Public Services and Planning, Various Resilient Infrastructure	0	0	0	0	0	B-18-DP-06-0002 B-19-DT-06-0001
CDBG-NDR	Public Federal	Biomass Facility, Community Resilience Center, Forest, and Watershed Health	0	0	3,563,723	3,563,723	0	2013 HUD Award: B-13-DS-06-0001
CDBG-DR Unmet Needs	Public Federal	Multifamily Housing, Infrastructure, Owner-Occupied Rehabilitation	0	0	187,000,000	187,000,000	0	2020 HUD Award: B-21-DZ-06-0001 B-21-DF-06-0001 B-22-DF-06-0001

Program	Source of Funds	Use of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG-DR 2023 Unmet Needs	Public Federal	Multifamily Rental New Construction, Manufactured Housing Unit Replacement & Elevation Community Resiliency Centers	85,349,000	0	97,797,455	183,146,455	0	B-23-DG-06-0001 *2024 (See note)
CDBG-DR 2024	Public Federal	~~TBD~~ Multifamily Rental Housing New Construction, Infrastructure, Homebuyer Assistance, Regional & Local Planning, Insurance Resilience Planning, and Mitigation.	416,597,000	0	0	416,597,000	0	B-25-DU-06-0001 *2024 (See note)

Table 4 - Expected Resources – Priority Table

~~*2024 anticipated HUD allocation based on a January 7, 2025, announcement and universal notice published by HUD. The associated funds are an estimate of what will be available during the 2025-2029 Consolidated Plan. Community engagement efforts and Action Plan development are underway. The Consolidated Plan will be amended to account for these funds when information becomes available.~~

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3) & (e)

Overview

The Consolidated Plan identifies six priority needs and associates eight goals with these needs. The goals and priority needs are:

- Increase Supply of Affordable Housing (Priority Need: Increased Supply and Preservation of Affordable Housing)
- Preserve Existing Affordable Housing (Priority Need: Increased Supply and Preservation of Affordable Housing)
- Improve Access to Affordable Housing (Priority Need: Improved Access to Affordable Housing)
- Prevent Homelessness (Priority Need: Address the Homelessness Crisis)
- Address Homelessness (Priority Need: Address the Homelessness Crisis)
- Maintain or Improve Public Facilities and Infrastructure (Priority Need: Investment in Community and Public Infrastructure and Facilities)
- Maintain or Improve Access to Public Services (Priority Need: Community-Based Public Services)
- Economic Development (Priority Need: Increased Economic Development Opportunities)

The figures below represent estimates of allocation goals and objectives for the Program Year 2025-2026. These figures could change based on the U.S. Department of Housing and Urban Development (HUD) input.

Goals and Objectives Table

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
1	Increase Supply of Affordable Housing	Development of new rental and homeownership housing opportunities to increase the supply of affordable housing	2025	2026	Affordable Housing	Statewide	Increased Supply and Preservation of Affordable Housing	~~CDBG: $7,854,544~~ HOME: $24,965,134 HTF: $18,993,438	Rental units constructed: ~~373~~ 110 Household Housing Units (HHU) Homeowner Housing Added: ~~71~~ 15 HHU
2	Preserve Existing Affordable Housing	Rehabilitation of existing units in order to preserve viability and affordability of existing housing stock.	2025	2026	Affordable Housing	Statewide	Increased Supply and Preservation of Affordable Housing	CDBG: ~~$6,468,448~~ $9,282,665 HOME: $4,160,855 HTF: $2,110,382	Rental Units Rehabilitated: ~~85~~ 8 HHU Homeowner Housing Rehabilitated: ~~92~~ 60 HHU

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
3	Improve Access to Affordable Housing	Rental and homebuyer assistance programs operated by grantees and subrecipients, including security and utility deposits, monthly rental assistance.	2025	2026	Affordable Housing	Statewide	Improved Access to Affordable Housing	CDBG: ~~$3,234,224~~ $3,419,929 HOME: $5,547,807	Direct Financial Assistance to Homebuyers: ~~100~~ 25 HA Tenant-Based Rental Assistance: ~~188~~ 190 HA
4	Prevent Homelessness	Address the needs of those at risk of homelessness through prevention activities. Includes HOPWA-tenant-based rental assistance and homeless prevention activities through the ESG and HOPWA programs. Provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas.	2025	2026	Homeless	Statewide	Address the Homelessness Crisis	ESG: $698,978 HOPWA: ~~$146,909.51~~ $6,766,232 ESG RUSH: $138,750	Homeless Prevention: ~~885~~ 850 PA

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
5	Address Homelessness	Address the increasing number of individuals and families experiencing homelessness by providing assistance to households currently experiencing homelessness. Includes shelter and street outreach activities. Provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas.	2025	2026	Homeless	Statewide	Address the Homelessness Crisis	HOPWA: ~~$4,570,074.31~~ $4,025,207 ESG: $13,280,590 ESG RUSH: $2,636,250	TBRA/Rapid Rehousing: ~~3,200~~ 3,000 Homeless Person Overnight Shelter: 17,850 Persons Assisted HIV/AIDS Housing Operations: 7 HHU Public Service Activities other than Low/Moderate-Income Housing Benefit: ~~1,100~~ 600 Persons Assisted
6	Invest in Community and Public Infrastructure and Facilities	Provide support for public facilities and infrastructure, particularly inrural areas, with the goal of supporting low- and moderate-income households in these communities.	2025	2026	Non-Housing Community Development	Statewide	Neighborhood Stability COVID-19 Pandemic Response (CARES Act)	CDBG: ~~$18,481,281.58~~ $25,405,189	Public Facility or InfrastructureActivities other than Low/Moderate Income Housing Benefit: 43,000 Persons Assisted ~~Public Facility or InfrastructureActivities~~

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
									~~for Low/Moderate Income Housing Benefit: 20 Households Assisted~~ Includes Colonias set-aside
7	Provide Community-Based Public Services	Provide support for public services, particularly in rural areas, with the goal of supporting low and moderate-income households and special needs populations in these communities.	2025	2026	Non-Housing Community Development	Statewide	Community-Based Public Services COVID-19 Pandemic Response (CARES Act)	CDBG: ~~$6,468,448.55~~ $6,839,858	Public service activities other than Low/Moderate Income Housing Benefit: 26,000 Persons Assisted

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
8	Increase Economic Development Opportunities	Economic development includes investment in businesses and projects in support of job creation and retention activities primarily benefiting low-to-moderate income persons in order to encourage community revitalization, and the provision of neighborhood serving businesses to improve access to jobs, goods and services, and grow the local economy.	2025	2026	Non-Housing Community Development	Statewide	Economic Development	CDBG: ~~$3,696,256.32~~ $3,908,490	Businesses Assisted: 35 Jobs Created/Retained: 40

Table 5 - Goals Summary

AP-25 Allocation Priorities – 91.320(d)

Introduction

The percentages below are based on the expected amount of funds that will be awarded, less administration, by each program for Program Year 2025-2026 for eligible activities that fall within that goal.

Note: Community Development Block Grant (CDBG) Colonias percentage is listed at 5 percent, but this amount would otherwise be reflected in the amounts available under the housing or infrastructure goals.

