State of California 2020-2024 Federal Consolidated Plan
Annual Action Plan

One Year Use of Funds Fiscal Year 2024-2025
Second Amendment – Substantial

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DRAFT

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State of California

2024-2025 Annual Action Plan Second Amendment – Substantial

The second Substantial Amendment to the 2024-2025 Annual Action Plan (AAP) introduces key revisions to the Emergency Solutions Grants (ESG) program, National Housing Trust Fund (NHTF) program, and HOME Investment Partnerships Program (HOME) to enhance flexibility, efficiency, and alignment with federal regulations. The most significant change is the transition of ESG funding from state regulations to ESG Program Guidelines, which streamlines funding distribution, reduces administrative burdens, and allows for a performance-based allocation system using Homeless Management Information System (HMIS) data. These updates improve tracking of exits to permanent housing, shelter stays, and returns to homelessness, ensuring resources are directed where they are most effective. Additionally, the allocation of Rapid Unsheltered Survivor Housing (RUSH) funds has been removed from this AAP and is incorporated into the 2025-2026 AAP to align with the grant and project year funding in the Integrated Disbursement and Information System (IDIS).

To further increase program efficiency, the amendment establishes new funding limits for ESG, including a 40% minimum for Rapid Re-Housing (RRH), a 10% cap on Homelessness Prevention (HP), and eligibility for minor shelter maintenance under Build America, Buy America (BABA) requirements. HCD also received U.S. Department of Housing and Urban Development (HUD) approval for a waiver allowing rental assistance above Fair Market Rent (FMR), effective January 18, 2025. The amendment merges the Continuum of Care (CoC) and Balance of State allocations into a single funding pool and updates scoring, rating, and ranking methods to focus on measurable outcomes.

Other changes include allowing tribal projects with Indian Housing Block Grant (IHBG) funding to apply tribal admissions and occupancy standards (TAOS) for NHTF and HOME-funded projects, adding allowable occupancy preferences for HOME and NHTF, as well as reallocating forfeited HOME funds to existing projects in need of additional funding to meet HUD expenditure deadlines. These updates collectively aim to enhance program impact, improve housing stability, and ensure distribution of resources across California.

This amendment reflects only those sections, or portions of sections, within which changes have been made. All other sections remain unchanged.

Below is a summary of the changes:

- **AP-10:** As of December 10, 2024, ESG funding follows new Program Guidelines instead of State Regulations to better align with federal rules, improve flexibility, and simplify requirements for applicants. The Guidelines were finalized after extensive public outreach, including a 30-day public comment period, consultations with CoCs, listening sessions, and surveys.

- **AP-15:** RUSH anticipated resources have been removed as these have been added to the FY25 AAP.
- **AP-20:** RUSH goals and objectives have been removed as these have been added to the FY25 AAP.
- **AP-25:** HCD has replaced the ESG State Regulations with ESG Program Guidelines to streamline funding distribution, increase flexibility, and reduce administrative burdens. Funding is now allocated as a single method of distribution based on performance outcomes tracked through HMIS, with a focus on RRH and HP metrics.
- **AP-30:** ESG: The CoC and Balance of State allocations are merged into one method of distribution through an Over-The-Counter (OTC) application process. Under the Program Guidelines, effective December 2024, changes include efficiency improvements and performance-based allocations. Key changes include a 10 percent cap on HP, eligibility for minor shelter maintenance under BABA, and a HUD-approved waiver for rental assistance above Fair Market Rent (FMR), effective January 18, 2025. RUSH language has been removed from this section as this has been added to the FY25 AAP.
- **AP-30:** HOME: HOME-funded tribal projects and programs may provide preference or limit occupancy to tribal members, under federal Indian Law and applicable HUD regulations and guidance. HOME projects may also provide occupancy preferences for survivors of disasters. Additionally, to meet HUD expenditure deadlines, unused or forfeited HOME funds may be reallocated to existing projects needing additional funding rather than being redistributed through a new award process.
- **AP-38:** RUSH project summary data has been removed as this has been added to the FY25 AAP.
- **AP-65:** The amendment acknowledges the full expenditure of ESG-CV funds as of September 2024. RUSH language has been removed from the Homeless and Other Special Needs Activities section as this has been added to the FY25 AAP.
- **AP-90:** ESG: Performance standards now incorporate HMIS-based metrics (e.g., exits to permanent housing, shelter stays, and returns to homelessness). New evaluation criteria for the allocation include impact and cost-efficiency measures to improve program effectiveness.

- **AP-90:** NHTF: Tribal projects with IHBG funding may follow Tribal Admissions and Occupancy Standards (TAOS) for tenancy and eviction instead of a management plan, as long as they comply with federal non-discrimination laws. If no TAOS exists, NHTF management requirements apply, with an option for tribal tenant preference under 24 CFR 93.303(d)(3)(i).

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.

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

Describe consultation with the Continuum(s) of Care that serves the state in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS.

Ongoing consultation with the CoCs has been one of the factors in determining ESG fund allocation for ESG and ESG-CV. A summary of those allocation methods are as follows:

- ~~Currently~~ As of December 10, 2024, ESG funds are allocated pursuant to the ESG Program Guidelines. Funds were previously allocated pursuant to State Regulations. However, HCD was given guideline authority to align the program more closely with federal regulations, make improvements to allow for more flexibility and efficiency, and make the requirements clearer and more user-friendly for applicants, grantees, and HCD. The draft guidelines went through a 30-day public comment period in the summer of 2024 and were finalized in December 2024. Significant community partner consultation also occurred over a one-year period including presentations to CoCs, listening sessions, and a survey. Feedback obtained from public outreach was incorporated into the proposed guidelines. ESG program staff have also used office hours and other methods to introduce the new guidelines to CoCs and other interested parties.
- Prior to December 10, 2024, ESG funds ~~are~~ were allocated per the California state ESG Regulations. These regulations established how ESG funds must be distributed, what percentage was required to be awarded competitively, what must be assigned to Rapid Re-Housing activities, and what could be awarded as a standing allocation. HCD's ESG program previously distributed funding by a formula to two separate allocations, CoC and Balance of State (BoS).
- For ESG-CV funding, HCD eliminated the separate AE and BoS allocations and moved to a single direct-allocation method. This method of ESG-CV distribution was approved in the Executive Order issued on May 29, 2020, which provides for partial waiver of the California state ESG regulations.

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.

To support efforts around consolidating homelessness data, the California Interagency Council on Homelessness, an interagency where the HCD Director holds a seat, released the Homeless Data Integration System (HDIS). HDIS compiles data from all 44 CoCs, which will allow the state to better develop performance measures that will help state and local jurisdictions measure progress towards reducing homelessness.

AP-12 Participation - 91.115, 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 Wednesday, September 3, 2025, to Friday, October 3, 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 Thursday, September 11, 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 Annual Action Plans and Amendments under "2024-2025".

Public Comment Submission

All comments must be received by 5:00 p.m. on October 3, 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

Or via email: FederalReporting@hcd.ca.gov

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.

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

Introduction

The 2024-2025 Annual Action Plan (AAP) covers the period of July 1, 2024, through June 30, 2025. It is the fourth and final update in the implementation of the five-year 2020-2024 Consolidated Plan (Con Plan).

All Coronavirus Aid, Relief, and Economic Security (CARES) Act (CV) Community Development Block Grant (CDBG-CV) and CARES Act Emergency Solutions Grants (ESG-CV) funding has been discussed and or reflected in amendments to the 2019 - 2020 AAP.

On January 27, 2020, the U.S. Department of Housing and Urban Development (HUD) announced, via a Federal Register Notice, the allocation of $3.8 billion in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds for the purpose of assisting in long-term recovery from major disasters that occurred in 2017, 2018, and 2019. The California Department of Housing and Community Development (HCD) is the lead and responsible agency for administering the CDBG-DR funds allocated to the State of California. The State of California was allocated $1,017,399,000 from this appropriation and identified through the California Department of Housing and Community Development (HCD) as its administrative agency for the funds.

To meet disaster recovery needs, the statutes making CDBG-DR funds available have imposed additional requirements and authorized HUD to modify the rules that apply to the annual Community Development Block Grant (CDBG) program to enhance flexibility and allow for a quicker recovery.

HUD announced that the State of California will receive $115,022,000 in funding to support long-term recovery efforts following *FEMA DR-4683* through HCD. HUD has allocated $115,022,000 in CDBG-DR funds to the State of California in response to FEMA DR-4683, through the publication of the Federal Register, *Vol. 88, (88 FR 82982) November 27, 2023*. This allocation was made available through the Disaster Relief Supplemental Appropriations Act, 2023 (division B of Public Law 117-43) and allocates remaining funding made available through Public Law 117-32. The DR Action Plan is due to HUD on April 4, 2024, for review and approval. Implementation will begin after HUD approves the Action Plan and executes a grant agreement for this allocation.

HUD has allocated $231,203,000 in CDBG-DR funds to the State of California in response to FEMA DR-4558 and DR-4569, through the publication of the Federal Register, Vol. 87, No. 23, February 3, 2022 (87 FR 6364). This allocation was made available through Public Law 117-43. HCD's CDBG-DR Action Plan was approved by HUD on August 5, 2022. Funds were allocated according to federal regulations found in 84 FR 45838, 24 CFR §570 and the CDBG-Mitigation (MIT) Action Plan. For more information, please reference the CDBG-DR Action Plan and Program Policies at: [Disaster Recovery & Mitigation | California Department of Housing and Community Development.]

To address the need for homelessness assistance and supportive services, the U.S. Congress appropriated $5 billion in funding from the American Rescue Plan Act of 2021 (ARP) to be administered through the HOME Investment Partnerships Program (HOME). Program activities must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or belong to other vulnerable populations. HCD is the administrator of the HOME-ARP Program on behalf of the state. HCD received a one-time HOME-ARP allocation of $155,003,054. The allocation is intended to ensure HCD's one-time HOME-ARP allocation assists the greatest number of the Qualifying Populations (QPs), all with different levels of service and housing needs. HCD will allocate HOME-ARP funding to the development of affordable rental housing, supportive services, and administration and planning. The State of California HOME-ARP Allocation Plan (Plan), and subsequent amendment to the Plan, describes how the state will use HOME-ARP program funds for eligible activities to address the unmet needs of the QPs in accordance with the Plan, and is posted on the HCD website at: State of California HOME-ARP Allocation Plan.

The following page describes the Fiscal Year 2024-2025 (FY24) annual allocations and prior year resources available to the state's eligible CDBG, HOME, ESG, Housing Opportunities for Persons With Aids (HOPWA), National Housing Trust Fund (NHTF), CDBG-DR, and NDR programs. For CDBG, there is an estimated $14 million in prior year Program Income (PI) and $6.4 million from prior years.

For CDBG, there is an estimated $6.4 million from prior years. For ESG, there is an estimated $2.4 million from prior years. Prior year resources reflect dollars from previous grant years that had remained unobligated through previous application cycles. It also includes funds that were disencumbered and are now being re-encumbered. These amounts will go out in a NOFA in FY24-2025.

Anticipated Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				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	$30,065,955	$14,000,000	$6,400,000	$50,465,955	$0	2024 HUD Award Allocation, available PI balance, and prior year CDBG resources.
HOME	Public Federal	Acquisition, Homebuyer Assistance, Homeowner Rehabilitation, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, New Construction for Ownership,	$37,964,245	$0	$0	$37,964,245	$0	2024 HUD Award Allocation, available.

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
		Tenant-Based Rental Assistance						
ESG	Public Federal	Conversion and Rehabilitation for Transitional Housing, Financial Assistance, Overnight Shelter, Rapid Re-Housing (Rental Assistance), Rental Assistance Services, Transitional Housing	$12,442,477	$0	2,414,874	$14,857,351	$0	2024 HUD Award Allocation plus Prior Years Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
~~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~~	~~A set-aside of ESG funds in the amount of $3,000,000 was awarded to HCD under ESG RUSH.~~ ~~HCD will award ESG RUSH funds via contract to eligible subrecipients in the disaster declared areas under DR-~~

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
								~~4856, for performance 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	$21,561,035.25	$0	$0	$21,561,035.25	$0	2024 HUD Award Allocation

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				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	$5,132,250	$0	$0	$5,132,250	$0	The State HOPWA Allocation is $5,132,250
CDBG-DR 2017 Unmet Needs	Public Federal	Owner Occupied Rehab; Multifamily Housing; Homebuyer Assistance	$0	$0	$1,650,310.13	$1,650,310.13	$0	HUD Awards: B-18-DP-06-0001; B-19-DP-06-0001

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
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	HUD Awards: 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	HUD Awards: 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	$827,932	$827,932	$0	2013 HUD Award: B-13-DS-06-0001

Program	Source of Funds	Use of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG-DR Unmet Needs	Public Federal	Multifamily Housing, Infrastructure, Owner-Occupied Rehabilitation	$0	$0	$0	$0	$0	2020 HUD Award: B-21-DZ-06-0001; B-21-DF-06-0001; B-22-DF-06-0001
CDBG-DR 2023 Unmet Needs	Public Federal	Multifamily Rental New Construction, Manufactured Housing Unit Replacement & Elevation, Community Resiliency Centers	$0	$0	$107,695,585	$107,695,585	$0	HUD Awards: B-23-DG-06-0001

Table 4 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state, and local funds), including a description of how matching requirements will be satisfied.

The CDBG, HOME, NHTF, ESG, HOPWA, CDBG-DR, and CDBG-National Disaster Resilience (NDR) programs only partially fund the many different activities and services listed. Each program takes a unique approach to leverage multiple funding sources to expand the reach of services. This leveraged funding from other partners is critical. As housing costs continue to rise, developers, communities, and service providers must be creative and have partnerships and other resources to successfully complete the proposed projects. Banks participate in providing conventional loans to support the development of affordable rental units. Banks are also active in providing first-time homebuyer assistance in conjunction with state and federal programs.

In general, affordable housing in California is financed by the following sources (the percentage is the approximate utilization for the respective funding sources based on HCD's development financing records):

- State housing tax credits: 10 percent
- Federal housing tax credits: 40 percent
- Private bank loans: 10 percent
- Federal HOME funds: 5 percent
- Local funds: 5 percent
- Federal Home Loan Bank Affordable Housing Program: 5 percent
- State housing funds: 20 percent
- State Mental Health Services Act Housing funds: 5 percent

Funding from state and local housing funds will likely increase from past levels, due to an increase in affordable housing funding available from the state and improvements in local revenues during the past five years.