The amount for the HOME Investment Partnerships Program (HOME) under the prior Con Plan goal - "Homelessness Assistance and Prevention" no longer reflects the total amount of HOME Tenant-Based Rental Assistance (TBRA) funds projected to be awarded for the 2025 HOME Notice of Funding Availability (NOFA). For purposes of the goals reflected below, HOME TBRA is now considered an “Improve Access to Affordable Housing” activity.

Allocation Priorities Table

	Increase Supply of Affordable Housing (%)	Preserve Existing Affordable Housing (%)	Improve Access to Affordable Housing (%)	Prevent Homelessness (%)	Address Homelessness (%)	Invest in Community and Public Infrastructure (%)	Provide Community Based Public Services (%)	Increase Economic Development Opportunities (%)	Colonias Set-Aside (%)	Total (%)
CDBG	~~17~~	~~14~~ 19	7			~~35~~ 47	14	8	5	**100**
HOME	72	12	16							**100**
HOPWA				~~3~~63	~~97~~37					**100**
ESG				5	95					**100**
HTF	90	10								**100**

Table 6 – Funding Allocation Priorities

Reason for Allocation Priorities

Community Development Block Grant (CDBG): Actual allocation percentages may vary from Table 6 – Funding Allocation Priorities. After administration costs are subtracted and mandatory federal and state allocations are calculated, projected activity funding is based on the demand for each activity as reflected in each year's application submittals. Federal law requires an allocation of up to 10 percent for eligible Colonias communities. The California Department of Housing and Community Development (HCD) has traditionally set aside 5 percent for eligible Colonias communities; however, the specific amounts will be identified in the annual NOFA. Federal law requires that not more than 15 percent of CDBG funding be provided for public service activities each year. State statute requires that 1.25 percent of the U.S. Department of Housing and Urban Development's (HUD's) annual allocation of CDBG funds be set aside to projects serving non-federally recognized Native American communities [HSC 50831], that 30 percent of HUD's annual allocation, less HCD administrative funds, be set aside for economic development activities [HSC 50827], and not less than 51 percent of HUD's annual allocation, less HCD administrative funds, be set aside to fund housing and housing-related activities (housing-related includes public improvements and public facilities in support of construction of new housing activities) [HSC 50828].

If the demand for these statutorily required set-asides in any given NOFA cycle is not sufficient, then the balance of funds will revert to the general pool of funds to be awarded to other eligible projects and programs. In addition to allocations and funding-level criteria described above, HCD will monitor general administration expenditures to ensure compliance with the federal expenditure cap rate and ensure a minimum expenditure rate on activities meeting the national objective of benefitting at least 70 percent of low- and moderate-income individuals in compliance with CDBG federal regulations.

HOME Investment Partnerships Program (HOME): HOME funding allocation priorities are based on demand by program applicants for categories of activities. In addition, state HOME regulations establish a minimum NOFA allocation of 40 percent for program activities, including First-Time Homebuyer (FTHB) mortgage assistance, Owner-Occupied Rehabilitation (OOR), and Tenant-Based Rental Assistance (TBRA), and a minimum of 40 percent for multifamily rental projects, as well as a minimum of 5 percent for FTHB projects, which includes FTHB new construction or rehabilitation/conversion activities (i.e., FTHB projects). Each allocation will also include a 20 percent set-aside to fund Tribal applications and the mandatory 15 percent CHDO set-aside.

HCD anticipates an increased need for TBRA due to lack of other rental assistance, or assistance provided as a result of local, state, or federally declared disasters.

If the demand for any of these regulatorily-required minimums and priorities in any given NOFA cycle is not sufficient, then the balance of funds will revert to the general pool of funds to be awarded to other eligible projects and programs.

National Housing Trust Fund (NHTF): In accordance with the 2017 Assembly Bill (AB) 74, NHTF funding allocations for Fiscal Year (FY) 2018-2019 (FY18) – FY 2021-2022 (FY21) were used for the state's Housing for a Healthy California (HHC) Article I Program. Under HHC, priorities were based on the state's current homeless crisis, and funds were awarded competitively to developers for operating reserve grants and capital loans for the creation of permanent supportive housing for the HHC population.:

Moving forward starting with FY22, NHTF will be administered as a stand-alone program without the state HHC overlay. In accordance with Title 24 Code of Federal Regulations, §93.250, and California's AB 816, NHTF funds will be used to create housing affordable to extremely low-income households, including people experiencing homelessness. HCD has amended past years' annual action plans to align NHTF eligible activities with federal regulations to include rental rehabilitation.

Emergency Solutions Grants (ESG): With the redesign of the ESG program, HCD has moved its focus from provider competition to a more formula-based method of distribution for local Continuums of Care (CoCs) Service Areas (SAs), using a formula that utilizes Point-in-Time (PIT) count, poverty rate, and renter cost burden data for extremely low-income households. (See AP-30 for more information on methodology).

In FY25 and forward, in order to speed up the deployment of funds to subrecipients, maximize flexibility, and reduce the administrative burden on the subrecipients, HCD decided to move forward with the implementation and development of ESG Guidelines to replace ESG state regulations. ESG annual funding will be distributed to one allocation based on a formula allocation and/or performance outcomes by accessing Homeless Management Information System (HMIS) data via the state Homeless Data Integration System (HDIS), including, but not limited to:

- Percentage of people remaining in Rapid Re-Housing (RR),
- Reduction in average and median length of stay in Emergency Shelter (ES),
- ES Exits to a positive housing destination,
- RR exits to a positive housing destination,
- Percentage of people who return to homelessness (ES, Street Outreach (SO)),
- Percentage of those that obtain a positive housing destination from a SO program, and

- Percentage of people that enter the homeless service system (ES, SO) after receiving Homelessness Prevention (HP) financial assistance.

A description of the performance standards developed that measure based on outcomes of projects and activities are contained in detail in section AP-30 Method of Distribution, under the ESG program section.

Housing Opportunities for Persons With Aids (HOPWA): A statutory goal of HOPWA is to prevent or alleviate homelessness among PLWH. State HOPWA allocates funds to HOPWA project sponsors through a formula process based on the most recent reported HIV cases by county, Federal Poverty Level (FPL), and Fair Market Rent (FMR). This allocation formula was developed to ensure distribution of funding to all non-Eligible Metropolitan Statistical Areas (EMSA) of California while allocating proportionately larger amounts to the communities most impacted by HIV/AIDS, high poverty, and high FMR rates. To promote the use of HOPWA funds for housing assistance activities, CDPH/OA has limited supportive services activities to 20 percent of a project sponsor's allocation. Project sponsors who have reason to allocate more than 20 percent may request a waiver from CDPH/OA when submitting their budgets. Waivers are granted on an as-needed basis.

Community Development Block Grant-Disaster Recovery (CDBG-DR): CDBG-DR funding solely supports the recovery assistance for natural disaster survivors' goals in the State of California's Consolidated Plan. For details on CDBG-DR, please visit Disaster Recovery & Mitigation | California Department of Housing and Community Development.

How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?

The Consolidated Plan (Con Plan) identifies six priority needs, associates eight goals with these needs, and associates specific objectives known as Goal Outcome Indicators (GOIs) with these goals.