<u>CDBG:</u> CDBG does not have match requirements. HCD anticipates that local, state, and philanthropic dollars will be leveraged for CDBG funded activities.

<u>HOME:</u> 25 percent match requirement. HCD match sources consist of other state and local resources contributions to housing in conjunction with HOME funds pursuant to the HOME match requirements at 24 Code of Federal Regulations (CFR) 92.220.

<u>ESG</u>: 100 percent match requirement. ESG match is provided by its subrecipients on a dollar-for-dollar basis. Specific sources of match are identified at the time of application and must comply with 24 CFR 576.201. The primary sources of match identified in the

most recent funding round for ESG are local match funding, including cities and counties, private match funding, including fundraising and cash, federal match funding, including CDBG, Supportive Housing Program (SHP), and HOME Tenant-Based Rental Assistance (TBRA); in addition to donated goods, volunteers, building value, or lease. ~~Match requirements do not apply to ESG RUSH program funds.~~

NHTF: There is no federal match requirement for NHTF. HCD anticipates that, like the state HOME program, Low Income Housing Tax Credits (LIHTC) will be leveraged for rental new construction and rehabilitation projects. HCD anticipates sources of leverage including private bank loans, state funds such as tax credits, tax exempt bonds, and HCD state programs such as NPLH, VHHP, MHP, IIG, FWHG, Homekey, etc., other federal funds, and local funds.

HOPWA: There is no federal match requirement for state HOPWA; however, state HOPWA project sponsors report their leveraged funds. On an annual basis, the California Department of Public Health/Office of AIDS (CDPH/OA) allocates funding through the HIV Care Program (Ryan White Part B) for HIV/AIDS care and treatment services to California counties. Based on prior year data, state HOPWA anticipates approximately $3.5 million in leveraged funds by HOPWA project sponsors, including Ryan White Part B and other federal, state, local, and private resources for the provision of HIV/AIDS housing and services to HOPWA clients based on the FY 2022-2023 Consolidated Annual Performance and Evaluation Report (CAPER) reported numbers.

CARES Act: Funding through the CARES Act waived match requirements to improve immediate access to the ESG-CV funds. CDBG-CV does not require match. HOPWA-CV does not require match.

CDBG-DR / MIT: There is no federal match requirement for CDBG-DR. HCD anticipates that for the Multifamily Housing Program, similar to the state HOME and NHTF programs, Low Income Housing Tax Credits (LIHTC) will be leveraged for rental new construction projects. HCD anticipates sources of leverage to also include private bank loans, other state funds, other federal funds, and local funds.

CDBG-NDR: There is no federal match requirement for CDBG-NDR. However, CDBG-NDR funds can be used as non-federal match for certain federal programs, including assistance from FEMA and help to leverage additional public dollars in this way.

Annual Goals and Objectives

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

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

1. Increase housing affordability (Priority Need: Improved access to affordable housing)
2. Addressing and preventing homelessness (Priority Need: Homelessness prevention and assistance)
3. Economic development (Priority Need: Increase economic development opportunities)
4. Maintain or improve public facilities and infrastructure (Priority Need: Neighborhood stability and sustainability)
5. Maintain or improve access to public services (Priority Need: Community-based public services)
6. Recovery assistance for natural disaster survivors (Priority Need: Disaster recovery and climate resilience)

The figures below represent estimates of allocation goals and objectives for the Program Year 2024-2025. These figures could change based on the U.S. Department of Housing and Urban Development (HUD) input.

In response to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the COVID-19 pandemic, certain goals have been prioritized for increased funding, particularly through the Emergency Solutions Grants-CARES Act Stimulus (ESG-CV) and Community Development Block Grant CARES Act Stimulus (CDBG-CV) programs. These goals include:

- Addressing and preventing homelessness: focusing on providing suitable shelter for unhoused persons at risk of infection and spread of COVID-19.
- Economic development: focusing on job retention and business support.
- Maintain or improve public facilities and infrastructure: focusing on healthcare facilities and capacity as well as appropriate shelter facilities for persons experiencing homelessness.
- Maintain or improve access to public services: focusing on services to help address the impacts of COVID-19.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
1	Increase housing affordability	2020	2024	Affordable Housing	Statewide	Improved access to affordable housing	CDBG: $15,927,171 HOME: $34,167,821 HTF: $21,561,035.25	Rental units constructed: 280 Household Housing Units (HHU) Rental units rehabilitated: 46 HHU Homeowner housing added: 100 HHU Homeowner housing rehabbed: 145 HHU Direct financial assistance to homebuyers: 140 HH Assisted (HA) Tenant-Based Rental Assistance: 75 HA
2	Addressing and preventing homelessness	2020	2024	Homeless	Statewide	Homelessness prevention and assistance	CDBG: $4,550,620 HOME: $3,796,424 ESG: $14,857,351	Rapid Re-Housing: ~~3,770~~ 3,200 HA Homeless Person Overnight Shelter: ~~23,320~~ 19,770 Persons Assisted Overnight/ES/TH Housing Beds Added: 300 Beds Homelessness Prevention: ~~765~~ 650 Persons Assisted Housing for Homeless Added:100 HHU HIV/AIDS Housing Operations: 15

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
							~~ESG RUSH:~~ ~~$3,000,000~~ HOPWA: $5,132,250	HHU See Appendix A for HOPWA
3	Economic Development	2020	2024	Non-Housing Community Development	Statewide	Economic Development	CDBG: $13,651,860	Jobs created/retained:360 Businesses assisted: 40
4	Maintain or improve public facilities and infrastructure	2020	2024	Non-Housing Community Development	Statewide	Neighborhood Stability and Sustainability COVID-19 Pandemic Response (CARES Act)	CDBG: $4,550,620	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 118,800 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 100 Households Assisted Includes Colonias set-aside

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
5	Maintain or improve access to public services	2020	2024	Non-Housing Community Development	Statewide	Community-Based Public Services COVID-19 Pandemic Response (CARES Act)	CDBG: $6,825,930	Public service activities other than Low/Moderate Income Housing Benefit: 40,500 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 100 Households Assisted
6	Recovery Assistance for Natural Disaster survivors	2020	2024	Affordable Housing Non-Housing Community Development	Federally Declared Disaster Areas	Disaster Recovery and Climate Resilience		See CDBG-DR Action Plan: 23-24 cdbg-dr draft-action-plan

Table 5 Goals Summary

Name	Description
1) Increase Housing Affordability	Address the high cost of housing among extremely low-, low- and moderate-income households by making available and preserving more affordable housing options.
2) Addressing and Preventing Homelessness	Addressing the increasing number of individuals and families experiencing homelessness by aiding households currently experiencing homelessness and those at imminent risk of entering homelessness. ~~Provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas.~~
3) Economic Development	Provide an economic catalyst to areas in need of economic development, particularly in rural areas, with the goal of increasing economic opportunities and outcomes for low- and moderate-income individuals.
4) Maintain or improve Public Facilities and Infrastructure	Provide support for public facilities and infrastructure, particularly in rural areas, with the goal of supporting low- and moderate-income households in these communities.
5) Maintain or improve access to Public Services	Provide support for public services, particularly in rural areas, with the goal of supporting low- and moderate-income households in these communities.
6) Recovery assistance for Natural Disaster survivors	Activities to support disaster recovery for local jurisdictions and communities impacted by federally declared natural disasters. Visit this link for HCD's Disaster Recovery web page for information regarding CDBG-DR Action Plans. 23-24 cdbg-dr draft-action-plan