1. Priority Need: Increased supply and Preservation of Affordable Housing
    - Goal: Increase Supply of Affordable Housing
    - Goal: Preservation of Existing Affordable Housing
    - GOIs: Rental Units Constructed; Rental Units Rehabilitated; Household Housing Units; Homeowner Housing Added; Homeowner Housing Rehabilitated
2. Priority Need: Improved Access to Affordable Housing
    - Goal: Improve Access to Affordable Housing

- GOIs: Direct Financial Assistance to Homebuyers; Households Assisted; Tenant-Based Rental Assistance/ Rapid Rehousing; Households Assisted

3. Priority Need: Address the Homelessness Crisis
    - Goal: Prevent Homelessness
    - Goal: Address Homelessness
    - GOIs: Tenant-Based Rental Assistance/ Rapid Rehousing; Households Assisted; Homelessness Prevention Persons Assisted; Homeless Person Overnight Shelter Persons Assisted; Homeless Person Street Outreach Persons Assisted; HIV/AIDS Housing Operations
4. Priority Need: Investment in Community and Public Infrastructure and Facilities
    - Goal: Maintain or Improve Public Facilities and Infrastructure
    - GOIs: Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit – Persons Assisted; Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit – Households Assisted
5. Priority Need: Community-Based Public Services
    - Goal: Maintain or Improve Access to Public Services
    - GOIs: Public service activities other than Low/Moderate Income Housing Benefit – Persons Assisted
6. Priority Need: Increased Economic Development Opportunities
    - Goal: Economic Development
    - GOIs: Jobs Created/Retained; Businesses Assisted

The proposed distribution of funds addresses all goals identified in the Con Plan by allocating funding to activities that will contribute directly to each of the GOIs. The proposed allocations will be determined by the goal priorities set in the Con Plan (high or low), by applicant demand for each activity, and federal and state statutory or regulatory requirements for the use of the funds.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction

Per 24 Code of Federal Regulations (CFR) Part 91.320(d) and (k), the State of California's Annual Action Plan (AAP) must include a description of its method(s) for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the state using funds that are expected to be received under formula allocations and Program Income (PI) and any other U.S. Department of Housing and Urban Development (HUD) assistance during the Fiscal Year (FY). The description must include the reason for allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan (Con Plan), and any obstacles to addressing needs. The method of distribution must also describe specific information for each program it administers. Pursuant to these regulations, the distribution methods for the Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnerships Program (HOME), Housing Opportunities for Persons With AIDS (HOPWA), and the National Housing Trust Fund (NHTF) programs are described below.

For Community Development Block Grant-Disaster Recovery (CDBG-DR) program method of distribution, please see the California Department of Housing and Community Development's (HCD) webpage for that program's AAP: Disaster Recovery & Mitigation | California Department of Housing and Community Development | Action Plans

For Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding Methods of Distribution, including CDBG-CARES Act (CV) and ESG-CV, please see Annual Action Plans and Amendments 2019-2020 available here: Plans & Reports | California Department of Housing and Community Development

CDBG (Community Development Block Grant) Program Summary:

HCD's CDBG program partners with rural cities and counties to improve the lives of low and moderate-income residents through the creation and expansion of community and economic development opportunities in support of livable communities.

The state CDBG program uses a Notice of Funding Availability (NOFA) application process, in which eligible cities and counties apply for funding awards both competitively and over the counter (OTC) for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities.

Eligible activities will be limited to the matrix codes and national objective codes in an attachment to this Annual Action Plan. https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/cdbg/cdbg-matrix-code.pdf

There are three different Methods of Distribution (MOD) used within the CDBG program that are outlined in the annual NOFA:

- CDBG Competitive
- CDBG Colonias Set-Aside
- CDBG non-federally recognized Native American Communities or Tribes Set-Aside

The second MOD listed is to comply with federal requirements which mandate an AAP set-aside for Colonias, for which the state sets aside 5 percent of its allocation each year.

The third MOD listed is to comply with state statute that requires 1.25 percent of the total amount of funds shall be used for eligible activities benefiting non-federally recognized Native American communities or Tribes.

State statute [HSC 50828] requires that not less than 51 percent of HCD's CDBG annual allocation from HUD, less HCD administrative funds, be made available for activities providing or improving housing opportunities for low- and moderate-income households, including but not limited to the construction of infrastructure.

State statute [HSC 50827] also requires that not less than 30 percent of HCD's CDBG annual allocation from HUD, less HCD administrative funds, shall be set aside for Economic Development (ED) projects and programs.

All three methods of distribution contribute to the above noted housing and ED activities percentages required by state statute. Available funding may be used across the various MODs based on demand and to meet state statutory requirements.

For 2025, state CDBG will use a Notice of Funding Availability (NOFA) application process, in which eligible cities and counties apply for funding awards competitively for a variety of programs and projects. All CDBG eligible activities including planning; public services, housing programs, economic development programs; housing and non-housing (infrastructure and public facilities) projects will apply to CDBG competitively. The 2025 NOFA will provide detail on evaluation criteria.

Future special allocations of CDBG funding may have different criteria than those above, which are for the standard CDBG program. Future special allocations of CDBG funding may reflect specific goals or priorities intended to provide response to the reason for the special allocation such as a pandemic, economic recession, or other event(s) requiring a federal response.

Applications for future special allocations may be in addition to other applications submitted by an eligible jurisdiction. Applications submitted under this section will be independently evaluated and ranked against other applications for these respective special allocations, without regard to the ranking of an application submitted pursuant to another section of the NOFA. Applications for these allocations will not be included in the per-jurisdiction grant award maximums.

Unallocated or uncommitted current or prior year CDBG funds can be used in the circumstances listed below:

- To increase awarded allocations to grantees that demonstrates fast spending and a need for additional resources.
- To meet unforeseen emergency needs, including but not limited to projects or programs qualifying under the Urgent Need National Objective.
- For other eligible activities for which applications were submitted to the state for funding that provide the ability to spend funds by regulatory expenditure deadlines.

Funding awarded in these circumstances will not require issuance of a separate NOFA but may have a supplementary application as determined by HCD.

Applications will be submitted in the online grants management system, with an expedited review process to ensure that the need is met.

HOME (HOME Investment Partnerships Program) Summary:

~~The state HOME Program uses a Notice of Funding Availability (NOFA) application process, in which eligible cities, counties, developers, CHDOs, and Native American Entities apply for funding awards both competitively and Over the Counter (OTC) for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities.~~

~~There are two different Methods of Distribution (MOD) used within the HOME program that will be outlined in the HOME 2025 NOFA:~~

- ~~Competitive, for all but Native American Entities~~
- ~~Over The Counter (OTC), for Native American Entities~~

~~The second MOD listed is to provide a longer application window and the ability to help applicants during the application process, as this community is much newer to the process and has struggled, requiring more support.~~

The state HOME Program uses a competitive or Over the Counter (OTC) process to distribute funds. If the process is competitive, HCD will use a Notice of Funding Availability (NOFA) with a competitive application. If the process is OTC, HCD may choose between:

- Over The Counter (OTC) NOFA
- Project Solicitation or Program Solicitation
- Direct Funding

These will be used for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities. To ensure HCD meets HUD's statutory commitment deadline and/or regulatory 8-year expenditure deadline, and avoid having to return HOME funds to HUD, HCD may limit eligibility to projects or programs with previous HCD awards. The MODs may be used to distribute any available HOME funds to any and all types of eligible applicants, including cities, counties, developers, CHDOs, and Native American Entities.