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 underserved 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 Investments 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:

23-24 CDBG-DR draft-action-plan 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:

Archive - Annual Action Plans and Amendments

ESG Program

1	State Program Name:	Emergency Solutions Grants Program (ESG) Allocation ~~Continuum of Care Allocation~~
	Funding Sources:	**ESG**
	Describe the state program addressed by the Method of Distribution.	As authorized by Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371-11378) and the federal Homeless Emergency and Rapid Transition to Housing Act (HEARTH) Act, 100 percent of ESG-funded activities must address homelessness. The ESG program aims to do the following: • Align with local systems' federal ESG and HEARTH goals. • Invest in impactful activities based on key performance goals and outcomes. • Improve the geographic distribution of funded activities. • Maintain continuity of funded activities and create a streamlined delivery mechanism. Pursuant to current state guidelines, eligible applicants are local governments and nonprofit corporations. Federal ESG funding will continue to be directed towards non-entitlement areas throughout the state; however, under the program, funding can be used in entitlement areas. HCD's ESG program is currently distributed in accordance with the Emergency Solutions Grants Program State Guidelines. The amount of funds available to Continuum of Care (CoC) Service Areas will be based on the amount of ESG funds available in any given year using the following formula allocation factors, with the most recent data available. (1) The Point-in-Time count published by HUD, which includes both sheltered and unsheltered homeless persons prorated to reflect the total population of the ESG non-entitlement areas within each CoC Service Area, as published by the Census Bureau. (2) The number of extremely low-income renter households within the ESG non-entitlement areas of each CoC Service Area that are paying more than 50 percent of their income for rent using HUD's Comprehensive Housing Affordability Strategy dataset. (3) The number of persons below the federal poverty line

		within the ESG non-entitlement areas of each CoC Service Area divided by the total population within the ESG non-entitlement areas of each CoC Service Area. This factor will be double-weighted. Data for these factors will be obtained from the Census Bureau. (4) Notwithstanding subsections (1) through (3) above, HCD may occasionally adjust the weighting of these factors and sources of information to reflect changes in the availability of data sources and to use the best information available. Any changes to the factors or weighting of the formula will be proposed in the Annual Action Plan. ~~As authorized by Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371-11378) and the federal Homeless Emergency and Rapid Transition to Housing Act (HEARTH) Act, 100 percent of ESG-funded activities must address homelessness.~~ ~~The ESG program aims to do the following:~~ ~~• Align with local systems' federal ESG and HEARTH goals.~~ ~~• Invest in impactful activities based on key performance goals and outcomes.~~ ~~• Improve the geographic distribution of funded activities.~~ ~~• Maintain continuity of funded activities and create a streamlined delivery mechanism.~~ ~~Pursuant to current state regulations, eligible applicants are local governments and nonprofit corporations. Federal ESG funding will continue to be directed towards non-entitlement areas throughout the state; however, under the redesigned program, funding can be used in entitlement areas.~~ ~~HCD's ESG program is currently distributed in accordance with the Emergency Solutions Grants Program State Regulations, California Code of Regulations Title 25, Division 1, Chapter 7. HCD is currently exploring alternate, more effective methods of distribution and may amend this Consolidated Plan to implement a new Method of Distribution (MOD) in future years.~~ ~~The amount of funds available to Service Areas~~ ~~(SAs) within the Continuum of Care (CoC) allocation and the Balance of State allocation will be based on the amount of ESG funds available in any given year using the following formula factors, adjusted biannually, using the most recent data available.~~ ~~(1) The Point-in-Time count published by HUD, which includes both sheltered and unsheltered homeless persons prorated to reflect the~~

		~~total population of the ESG non-entitlement areas within each CoC SA, as published by the Census Bureau.~~ ~~(2) The number of extremely low-income renter households within the ESG non-entitlement areas of each CoC SA that are paying more than 50 percent of their income for rent using HUD's Comprehensive Housing Affordability Strategy dataset.~~

		~~(3) The number of persons below the federal poverty line within the ESG non-entitlement areas of each CoC SA divided by the total population within the ESG non-entitlement areas of each CoC SA. This factor will be double-weighted. Data for these factors will be obtained from the Census Bureau.~~ ~~(4) Notwithstanding subsections (1) through (3) above, HCD may occasionally adjust the weighting of these factors and sources of information to reflect changes in the availability of data sources and to use the best information available. Any changes to the factors or weighting of the formula will be proposed in the Action Plan.~~ ~~Special allocations made under the ESG Program, such as ESG RUSH funding, may be awarded to existing subrecipients in good standing with HCD. ESG RUSH funding is geographically restricted for use within disaster declared areas. Therefore, Section 200 of the State Guidelines which describes the Allocation Formula does not apply to ESG RUSH: https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/esg/esg-final-guidelines.pdf~~
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applications will be evaluated using criteria set in state guidelines at Article 2, § 206. An Eligible Applicant/organization means a Private Nonprofit Organization or a Unit of General Purpose Local Government that provides or contracts with Private Nonprofit Organizations to provide Eligible Activities, 24 CFR 576.2. The Applicant shall meet the following requirements when its application is submitted: • The Applicant must show to the satisfaction of the Department that it is in compliance with the Single Audit requirements of 2 CFR 200.50. • The Applicant must be in good standing with the Department,

as defined in the NOFA, and in compliance with all applicable law; and

- Applicants must provide a Certificate of Good Standing from the California Secretary of State's office and a copy of their most recent filed Internal Revenue Service Form 990.

Applicant Selection

The Continuum of Care may select up to two Eligible Applicants to apply for funding in any given year. The selection process used by the Continuum of Care must include, at a minimum, the following:

- In making this selection, the Continuum of Care shall use a process which is fair, equitable, and open and avoids conflicts of interest in project selection, implementation, and administration of funds
- Incorporate reasonable performance standards as set forth in the AAP based on HUD requirements and guidance. If the Applicant has not implemented the proposed activity or similar activity within the past three years, the Continuum of Care shall work with the funded Applicant to ensure it meets reasonable performance standards specified in the AAP in the contract year
- The Applicant and/or Service Provider must develop complete policies and procedures that meet HUD's, HCD's, and the CoC's requirements. The CoC must review and approve the policies and procedures before the Contractors and/or Service Provider can begin administering any ESG Eligible Activity.
- Comply with federal regulations and these Guidelines.

HCD reserves the right to approve Applicants the Continuum of Care has recommended. If HCD does not approve an Applicant, HCD must communicate to the Continuum of Care the reason for the denial in writing within 15 business days from the closing date of the application period.

Criteria for denial of an Applicant:

- Applicant is not in good standing with HCD
- Applicant has unresolved findings with HCD, HUD or a Single Audit
- Applicant has not met Expenditure Milestones in the prior two Annual Funding Cycles: or
- Applicant has an outstanding financial obligation to HCD and is not meeting repayment terms, if applicable.