Unallocated or uncommitted current or prior year HOME funds can be used in the circumstances listed below:

- To increase awarded allocations to grantees that demonstrates fast spending and a need for additional resources.
- To meet unforeseen emergency needs based on a state or federal declaration.
- For other eligible activities for which applications were submitted to the state for funding that provide the ability to spend funds by statutory expenditure deadlines.

Funding awarded in these circumstances will not require issuance of a separate NOFA but may have a supplementary application as determined by HCD.

For the CDBG and HOME programs, the state will be directly carrying out both administrative- and activity delivery (project soft costs)-related activities across all activities where activity delivery is appropriate.

Distribution Methods Table

5	**State Program Name:**	**HOME Investment Partnerships Program (HOME) Competitive**
	Funding Sources:	**HOME**
	Describe the state program addressed by the Method of Distribution.	HCD's HOME program partners with rural cities, counties, Community Housing Development Organizations (CHDOs), developers and Native American Entities to improve the lives of low- and moderate-income families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Developers, cities, counties, CHDOs, and Native American Entities may apply for development of multifamily housing, rental new construction and/or rehabilitation, with or without acquisition. CHDOs and federally recognized Native American Entities, as developers, may

		apply for First-Time Homebuyer (FTHB) projects. Cities, counties, CHDOs, and federally recognized Native American Entities may apply for Infill New Construction (INC) programs. Cities, counties, and federally recognized Native American Entities may apply for all types of HOME program activities. As described in the respective Methods of Distribution (MOD), the state HOME program directs 20 percent of the funding allocation to Tribal Entities and has a 15 percent set-aside for CHDOs, For all activities, the state HOME regulations require that a minimum of 50 percent of funds awarded are for projects and programs located in rural census tracts. ~~The state HOME program uses a Notice of Funding Availability (NOFA) application process, in which eligible applicants apply for funding awards competitively and/or through an Over-the Counter (OTC) process for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities.~~ HCD will choose the most appropriate MOD or MODs to distribute funds for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities for every funding cycle. One MOD used for the state HOME program is a Notice of Funding Availability (NOFA) competitive application process. Developers, cities, counties, CHDOs and Native American Entities are eligible to apply under the terms set forth in the competitive NOFA. Project and program priorities and/or limitations for special needs populations, including persons with mobility, sensory, mental health, and intellectual disabilities, may be approved by HCD, consistent with federal and state regulations laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5. In addition, tribal projects and programs with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG rules and HOME regulations at 24 CFR 92.253(d)(3)(i). Note: In a federally-, state-, or locally declared emergency, the state may utilize an alternate MOD for funds not committed in response to a NOFA and Program Income (PI) on hand to serve impacted areas. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to set the MOD.
	Describe all the criteria that will be used to select	Below is a summary of the HOME scoring criteria to be used when funds are awarded competitively through a NOFA. For

	applications and the relative importance of these criteria.	additional information, see section 8212 of the state HOME regulations at [https://www.hcd.ca.gov/grants-funding/active-funding/home/docs/State-HOME-Regulations-eff-1-1-2017-FINAL.docx.](https://www.hcd.ca.gov/grants-funding/active-funding/home/docs/State-HOME-Regulations-eff-1-1-2017-FINAL.docx) HCD is currently in the process of Developing HOME program Guidelines to replace the State HOME Program Regulations, which will impact the criteria used to select applications. Once the criteria have been finalized, an amendment to this AAP will be completed, if necessary. It is possible these changes will not take effect until the Fiscal Year 2026-2027 (FY26) plan is submitted for approval. Threshold Factors: See threshold factors in the response to the question "Describe the threshold factors and grant size limits. Scoring Factors: 1) Housing element compliance, as applicable. Information regarding housing element compliance can be found on the HCD public website at the following link: https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report 2) Direct HOME allocation declined. 3) Rural activities. 4) State objectives. 5) Applications that provide deeper affordability. 6) Applications that demonstrate expeditious or efficient use of HOME funds. 7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities. 8) Applications that serve special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state laws, and HOME requirements. 9) Applications that serve victims of locally, state, or federally declared disasters. 10) Applications that address special housing needs. 11) Activities that complement other state or federal programs or policy objectives. 12) Applications that address homelessness. 13) Applications that provide access to resources.

		Further information and guidance on the specific state objective factors utilized will be in the NOFA. Additional scoring factors for program activities applications include: 1) Applicant capacity: Examines past performance on HOME contracts, as well as experience with other activities. Performance points may be deducted for failure to submit required reports in a timely manner and failure to cooperate with monitoring or contractual requirements identified by HCD in the last five years. 2) Community need: Examines ~~census~~ data, such as availability of affordable housing stock, poverty rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. 3) Program feasibility: For FTHB programs, this factor examines the financial feasibility of the activity at proposed sales prices, income targets, and assistance levels. For Owner-Occupied Rehabilitation (OOR) programs, this factor examines feasibility as reflected through need by census data, such as overcrowding and age of housing stock. For Tenant-Based Rental Assistance (TBRA) programs, this factor examines feasibility as reflected through need by census data, such as renter overpayment for housing. Additional scoring factors for project applications include: 1) Applicant capacity: Examines past performance on HOME contracts, as well as experience with other activities. Points may be deducted for any of the following: 1a) Missing HOME performance deadlines in the last five years. 1b) Failure to submit required reports in a timely manner. 1c) Material misrepresentations of facts which jeopardize the HOME investment or put HCD at risk of a serious monitoring finding. 1d) Failure to cooperate with monitoring requirements identified by HCD in the last five years. 2) Community need: Examines ~~census~~ data, such as availability of affordable housing stock, poverty rates, vacancy rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. 3) Project feasibility: Both rental and FTHB projects earn points based on the percentage of HOME-assisted units. Rental projects must demonstrate compliance with HCD's

		Uniform Multifamily Regulations (UMRs) and HOME requirements. FTHB projects must demonstrate the ability of the proposed project to meet HOME requirements, including demonstrating the adequacy of the proposed development budget, the market for the project, and the affordability of the project. 4) Readiness: Examines the project development plan, as well as the status of local government approvals, design progress, and financing commitments. Future special allocations of HOME funding may have different criteria than those above, which are for the standard HOME program. Future special allocations of HOME funding may reflect specific goals or priorities intended to provide response to the reason for the special allocation such as a pandemic, economic recession, or other event requiring a federal response. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to set funding criteria. To ensure HCD meets HUD's statutory commitment deadline and/or regulatory 8-year expenditure deadline and avoids having to return funds to HUD, HCD may choose to only take applications from projects that have previous funding awards from HCD, but have not progressed to construction due to funding gaps. When HCD distributes funds to projects that were previously scored and awarded by HCD ~~with a previous HCD award and that have successfully scored high enough~~ under a previous NOFA, HCD may use any combination of these additional criteria: • Priority may be given to projects where the additional funding award is sufficient to cover the gap in financing without the need for the applicant to seek additional funding sources. • Priority may be given to projects with the highest level of project readiness. • Priority may be given to projects with the oldest dated award letter. • Priority may be given to the project with the highest original scoring application, if applicable. • Priority may be given to the project that fulfills another goal or objective of HCD's.
	Describe how resources will be allocated among funding categories.	Pursuant to state HOME regulations, 40 percent of the annual allocation received from HUD will be used to support awards to program activities applications, consisting of First-Time Homebuyer Downpayment Assistance (FTHB), Owner-Occupied Rehabilitation (OOR), , and/or Tenant-Based Rental Assistance (TBRA) activities); 5 percent will be available to fund FTHB projects applications, and 55 percent (exceeding the minimum 40