~~Applications will be evaluated using criteria set in~~

~~state regulation at Section 8407 or, alternatively, based on new program guidelines to be adopted, should the state decide to waive,~~

		~~suspend, repeal, or otherwise eliminate the state ESG regulations.~~ ~~Within the CoC allocation, Administrative Entities (AEs) will be selected by HCD to administer an allocation of funds provided pursuant to the formula factors set forth under section 8402 of the state ESG regulations. These AEs must be local governments of ESG entitlement areas and must commit to administering ESG funds, in collaboration with~~ ~~their CoC, throughout their CoC SAs, including ensuring access to ESG funds by households living in non-entitlement areas. CoC and AE qualifications are set forth in state ESG regulation section 8403(d) and (e).~~ ~~To be eligible to participate in the CoC allocation, the CoC shall recommend an AE that meets the following criteria set forth in subsections (1) through (3) below. Where there is more than one eligible ESG entitlement in a CoC SA willing to perform the functions of an AE, the CoC shall recommend a single AE for approval by HCD.~~
		~~(1) Is a unit of general-purpose local government that has administered ESG funds for an Entitlement Area during at least one of the past five years. Where a city is the only unit of general-purpose local government that has administered ESG funds for the Entitlement Area within the CoC SA, the AE may be a county agency with experience administering another federal homelessness, housing, community development, or human services program in at least one of the past five years.~~ ~~(2) Has no unresolved ESG monitoring findings with HUD or HCD that HCD determines poses a substantial risk to HCD if the AE is approved; and~~ ~~(3) Demonstrates the ability and willingness to perform the functions of an AE pursuant to federal and state ESG requirements.~~ ~~Selection criteria is not applicable for ESG RUSH funding directly awarded to existing ESG subrecipients in the declared disaster area, however HCD will review the prior performance of existing subrecipients prior to making an award~~ ~~recommendation.~~

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations,	• A NOFA will be issued every third Annual Funding Cycle. This means that each NOFA and subsequent awards will be encumbered and evidenced by a multiple year Standard Agreement, where Applicants may apply for more funds on the third year. • Funding will be based on the actual amount of ESG funds

including community and faith-based organizations. (ESG ONLY)	made available to HCD through a grant agreement from HUD in any given year using the formula allocation set forth in Section 200 of these Guidelines. • The Department reserves the right to issue one or more NOFAs as needed, and to subsequently amend, supplement, or rescind any such NOFA in its discretion. • The Department will notify all eligible Applicants of the anticipated level of funding for the program in the AAP and will provide them with a schedule of filing applications as indicated in the NOFA. • The NOFA will specify, among other things, the amount of funds available, eligible components and activities, the time frame for submittal of applications, the application requirements pursuant to Section 203 of these Guidelines, formula allocation and/or performance outcomes pursuant to the AAP, the matching contribution requirements pursuant to Section 209 of these Guidelines, any prohibitions of use of funds, the availability of administrative funds, and the general terms and conditions of funding allocations. • Applications must be received by the closing date and time identified in the NOFA. In order to comply with any set-aside or special allocation established by HUD or the Department, the Department may do one or more of the following: o Issue a special NOFA. o Specify in each NOFA the reservation of a portion of the funds for various set-asides or special allocations. o Specify in each NOFA any waivers to requirements granted by HUD or the Department in connection with the funds. o Deadline for filing of applications to be reviewed and approved by the Department, timeframes for review and funding of all applications. o General terms and conditions of funding allocations set forth in 24 CFR 91.320. 14 • For funding years when a NOFA is not issued, a new application will not be required. The Department will notify the Contractor with active contracts in good standing: o Their annual funding allocation amount o Request a Budget Revision o Request a signed certification from the Authorized Signor identified in the Resolution of any changes, o Issue an award letter o Amend the Standard Agreement to reflect the adjusted

		funding ~~Awards for funding will be made pursuant to the criteria set forth in sections 8403 of the state ESG regulations, or by an alternative established in new program guidelines to be adopted should the state decide to waive, suspend, or eliminate the state ESG regulations, and pursuant to objectives laid out in annual or special NOFAs that are responsive to current needs.~~ ~~HCD does not limit the number or type of contracts, subcontracts, or activities per contract between the AE and the subrecipient of the AE. If limits are established, they will be defined here and in the NOFA. The AE shall ensure that:~~
		~~(1) Not including the funding administered for a geographically contiguous CoC SA, pursuant to subdivision (a) (1) above, not less than 40 percent of the funds awarded on an annual basis shall be used for Rapid Re-Housing (RR) activities; and~~ ~~(2) Through the use of Coordinated Entry and other means, all funded activities are available to non- entitlement areas of the SA, consistent with section 414 [42 U.S.C. section 11373(c)].~~ ~~(A) The AE shall facilitate outreach and access to reach populations in the non-entitlement areas and shall evaluate participation from these areas at least annually. HCD may condition future funding to ensure access to funded activities by non-entitlement areas.~~ ~~(B) Funded activities may also serve households located in ESG entitlement areas.~~ ~~Processes used to make ESG CoC funding awards pertain to the following steps:~~ ~~1. Availability of funding is announced via a NOFA.~~

		~~2. Applications are made available and are completed and submitted by applicants (AEs).~~ ~~3. Program staff evaluate applications on ability to meet threshold requirements and eligibility set forth in the NOFA.~~ ~~4. Applications recommended for award by program staff are routed for approval by HCD leadership.~~ ~~5. HCD leadership makes decisions regarding which awards to fund.~~ ~~6. Awards are announced; and~~ ~~7. Awards made are formalized through an executed Standard Agreement.~~ ~~In addition, HCD will provide special allocations, such as ESG RUSH funding, as direct awards to existing subrecipients who are in good standing in their existing ESG award.~~

	Describe how resources will be allocated among funding categories.	ESG funds may be used for five program components: Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Rehousing, and Homeless Management Information System (HMIS), as well as Administrative Activities. Eligible Activities that may be funded under each component are set forth in 24 C.F.R. § 576.101 through 24 C.F.R. § 576.107. • A minimum of 40 percent of all Contractor's awarded contract/budget must include the Rapid Rehousing component. • Homelessness Prevention will be limited to no more than 10 percent of any awarded contract/budget and will not be awarded as a standalone activity. • ESG Shelter Operations funds may be used for maintenance activities that do not materially add to the value of the building/property; do not appreciably prolong the useful life of the building/property; and do not adapt the building/property to new uses. Examples of maintenance activities could include activities such as replacing a few shingles on a leaky roof; patching leaking pipes or plumbing; replacing a broken window; fixing a crack in a sidewalk; and filling potholes in a parking lot. Please note, the requirements of the Build America, Buy America Act (BABA) may apply to minor repairs. • Rental assistance payments provided as part of an RRH or HP activity under 24 C.F.R. § 576.106 cannot exceed HUD's Fair Market Rent (FMR) as provided under 24 C.F.R. Part 888 unless a waiver is granted by HUD and must comply with HUD's standard for rent reasonableness as established under 24 C.F.R. § 982.507. 　○ Effective January 18, 2025, HUD approved HCD's request to waive restrictions of rentals that are above the current Fair Market Rent (FMR). HCD has created a Waiver Acknowledgment Form for subrecipients to complete if intending to utilize this waiver. It is HCD's intent to request a waiver each year if there is a disparity between FMR and average rents in California's Continuum of Care service areas. Eligible Administrative Activities are set forth in 24 C.F.R. § 576.108. The Department will share one percent (1%) of federal funds for all those awarded for direct administrative costs. ~~ESG funds, inclusive of special allocations, may be used for four service components: Street Outreach, Emergency Shelter, Homelessness Prevention, and Rapid Re-Housing assistance. Funds may also be utilized for HMIS/HMIS comparable database and administration in proportion to funding utilized for service components.~~