		percent requirement in the state HOME regulations) of funds are typically available for rental project new construction or rehabilitation projects for an annual allocation ~~in a given NOFA cycle~~. Additionally, 20 percent of the allocation will be used to fund applications submitted by Native American Entities as permitted under federal and state laws, and HOME requirements. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program Guidelines would first be adopted and used, to determine how resources are allocated among funding categories. Should the pool of applicants not fully subscribe funds for any target or set-aside, those funds will revert to the general pool of funds for HOME projects or programs.
	Describe the threshold factors and grant size limits.	Pursuant to state HOME regulations 25 CCR section 8212, the following threshold criteria must be met to be considered for funding: 1) Applications shall not be considered for funding unless the application is received within the timeframe specified in the NOFA, and demonstrates that all the following conditions exist: 1a) the applicant is eligible, pursuant to Section 8204 and 8204.1. 1b) the applicant proposes at least one eligible activity and the proposed uses for the HOME funds are eligible, pursuant to Section 8205 and 8210(c). 1c) the application is complete, pursuant to Section 8211. 2) The total amount of funds requested for both administration and activity-specific costs does not exceed the funding allocation limit, which is stated in the NOFA, and any allowed increase to this limit, pursuant to Section 8127. 3) Applicants may be held out from competition due to performance problems with current HOME contracts, such as failure to submit required single audit documentation to the State Controller's Office, or unresolved audit findings. 4) Applicants for program activity funds with one or more current state HOME program activities contracts must have expended at least 50 percent of the aggregate total of program funds originally awarded under these contracts to be eligible to apply for additional program activity funds. 5) Applicants for projects that miss three project deadlines are currently ineligible to apply for funds in the next NOFA. However, HCD may waive this holdout penalty if the missed

		project deadline was clearly outside the control of all the following parties: the applicant, developer, owner, and managing general partner. 6) If the applicant is a CHDO, this includes procedures ensuring the CHDO's effective project control of activities assisted with HOME funds, pursuant to 24 CFR Section 92.300(a)(1); and 7) For applications proposing projects involving acquisition of rental housing, acquisition and rehabilitation of rental housing, rehabilitation of rental housing, construction of rental housing, or construction of housing for FTHB, the application demonstrates: 7a) site control pursuant to Section 8303. 7b) that there are no pending lawsuits that will prevent implementation of the project, as proposed. 8) For applications proposing rental activities, the application contains documentation demonstrating that the project either complies with or is exempt from Article 34 of the California Constitution. Maximum grant size limit for rental projects and programs ~~is $4.5 million, and for FTHB projects is $2 million.~~ will be established in the NOFA, Project Solicitation, or Public Notice. ~~Maximum grant size limit for program activities is $1 million.~~ A competitive NOFA that distributes funds to projects with a previous HOME award may increase the maximum funding limits established by the NOFA under which the applicant originally applied. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would first be adopted and used to determine threshold factors.
	What are the outcome measures expected as a result of the method of distribution?	The specific goals and goal outcome indicators associated with the entire HOME program year in the Strategic Plan are: 1) Increase supply of affordable housing, preservation of existing housing (Goal Outcome Indicators: Households Assisted, Housing Units Added) ~~In the upcoming fiscal year, the HOME program estimates all activities include: Completing construction on 154 rental units (includes Rental New Construction (RNC) and Rental Rehabilitation (RR), 8 homebuyer units (FTHB New Construction), rehabilitating 28 OOR units, assisting 50 FTHB households, and providing TBRA to 194 households.~~

6	State Program Name:	HOME Over The Counter (OTC)
	Funding Sources:	**HOME**
	Describe the state program addressed by the Method of Distribution.	HCD's HOME program partners with rural and other cities and counties, Community Housing Development Organizations (CHDOs), developers, and Native American Entities to improve the lives of low- and moderate-income families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Developers, cities, counties, CHDOs and Native American Entities may apply for development of multifamily housing rental new construction and/or rehabilitation, with or without acquisition. CHDOs, cities, counties and federally recognized Native American Entities may apply for First-Time Homebuyer (FTHB) projects and Infill New Construction (INC) programs. Cities, counties, and federally recognized Native American Entities may apply for all types of HOME activities. As described in the respective MODs, the state HOME program directs 20 percent of the funding allocation for Tribal Entities applicants and sets aside 15 percent of funding for CHDOs. For all programs, the state HOME regulations require that a minimum of 50 percent of funds go to activities located in rural census tracts. ~~The state HOME program uses a NOFA application process, in which eligible applicants apply for funding awards competitively and/or through an OTC process for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities.~~ HCD will choose the most appropriate MOD or MODs to distribute funds for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities for every funding cycle. To distribute OTC funds, the state HOME program may use an OTC NOFA application process, a Project or Program Solicitation, or Direct Funding. Developers, cities, counties, CHDO's and Native American Entities are eligible to receive OTC funds. HCD may use these methods to award new projects or programs, or to provide additional funds to a project that was previously awarded funds from HCD and needs additional gap financing due to cost increases and lack of securing anticipated funding sources when originally applying, or to provide additional funding to programs with a previous HCD award that require additional funds to meet the objectives established by the Con Plan This is in part to ensure that HCD meets HUD's statutory commitment deadline

		and/or regulatory 8-year expenditure deadline and avoids having to return funds to HUD. Project and program priorities and/or limitations for special needs populations, including persons with mobility, sensory, mental health, and intellectual disabilities, may be approved by HCD consistent with federal and state regulations laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5. In addition, tribal projects and programs with Indian Housing Block Grant funding (IHBG) may provide priority or limit occupancy to tribal members in accordance with IHBG rules and HOME regulations at 24 CFR 92.253(d)(3)(i). Note: In a federally-, state-, or locally declared emergency, the state may utilize an alternate method of distribution for funds not committed in response to a NOFA and utilize PI on hand to serve impacted areas. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to set the MOD.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Utilization of this MOD will be announced in the NOFA, Project or Program Solicitation, or Public Notice. Below is a summary of the HOME scoring criteria. For additional information, see section 8212 of the state HOME regulations at State-HOME-Regulations-eff-1-1-2017-FINAL.docx (live.com) Threshold Factors: See threshold factors in the response to the question “Describe the threshold factors and grant size limits.” Scoring Factors: OTC applications will be awarded on a first-come, first-served basis once it is determined the applicants meet the threshold factors and any minimum score requirements (possibly subject to an AB 1010 waiver) for the type of activity. 1) Housing element compliance, as applicable. Information regarding housing element compliance can be found on the HCD public website at the following link: https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report 2) Direct HOME allocation declined 3) Rural activities. 4) State objectives.