		~~Federal ESG regulations cap the amount that can be allocated to eligible projects under the Street Outreach (SO) and Emergency Shelter (ES) components at 60 percent of HCD's annual federal ESG allocation. Individual homeless service providers may propose uses of funds in accordance with their needs, subject to the above restrictions, as well as the following limitations.~~ ~~HCD does not limit the number or type of contracts, subcontracts, or activities per contract between the AE and the subrecipient of the AE. If limits are established, they will be defined here and in the NOFA.~~ ~~The AE shall ensure that:~~ ~~(1) Not less than 40 percent of the funds awarded on an annual basis shall be used for RR activities, except if funds are administered by an AE for two contiguous SAs. In this scenario, 100 percent of the funds must be used for RR. HMIS is limited to 10 percent per application under state ESG regulations section 8408; and~~ ~~(2) Through the use of Coordinated Entry and other means, all funded activities are available to non- entitlement areas of the SA, consistent with section 414 [42 U.S.C. section 11373(c)].~~ ~~(A) The AE shall facilitate outreach and access to reach populations in the non-entitlement areas and shall evaluate participation from these areas at least annually. HCD may condition future funding to ensure access to funded activities by non-entitlement areas.~~ ~~(B) Funded activities may also serve households located in ESG entitlement areas.~~ ~~AEs under the CoC allocation may receive approximately 2.6 percent of their formula allocation for Administration as defined in the federal regulations, 24 CFR 576.108(a).~~

	Describe the threshold factors and grant size limits.	An application must meet the following threshold requirements to be eligible for funding: • Applicant must follow instructions in both the ESG Program Final Guidelines, the NOFA, and the online application. Failure to follow instructions will result in disqualification. • The ESG application and all required attachments must be submitted to the Department through the eCivis Portal located at https://portal.ecivis.com/#/login. Applications must include all required information to be submitted. • The application must be complete and received by the deadline specified in the NOFA.

		- The Applicant is eligible as described in the ESG Program Final Guidelines and the NOFA. - Proposed Activities are eligible pursuant to the ESG Program Final Guidelines and the NOFA. - For any application proposing an ES Activity as set forth in 24 C.F.R. § 576.408, Applicants must have adequate and documented site control (as defined in the ESG Program Final Guidelines). - The application must include a completed Authorizing Resolution (AR) on an acceptable Department-approved resolution template and approved by the Applicant's governing board as described in Section V of the NOFA. Failure to provide this complete Authorizing Resolution on an acceptable Department-approved resolution template by the application due date will result in the immediate disqualification of the application. - All Applicants must demonstrate to the satisfaction of the Department that it is following the financial management requirements of 2 C.F.R. Part 200. If applicable, the Applicant must provide the Department with its most recent single audit (as submitted to the State Controller's Office), as well as the most recent year's Form 990. If the Applicant has any open single audit findings and does not have a plan or an agreement to remediate those findings, the Applicant will be deemed ineligible for funding through the State ESG program until the findings are resolved or a remediation plan or agreement is established. - Pursuant to 24 C.F.R. § 576.201, Applicants must have identified dollar-for-dollar match for the federal ESG funding with funds from other public or private sources. - Pursuant to the NOFA, Applicants must submit written Policies and Procedures (P&Ps) at the time of application submission. An application may be deemed ineligible if the application does not meet the threshold requirements, if the application is incomplete, or if the Department cannot determine compliance with the threshold requirements. ~~Where there is an approved AE, AEs will be responsible for setting any minimum and maximum grant amounts since they will be evaluating provider applications and managing the contracts. HCD will be monitoring AEs to ensure that they can effectively~~ ~~manage the number of awards they make.~~

	What are the outcome measures expected as a result of the method of distribution?	The specific goal and Goal Outcome Indicators associated with ESG activities in the Strategic Plan are to prevent and address homelessness (Goal Outcome Indicators: Rapid Re-housing; Tenant-Based Rental Assistance/Rapid Rehousing; Homeless Person/ Overnight Shelter). For FY24, ESG anticipates serving approximately: • Rapid Re-Housing: 2,600 households assisted • Emergency Shelter: 7,100 persons assisted • Street Outreach: 7,100 persons assisted • Homelessness Prevention: 200 persons assisted ~~As stated previously, the MOD is designed to better align with local systems, federal ESG, and HEARTH goals. The specific goal and goal outcome indicators associated with ESG activities in the Strategic Plan is addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted).~~ ~~For FY23, ESG anticipates serving approximately: Rapid Re-Housing: 2833 households and 4555 persons~~ ~~Emergency Shelter: 11510 households and 15,903 persons~~ ~~Street Outreach: 5048 households and 7011 persons~~ ~~Homelessness Prevention: 180 households and 207 persons~~

HOME Program

1	**State Program Name:**	**HOME Investment Partnerships Program (HOME)**
	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 that don't receive HOME funding from HUD alone or with other units of general local government, Community Housing Development Organizations (CHDOs), developers and Native American Entities to improve the lives of low-- and very low-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 activities. As described in the respective Methods of Distribution (MOD), the state HOME program targets 20 percent of the funding allocation to Tribal Entities, has a 15 percent set-aside for CHDOs, and targets up to $18 million to assist the federally-declared disaster DR-4699, dated April 3, 2023, addressing severe winter storms, straight-line winds, flooding, landslides, and mudslides throughout the State of California. 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 2020-2024 Con Plan, as outlined in the AP-25 Allocation Priorities. Project and program preferences 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 and fair housing laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5, and survivors of disasters.

		HOME tribal projects with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG regulations, HUD PIH Memo 2010-32 and amendments, and HOME regulations at 24 CFR 92.253(d)(3)(i). In addition, HOME funded tribal programs, with or without IHBG funding, may provide preference or limit eligibility to tribal members in accordance with federal Indian Law, IHBG and HOME regulations at 24 CFR 92.201(b)(2)(3)(i)(ii); 24 CFR 92.253(d)(3)(I), HUD Memo dated 3/16/2026, and, see Johnson v McIntosh (1823); Cherokee Nation v. Georgia (1831) and Worcester v Georgia (1832); and Morton v. Mancari (1974)417 U.S. 535. 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 target 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 applications and the relative importance of these criteria.	Below is a summary of the HOME rating criteria. For 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. HCD is currently in the process of Developing HOME program guidelines that 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 2025-2026 (FY25) 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/housing-open-data-tools/housing-element-review-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 target special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state antidiscrimination and fair housing laws, and HOME requirements.

9) Applications that serve victims of locally, state, or federally-declared disasters.

10) Applications that address fair housing impediments.

11) Activities that complement other state or federal programs or policy objectives.

12) Applications that address homelessness.

13) Applications that provide access to opportunity.

Further information and guidance on the specific state objective factors utilized will be in the NOFA.