		5) Applications that provide deeper affordability. 6) Applications that demonstrate expeditious or efficient use of HOME funds. 7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities. 8) Applications that serve special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state laws and HOME requirements. 9) Applications that serve victims of locally-, state-, or federally declared disasters. 10) Applications that address special housing needs. 11) Activities that complement other state or federal programs or policy objectives. 12) Applications that address homelessness. 13) Applications that provide access to resources. Further information and guidance on the specific state objective factors utilized will be included in the NOFA. Additional scoring factors for program activities applications include: 1) Applicant capacity: Examines past performance on HOME contracts, as well as experience with other activities. Performance points may be deducted for failure to submit required reports in a timely manner and failure to cooperate with monitoring or contractual requirements identified by HCD in the last five years. 2) Community need: Examines ~~census~~ data, such as availability of affordable housing stock, poverty rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. 3) Program feasibility: For FTHB programs, this factor examines the financial feasibility of the activity at proposed sales prices, income targets, and assistance levels. For OOR programs, this factor examines feasibility as reflected through need by census data, such as overcrowding and age of housing stock. For TBRA programs, this factor examines feasibility as reflected through need by census data, such as renter overpayment for housing. Additional scoring factors for project applications are outlined in the state HOME regulations and include these categories:

		1) Applicant capacity: Examines past performance on HOME contracts, as well as experience with other activities. Points may be deducted for any of the following: 1a) missing HOME performance deadlines in the last five years. 1b) failure to submit required reports in a timely manner. 1c) material misrepresentations of facts which jeopardize the HOME investment or put HCD at risk of a serious monitoring finding. 1d) failure to cooperate with monitoring requirements identified by HCD in the last five years. 2) Community need: Examines ~~census~~ data, such as availability of affordable housing stock, poverty rates, vacancy rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. 3) Project feasibility: Both rental and FTHB projects earn points based on the percentage of HOME-assisted units. Rental projects must demonstrate compliance with HCD's UMRs and HOME requirements. FTHB projects must demonstrate the ability of the proposed project to meet HOME requirements, including demonstrating the adequacy of the proposed development budget, the market for the project, and the affordability of the project. 4) Readiness: Examines the project development plan, as well as the status of local government approvals, design progress, and financing commitments. Future special allocations of HOME funding may have different criteria than those above, which are for the standard HOME program. Future special allocations of HOME funding may reflect specific goals or priorities intended to provide response to the reason for the special allocation, such as a pandemic, economic recession, or other event requiring a federal response. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to set funding criteria. To ensure HCD meets HUD's statutory commitment deadline and/or regulatory 8-year expenditure deadline and avoids having to return funds to HUD, HCD may choose to only take applications from projects that have previous funding awards from HCD but have not progressed to construction due to funding gaps. When HCD distributes OTC funds to projects that were

		previously scored and awarded by HCD ~~with a previous HCD award and have successfully scored high enough~~ under a previous NOFA, HCD may award funds either on a first-come, first-serve basis, or use any combination of these additional criteria: • Priority may be given to projects where the additional funding award is sufficient to cover the gap in financing without the need for the applicant to seek additional funding sources. • Priority may be given to projects with the highest level of project readiness. • Priority may be given to projects with the oldest dated HOME award letter. • Priority may be given to the project with the highest originally scoring application, if applicable. • Priority may be given to the project that fulfills another goal or objective of HCD's. When HCD uses a Program Solicitation to distribute funds to programs with previous awards, criteria will be established in the NOFA, Program Solicitation, or Public Notice that prioritize the objectives established in the Con Plan.
	Describe how resources will be allocated among funding categories.	Pursuant to state HOME regulations, the minimum of 40 percent of the annual allocation received from HUD will be used to support awards to program activities applications, consisting of First-Time Homebuyer Downpayment Assistance (FTHB), Owner-Occupied Rehabilitation (OOR), and Tenant-Based Rental Assistance (TBRA) activities; 5 percent will be available to fund FTHB projects applications, and 55 percent (exceeding the minimum 40 percent requirement in the state HOME regulations) of funds will typically be available for rental project new construction or rehabilitation projects for an annual allocation ~~in a given NOFA cycle~~. Additionally, 20 percent of the allocation will be used to fund applications submitted by Tribal Entities. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program Guidelines would first be adopted and used to determine how resources will be allocated among funding categories. Should the pool of applicants not fully subscribe funds for any target or set-aside, those funds will revert to the general pool of funds for HOME projects or programs.
	Describe the threshold factors and grant size limits.	Pursuant to state HOME regulations 25 CCR section 8212, the following threshold criteria must be met to be considered for funding: 1) Applications shall not be considered for funding unless the application is received within the timeframe specified in the NOFA, and demonstrates that all the following conditions exist:

		1a) the applicant is eligible, pursuant to Section 8204 and 8204.1. 1b) the applicant proposes at least one eligible activity and the proposed uses for the HOME funds are eligible, pursuant to Section 8205 and 82 10(c). 1c) the application is complete, pursuant to Section 8211. 2) The total amount of funds requested for both administration and activity-specific costs does not exceed the funding allocation limit, which is stated in the NOFA, and any allowed increase to this limit, pursuant to Section 8217. 3) Applicants may be held out from competition due to performance problems with current HOME contracts, such as failure to submit required single audit documentation to the State Controller's Office, or unresolved audit findings. 4) Applicants for program activities funds with one or more current state HOME program activities contracts must have expended at least 50 percent of the aggregate total of program funds originally awarded under these contracts to be eligible to apply for additional program activity funds. 5) Applicants for projects that miss three project deadlines are currently ineligible to apply for funds in the next NOFA. However, HCD may waive this holdout penalty if the missed project deadline was clearly outside the control of all the following parties: the applicant, developer, owner, and managing general partner. 6) If the applicant is a CHDO, this includes procedures ensuring the CHDO's effective project control of activities assisted with HOME funds, pursuant to 24 CFR Section 92.300(a)(1); and 7) For applications proposing projects involving acquisition of rental housing, acquisition and rehabilitation of rental housing, rehabilitation of rental housing, construction of rental housing, or construction of housing for first-time homebuyers, the application demonstrates: 7a) site control pursuant to Section 8303. 8) There are no pending lawsuits that will prevent implementation of the project, as proposed. 9) For applications proposing rental activities, the application contains documentation demonstrating that the project either complies with or is exempt from Article 34 of the

		California Constitution. Maximum grant size limit for rental projects and programs ~~is $4.5 million, and for FTHB projects is $2 million.~~ will be established in the NOFA, Project Solicitation, or Public Notice. ~~Maximum grant size limit for program activities is $1 million.~~ An OTC NOFA, Project or Program Solicitation or Direct Funding award that distributes funds to projects with a previous HOME award may increase the maximum funding limits established by the NOFA under which the applicant originally applied. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would first be adopted and used to determine threshold factors.
	What are the outcome measures expected as a result of the method of distribution?	The specific goals and goal outcome indicators associated with the entire HOME program year in the Strategic Plan are: • Increase supply of affordable housing, preservation of existing affordable housing, improve access to affordable housing (Goal Outcome Indicators: Rental Units Constructed; Homeowner Housing Added; Rental Units Rehabilitated; Homeowner Housing Rehabilitated; Direct Financial Assistance to Homebuyers; Tenant-Based Rental Assistance/Rapid Rehousing) • ~~In the upcoming fiscal year, the HOME program estimates for all activities include: Completing construction on 154 rental units (includes Rental New Construction and Rental Rehabilitation, 8 homebuyer units (FTHB New Construction), rehabilitating 28 OOR units, assisting 50 FTHB households, and providing TBRA to 194 households.~~