Additional rating 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 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 rating 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 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.
	Describe how resources will be allocated among funding categories.	Pursuant to state HOME regulations, a minimum of 40 percent of the annual allocation received from HUD will be used to support awards to program activities applications (FTHB, OOR, and/or TBRA activities), 5 percent will be available to fund FTHB projects applications, and 55 percent of funds are typically available for rental project new construction or rehabilitation projects in a given NOFA cycle. Additionally, 20 percent of the allocation will be targeted to fund applications submitted by Native American Entities. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine how resources are allocated among funding categories. <u>In the event a Recipient forfeits and/or cancels an award, any unused HOME funds may be reallocated to existing HOME projects needing</u>

		additional funding by HCD to meet a HUD expenditure deadline.
	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 active state HOME 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 projects is $12 million. Maximum grant size limit for program activities is $1.5 million. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine threshold factors and grant size limits.
	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 housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added) 2) Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted). In the upcoming fiscal year, the HOME estimates for all activities include completing construction on 250 rental units (includes Rental New Construction (RNC) and RR) and 45 homebuyer units (FTHB New Construction), rehabilitating 175 OOR units, assisting 105 FTHB households, and providing TBRA to 125 households.
2	**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 that don't receive HOME funding from HUD alone or with other units of general local government, 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 targets 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 2020-2024 Con Plan, as outlined in the AP-25 Allocation Priorities. Project and program preferences 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 and fair housing laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5, and survivors of disasters. HOME tribal projects with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG regulations, HUD PIH Memo 2010-32 and amendments, and HOME regulations at 24 CFR 92.253(d)(3)(i). In addition, HOME funded tribal programs, with or without IHBG funding, may provide preference or limit eligibility to tribal members in accordance with federal Indian Law, IHBG and HOME regulations at 24 CFR 92.201(b)(2)(3)(i)(ii); 24 CFR 92.253(d)(3)(I), HUD Memo dated 3/16/2026, and, see Johnson v McIntosh (1823); Cherokee Nation v. Georgia (1831) and Worcester v Georgia (1832); and Morton v. Mancari (1974)417 U.S. 535. 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 target 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. Below is a summary of the HOME rating criteria. For additional information, see section 8212 of the state HOME regulations at State-HOME-Regulations-eff-1-1-2017-FINAL.docx (live.com) Rating 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 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/housing-open-data-tools/housing-element-review-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 target special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state antidiscrimination and fair housing laws and HOME requirements. 9) Applications that serve victims of locally, state, or federally-declared disasters. 10) Applications that address fair housing impediments. 11) Activities that complement other state or federal programs or policy objectives. 12) Applications that address homelessness. 13) Applications that provide access to opportunity. Further information and guidance on the specific state objective factors utilized will be included in the NOFA. Additional Rating 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 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 Rating Factors for project applications include:

OTC project applications will be scored to determine whether the application meets the minimum score threshold for funding, and funds will be awarded on a first-come, first-served basis. The scoring criteria is outlined in the state HOME regulations and includes 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 fact 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 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.
	Describe how resources will be allocated among funding categories.	Pursuant to state HOME regulations, a minimum of 40 percent of the annual allocation received from HUD will be used to support awards to program activity applications (FTHB, OOR, and/or TBRA activities), 5 percent will be available to fund FTHB projects applications, and 55 percent of funds will typically be available for rental project new construction or rehabilitation projects in a given NOFA cycle. Additionally, 20 percent of the allocation will be targeted to fund applications submitted by Tribal Entities. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine how resources will be allocated among funding categories. In the event a Recipient forfeits and/or cancels an award, any unused HOME funds may be reallocated to existing HOME projects needing additional funding by HCD to meet a HUD expenditure deadline.
	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 active state HOME 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 projects is $12 million. Maximum grant size limit for program activities is $1.5 million. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine threshold factors and grant size limits.
	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 housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added) 2) Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted). In the upcoming fiscal year, the HOME estimates for all activities includes completing construction on 250 rental units (includes Rental New Construction and Rental Rehab) and 45 homebuyer units (FTHB New Construction), rehabilitating 175 OOR units, assisting 105 FTHB households, and providing TBRA to 125 households.
,	**State Program Name:**	**HOME CHDO Set-Aside**

3	Funding Sources:	HOME
		HCD's HOME program partners with rural and other cities and counties that don't receive HOME funding from HUD alone or with other units of general local government, Community Housing Development Organizations (CHDOs), developers, and Native American Entities to improve the lives of low- and very low-income individuals and families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Only CHDOs may apply for development of multifamily housing rental new construction and/or rehabilitation, with or without acquisition for CHDO set aside. CHDOs may apply for FTHB Projects and INC programs. As described in the respective MOD, the state HOME program targets 20 percent of funding allocation for applications submitted by Native American Entities 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 2020-2024 Con Plan, as outlined in the AP-25 Allocation Priorities. Project and program preferences 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 and fair housing laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5. HOME tribal projects with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG regulations, HUD PIH Memo 2010-32 and amendments, and HOME regulations at 24 CFR 92.253(d)(3)(i). In addition, HOME funded tribal programs, with or without IHBG funding, may provide preference or limit eligibility to tribal members in accordance with federal Indian Law, IHBG and HOME regulations at 24 CFR 92.201(b)(2)(3)(i)(ii); 24 CFR 92.253(d)(3)(I), HUD Memo dated 3/16/2026, and, see Johnson v McIntosh (1823); Cherokee Nation v. Georgia (1831) and Worcester v Georgia (1832); and Morton v. Mancari (1974)417 U.S. 535. 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 utilize PI on hand to target 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 method of distribution.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Below is a summary of the HOME rating criteria used for the CHDO program. For additional information, see section 8212 of the state HOME regulations at [State-HOME-Regulations-eff-1-1-2017-FINAL.docx (live.com)] CHDO applications will be scored to ensure the minimum point score required for funding has been met and will be ranked by score highest to lowest, separate from all other applications. Those CHDO applications will then be set aside for funding based on score until the CHDO set-aside is met. Any remaining CHDO applications meeting the minimum score will then be ranked with the remaining applications and funds will be awarded based on score from highest to lowest until all funds are exhausted. 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/housing-open-data-tools/housing-element-review-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 target special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state antidiscrimination and fair housing laws and HOME requirements. 9) Applications that serve victims of locally, state, or federally-declared disasters. 10) Applications that address fair housing impediments.

		11) Activities that complement other state or federal programs or policy objectives. 12) Applications that address homelessness. 13) Applications that provide access to opportunity. Further information and guidance on the specific state objective factors utilized will be included in the NOFA. Additional Rating Factors for program activities applications (FTHB, OOR, and TBRA) 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 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 Rating 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 fact 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 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.
	Describe how resources will be allocated among funding categories.	Pursuant to state HOME regulations, a minimum of 40 percent of the annual allocation received from HUD will be used to support awards to program activity applications (FTHB, OOR, and/or TBRA activities), 5 percent will be available to fund FTHB projects applications, and 55 percent of funds are typically available for rental project new construction or rehabilitation projects in a given NOFA cycle. Additionally, 20 percent of the allocation will be targeted to fund applications submitted by Tribal Entities. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine how resources will be allocated among funding categories. In the event a Recipient forfeits and/or cancels an award, any unused HOME funds may be reallocated to existing HOME projects needing additional funding by HCD to meet a HUD expenditure deadline.
	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: 2) The applicant is eligible pursuant to Section 8204 and 8204.1. 3) 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). 4) The application is complete, pursuant to Section 8211. 5) 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. 6) 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. 7) Applicants for program activities funds with one or more active state HOME contract(s) 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 activities funds. 8) 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. 9) 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). 10) 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: 10a) site control pursuant to Section 8303. 10b) that there are no pending lawsuits that will prevent implementation of the project, as proposed. 11) 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 projects is $12 million. Maximum grant size limit for program activities is $1.5 million. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine threshold factors and grant size limits.