AP-38 Project Summary

Project Summary Information

1	Project Name	Increase Supply of Affordable Housing
	Target Area	Statewide
	Goals Supported	Increase Supply of Affordable Housing
	Needs Addressed	Increase Supply and Preservation of Affordable Housing
	Funding	~~CDBG: $7,854,544.67~~ HOME: $24,965,134 HTF: $18,993,438
	Description	Address the high cost of housing among extremely low-income, low-income, and moderate-income households by making available and preserving more affordable housing options.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	~~444~~ 125 families of extremely low-, low-, and moderate-income (~~188~~ 76 HOME, ~~190 CDBG,~~ ~~88~~ 49 HTF)
	Location Description	
	Planned Activities	Multifamily Rental and New Construction, Homeowner Housing Added

2	**Project Name**	**Preserve Existing Affordable Housing**
	Target Area	Statewide
	Goals Supported	Preservation of Existing Affordable Housing
	Needs Addressed	Increase Supply and Preservation of Affordable Housing
	Funding	CDBG: ~~$6,468,448.55~~ $9,282,665 HOME: $4,160,855 HTF: $2,100,382
	Description	Increased Supply and Preservation of Affordable Housing
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	~~177~~ 68 families of extremely low-, low-, and moderate-income (~~10~~ 8 HTF, ~~125~~ 50 CDBG, 4~~2~~ 10 HOME)
	Location Description	
	Planned Activities	Rental units Rehabilitated, ~~Homeowner housing added~~, Homeowner housing rehabilitated
3	**Project Name**	**Improve Access to Affordable Housing**
	Target Area	Statewide
	Goals Supported	Improve Access to Affordable Housing
	Needs Addressed	Improve Access to Affordable Housing
	Funding	CDBG: ~~$3,234,224.28~~ $3,419,929 HOME: $5,547,807
	Description	Address the high cost of housing among extremely low-income, low- income, and moderate-income households by making available and preserving more affordable housing options.
	Target Date	6/30/2026

	Estimate the number and type of families that will benefit from the proposed activities	~~288~~ 215 families of extremely low-, low-, and moderate-income (~~238~~ 190 HOME, ~~50~~ 25 CDBG)
	Location Description	
	Planned Activities	Direct Financial Assistance to Homebuyers, Tenant-Based Rental Assistance
4	**Project Name**	**ESG25 California-Prevent Homelessness and Address Homelessness**
	Target Area	Statewide
	Goals Supported	Prevent Homelessness and Address Homelessness
	Needs Addressed	Address the Homelessness Crisis
	Funding	ESG: ~~$698,978 & $13,280,590~~ $13,979,569 HOPWA: ~~$146,909 & $4,570,074~~ $10,791,439 ESG RUSH: $2,775,000
	Description	Addressing the increasing number of individuals and families experiencing homelessness by aiding households currently experiencing homelessness and those at imminent risk of entering homelessness. A set-aside of ESG funds in the amount of $3,000,000, with $225,000 set aside for State Operations, was awarded to HCD under ESG RUSH. HCD will award ESG RUSH funds via contract to eligible subrecipients in the disaster declared areas under DR4856 for performance of eligible activities as defined in the RUSH Notice: FR-6315-N-01.
	Target Date	6/30/2026

	Estimate the number and type of families that will benefit from the proposed activities	Homeless Prevention Persons Assisted: ~~200~~ 165 ESG, 570 HOPWA, 115 ESG RUSH Rapid Rehousing: ~~2,600~~ 2,400 ESG, 570 ESG RUSH TBRA: 30 HOPWA Homeless Person Overnight Shelter: 14,200 ESG, 100 HOPWA, 3,550 ESG RUSH HIV/AIDS Housing Operations: 7 HOPWA Public Service Activities other than Low/Mod Income Housing Benefit: ~~1,100~~ 600 HOPWA
	Location Description	
	Planned Activities	Short-Term Rent, Mortgage, and Utility Assistance, Homelessness Prevention. Homeless person-overnight shelter, Street Outreach, emergency shelter, Transitional housing beds added, HIV Aids, Tenant-Based Rental Assistance, Transportation, Permanent Housing Placement, Housing Information Services, Case Management, Supportive Services, Provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas.
5	**Project Name**	**Invest in Community and Public Infrastructure and Facilities**
	Target Area	Statewide
	Goals Supported	Maintain or Improve Public Facilities and Infrastructure
	Needs Addressed	Invest in Community and Public Infrastructure and Facilities
	Funding	CDBG: ~~$18,481,281.58~~ $25,405,189
	Description	Provide support for public facilities and infrastructure, particularly in rural areas, with the goal of supporting low- to moderate-income households in these communities. Includes Colonias set aside activity.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	Other than low- and moderate-income Housing Benefit: 43,000 Assisted For low- and moderate-income Housing Benefit: ~~20~~ 0 Households Assisted

	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services. The National Affordable Housing Act of 1990 established allocations to support Colonias in addressing deficiencies in housing, access to potable water, and sewer improvements.
6	**Project Name**	**Provide Community-Based Public Services**
	Target Area	Statewide
	Goals Supported	Maintain or Improve Access to Public Services
	Needs Addressed	Provide Community-Based Public Services
	Funding	CDBG: ~~$6,468,448~~ $6,839,858
	Description	Provide support for public services, particularly in rural areas, with the goal of supporting low- and moderate-income households in these communities.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	Other than low- and moderate-income Housing Benefit: 26,000 Persons Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services
7	**Project Name**	**Increase Economic Development Opportunities**
	Target Area	Statewide
	Goals Supported	Economic Development
	Needs Addressed	Increase Economic Development Opportunities
	Funding	CDBG: ~~$3,696,256~~ $3,908,490
	Description	Provide an economic catalyst to areas in need of economic development, particularly in the rural areas, with the goal of increasing economic opportunities and outcomes to low- and moderate-income individuals.

	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	40 Jobs Created or Retained 35 Businesses Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development
8	**Project Name**	**~~CDBG~~ State Operations**
	Target Area	Statewide
	Goals Supported	Increase Housing Affordability Preserve Existing Affordable Housing Improve Access to Affordable Housing Address and Prevent Homelessness Economic Development Maintain or Improve Public Facilities and Infrastructure Provide Community-Based Public Services
	Needs Addressed	Increase Supply and Preservation of Affordable Housing Improve Access to Affordable Housing Address the Homelessness Crisis Invest in Community and Public Infrastructure and Facilities Maintain or Improve Access to Public Services Increase Economic Development Opportunities
	Funding	CDBG: $1,532,457 HOME: $3,019,311 NHTF: $2,344,869
	Description	State Operations for the 2025 CDBG, HOME, and NHTF programs for the State of California. This will include program administration and providing technical assistance to grantees. For CDBG, there is no corresponding national objective for state operations, though these efforts support the successful completion of all other projects and activities.

	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	State Operations
9	**Project Name**	**CDBG General Administrative Assistance**
	Target Area	
	Goals Supported	Increase Housing Affordability Address and Prevent Homelessness Economic Development Maintain or Improve Public Facilities and Infrastructure Maintain or Improve Access to Public Services
	Needs Addressed	Improved access to Affordable Housing Homelessness Prevention and Assistance Neighborhood Stability Community-Based Public Services Increased Economic Development Opportunities Disaster Recovery
	Funding	CDBG: $2,012,929
	Description	General Administrative Assistance for CDBG
	Target Date	6/30/2026

	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Local General Administration of CDBG Programs

Table 8 – Project Summary

Program Specific Requirements

AP-90 Program-Specific Requirements – 91.320(k) (1,2,3)

Introduction

Projects planned with all the California Department of Housing and Community Development (HCD) Community Development Block Grant (CDBG) funds expected to be available during the year are identified in the Projects Table in AP-35.

CDBG:

Program Income: CDBG information required by 24 Code of Federal Regulations (CFR) 91.320(k)(1)(iv) includes the following: a description of each of the local accounts, including the name of the local entity administering the funds, contact information for the entity administering the funds, the amounts expected to be available during the program year, the eligible activity type(s) expected to be carried out with the Program Income (PI), and the national objective(s) served with the funds. In addition, for PI held in local accounts to be used, HCD uses a PI only application in eCivis Grants Network, which will be moved over to the new HCD-wide online grants management system upon its adoption (bound by a Standard Agreement). Grantees may also use PI in conjunction with annual funds bound by a Standard Agreement that includes both funding types. See Appendix B for a local entity PI chart.

HOME Investment Partnerships Program (HOME):

Program Income: The HOME Final Rule requires that uncommitted Program Income (PI), repaid funds, or recaptured funds (RF) received during the previous program year must be described in the Annual Action Plan (AAP). Pursuant to 24 CFR 91.320(k)(2)(i) for the HOME program, the state may choose to include PI funds that are expected to be received during the program year if the state plans to commit these funds during the program year. HCD is currently undergoing efforts at developing processes around HOME PI and RF receipting, programming, and expending. Once a HOME PI policy is established, a summary will be included here.

Preferences: At this point, the state does not plan to require subgrantees or subrecipients to limit the beneficiaries of HOME assistance or to give preferences to a particular segment of the low-income population for HOME assistance. However, subgrantees and subrecipients may establish a priority for households that live or work within the jurisdiction or with special needs ~~(for example, survivors of natural disasters, members of households impacted by COVID-19, or individuals at risk of homelessness or currently experiencing homelessness)~~ in their projects or programs, in accordance with 24 CFR 92.209 and 24 CFR 92.253. In the future, the state may give priority to a particular segment of the low-income population in response to an unforeseen ~~and~~ or emergency need in HOME-eligible communities ~~(for example, natural disasters or a re-emergence of the COVID-19 pandemic)~~.

Projects funded with HOME dollars may (but are not required to) limit occupancy or provide priority to the certain populations:

However, any limitation must not violate the nondiscrimination requirements in the HOME regulations at 24 CFR 92.350, and the applicant must have marketing requirements that apply in the context of tenant eligibility for the project. Priority and/or limitations may not be given to students.

In addition, tribal projects and programs with Indian Housing Block Grant funding (IHBG) may market in accordance with IHBG rules and HOME regulations at 24 CFR 92.253(d)(3)(i).

Use of HOME Funds for Homebuyer Assistance and Owner-Occupied Rehabilitation: The State of California intends to use HOME funds for both ~~down payment~~ homebuyer assistance and the rehabilitation of owner-occupied housing. All assisted units must comply with the HOME Value Limits established by HUD, as outlined in 24 CFR 92.254(a)(2)(iii). Should the state seek to exceed these limits, a waiver must be granted by HUD to authorize such an action.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table in AP-35. The following identifies PI that is available for use that is included in projects to be carried out.

1. The total amount of PI that will have been received before start of the next program year and that has not yet been reprogrammed.	$18,000,000
The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	$0
2. The amount of surplus funds from urban renewal settlements.	$0
3. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	$0

4. The amount of income from float- funded activities. $0

Total PI: $18,000,000

Other CDBG Requirements

- The amount of urgent need activities $0

The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. 70%

Overall Benefit - a consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70 percent of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this AAP 2024-2025. 70%

HOME Investment Partnerships Program (HOME) Reference 24 CFR 91.320(k)(2)

1. **A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

   None. HOME funds are allocated in the form of grants and deferred payment loans.

2. **A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

   HCD's HOME Program Resale and Recapture Policy was approved by HUD in July 2023.

   a) **Recaptured loans:** All local jurisdictions and the Community Housing Development Organizations (CHDOs) must follow the HOME Resale Recapture Policy, approved by HUD July 2023. They may select an approved recapture method described in the policy to recapture the HOME assistance provided to the homebuyer. The assistance provided to the homebuyer may include down-payment assistance, closing costs, and/or the difference between the appraised home sales price and the amount of the first mortgage for which the low-income homebuyer can qualify, plus closing costs. Thehome sales price cannot exceed the appraised value of the home. If HCD provides funds for homeowner new construction or rehabilitation and the total project costs exceed appraised value, the development subsidy is not subject to recapture.

   Pursuant to 24 CFR §92.254, when recapture is triggered by a sale (voluntary or involuntary) of the housing unit and there are no net proceeds or the net proceeds areinsufficient to repay the HOME investment due, only the net proceeds can be recaptured, if any. Net proceeds are the sales price minus superior loan repayments (other than HOME funds) and any closing costs. HOME loans made under the recapture option may be assumed by subsequent HOME-eligible purchasers.

For loans held by state recipients, the local jurisdiction may impose shared provisions on the appreciation in home value proportionate to the share of the HOME assistance provided, less the homeowner investment in the property. This would only apply if the sales price were sufficient to repay the HOME loan and the loan is not assumed by another HOME-eligible purchaser.

The captured appreciation may also be reduced, proportionate to the number of years during which the homebuyer has owned the home. The captured appreciation may alsobe subject to restrictions by other public lenders such as the United States Department of Agriculture (USDA) or the California Housing Finance Agency (CalHFA).

Applicants requesting funding for Owner-Occupied Rehabilitation (OOR), First-Time Homebuyer (FTHB) projects, and FTHB programs must submit documentation (i.e., promissory note, deed of trust, regulatory agreement, etc.) showing specific recapture provisions per HUD's recapture requirements, established in 24 CFR 92.254(a)(5)(ii). These documents will be sent to HUD for approval prior to awarding funds for these activities.

Typically, the appreciation is calculated as follows:

Gross appreciation is calculated by subtracting the original sales price from the current sales price or the current appraised value if the loan-accelerating event isother than the sale of the property.

Net appreciation is calculated by subtracting the seller's applicable closing costs,seller's cash contribution in the original purchase transaction, value of seller's time during construction, if applicable, and documented value of capital improvements from the gross appreciation amount.

The state recipient only claims repayment of the HOME principal and a portion of the net appreciation. That maximum portion of the net appreciation that is claimed by the state recipient is equal to the percentage of the value of the home financed by the HOME loan. That is, if the loan equals 20 percent of the initial value of the home, the state recipient claims a maximum of 20 percent of the net appreciation.

HCD will use the HOME Homeownership Value Limits for the area provided by

HUD, except for areas where a HOME Value Limits waiver has been requested by HCD and approved by HUD. Current HUD-issued limits effective June 1, 2022, can be reviewed on the HCD website at State and Federal Income, Rent, and Loan/Value Limits | California Department of Housing and Community Development.

3. **A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds (see 24 CFR 92.254(a)(4)) are asfollows:**

   HCD's HOME Program Resale and Recapture policy was approved by HUD in July 2023.

   Pursuant to the Resale and Recapture Policy, all HOME assistance loans require the use of allowable recapture methods. All approved recapture methods limit recapture to net proceeds available. Each beneficiary is required to sign a loan agreement that discusses key requirements, including the required period of affordability for the HOME assistance loan.

4. **Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

   None. The state HOME program does not use its funds for refinancing existing debt.