	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 housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added). 2. Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted). In the upcoming fiscal year, the HOME estimates for all activities include completing construction on 250 rental units (includes Rental New Construction and Rental Rehab) and 45 homebuyer units (FTHB New Construction), rehabilitating 175 OOR units, assisting 105 FTHB households, and providing TBRA to 125 households.
4	**State Program Name:**	**HOME Native American Entity Target**
	Funding Sources:	**HOME**
	Describe the state program addressed by the Method of Distribution.	HCD's HOME program partners with rural cities and counties, Community Housing Development Organizations (CHDOs), developers, and Tribal Entities to improve the lives of low- income families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Only Native American Entitles may apply for development of multifamily rental housing new construction and rehabilitation in response to a HOME Native American Entity target. Federally recognized Native American Entities may apply for First-Time Homebuyer (FTHB) projects and Infill New Construction (INC) programs, and for all types of HOME activities. As described in the respective MODs, the state HOME program targets 20 percent of funding allocation to Tribal Entity 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 or through an OTC process for a variety of programs and projects intended to align with the goals and priorities identified in the 2020-2024 Con Plan, as outlined in the AP-25 Allocation Priorities. Project and program preferences 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 and fair housing laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5, and survivors of

		disasters. HOME tribal projects with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG regulations, HUD PIH Memo 2010-32 and amendments, and HOME regulations at 24 CFR 92.253(d)(3)(i). In addition, HOME funded tribal programs, with or without IHBG funding, may provide preference or limit eligibility to tribal members in accordance with federal Indian Law, IHBG and HOME regulations at 24 CFR 92.201(b)(2)(3)(i)(ii); 24 CFR 92.253(d)(3)(I), HUD Memo dated 3/16/2026, and, see Johnson v McIntosh (1823); Cherokee Nation v. Georgia (1831) and Worcester v Georgia (1832); and Morton v. Mancari (1974)417 U.S. 535. 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 target 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.	Below is a summary of the HOME rating criteria. For additional information, see section 8212 of the HOME regulations at State-HOME-Regulations-eff-1-1-2017-FINAL.docx (live.com). These applications will be scored to ensure the minimum point score required for funding has been met and will be ranked by highest to lowest score, separate from all other applications. Those Tribal applications will then be set aside for funding based on score until the Tribal set-aside is met. Any remaining Tribal applications meeting the minimum score will then be ranked with the remaining applications, and funds will be awarded based on score from highest to lowest until all funds are exhausted. 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: Housing Element Review and Compliance Report | California Department of Housing and Community Development. 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 target special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state antidiscrimination and fair housing laws and HOME requirements. 9) Applications that serve victims of locally-, state-, or federally declared disasters. 10) Applications that address fair housing impediments. 11) Activities that complement other state or federal programs or policy objectives. 12) Applications that address homelessness. 13) Applications that provide access to opportunity. Further information and guidance on the specific state objective factors utilized will be included in the NOFA. Additional Rating Factors for program activities applications (FTHB, OOR and TBRA) 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 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 Rating 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 fact 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 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.
	Describe how resources will be allocated among funding categories.	Pursuant to state HOME regulations, a minimum of 40 percent of the annual allocation received from HUD will be used to support awards to program activity applications (FTHB, OOR, and/or TBRA activities), 5 percent will be available to fund FTHB project applications and 55 percent of funds are typically available for rental project new construction or rehabilitation projects in a given NOFA cycle. Additionally, 20 percent of the allocation is targeted to fund applications submitted by Tribal Entity applications. In the event a Recipient forfeits and/or cancels an award, any unused HOME funds may be reallocated to existing HOME projects needing

		additional funding by HCD to meet a HUD expenditure deadline.
	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. 1d) 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. 2) 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. 3) Applicants for program activities funds with one or more active state HOME contract(s) 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 activities funds. 4) 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 following parties: the applicant, developer, owner, and managing general partner. 5) If the applicant is a CHDO, this must include procedures ensuring the CHDO's effective project control of activities assisted with HOME funds, pursuant to 24 CFR Section 92.300(a)(1). 6) 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:

		6a) site control pursuant to Section 8303. 6b) that there are no pending lawsuits that will prevent implementation of the project, as proposed. 7) 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 projects is $12 million. Maximum grant size limit for program activities is $1.5 million. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would be adopted and used to determine threshold factors and grant size limits.
	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 housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added). 2) Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted). In the upcoming fiscal year, the HOME estimates for all activities include completing construction on 250 rental units (includes Rental New Construction and Rental Rehab) and 45 homebuyer units (FTHB New Construction), rehabilitating 175 OOR units, assisting 105 FTHB households, and providing TBRA to 125 households.

AP-38 Project Summary

Project Summary Information

2		
	Project Name	**Addressing and Preventing Homelessness**
	Target Area	Statewide
	Goals Supported	Addressing and Preventing Homelessness ~~Recovery Assistance for Natural Disaster Survivors~~
	Needs Addressed	Homelessness Prevention and Assistance
	Funding	CDBG: $4,550,620 HOPWA: $5,132,250 HOME: $3,796,424 ESG: $14,857,351 ~~ESG RUSH:~~ ~~$3,000,000~~
	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 was awarded to HCD under ESG RUSH.~~ ~~HCD will award ESG RUSH funds via contract to eligible subrecipients in the disaster declared areas under DR-4856for performance of eligible activities as defined in the RUSH Notice: FR-6315-N-01.~~
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	~~3,770~~ 3,220 households experiencing homelessness. ~~23,320~~ 19,770 persons experiencing homelessness.

		~~765~~ 650 persons assisted in homelessness prevention.
	Location Description	
	Planned Activities	Short-Term Rent, Mortgage, and Utility Assistance, Transportation, Permanent Housing Placement, Housing Information Services, Case Management, and Tenant-Based Rental Assistance

Affordable Housing

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

The California Department of Housing and Community Development (HCD) addresses and prevents homelessness through over a dozen state-funded housing programs and will continue to address the requirements in 24 CFR Section 91.320(h) by using funding for the Emergency Solutions Grants (ESG) and Community Development Block Grant (CDBG) programs, alongside state-funded programs.

The ESG program currently has over 100 active contracts with local entities. ESG grants can be used to (1) engage individuals and families experiencing unsheltered homelessness, (2) rapidly re-house individuals and families experiencing homelessness, (3) help operate and provide essential services in emergency shelters (including required intake data collection), and (4) prevent at-risk individuals and families from entering homelessness. CDBG funding also can be used by local jurisdictions to fund services that address and prevent homelessness. ~~Special allocations made under the ESG Program, such as ESG RUSH funding, may be awarded to existing subrecipients in good standing with HCD. ESG RUSH funding is geographically restricted for use within disaster declared areas. Therefore, Section 200 of the State Guidelines which refers to the allocation formula does not apply to ESG RUSH: https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/esg/esg-finalguidelines.pdf.~~

In recognition of the current crisis of homelessness in California, state leadership aims to promote action-oriented coordination and alignment across state agencies and programs, and stronger partnerships with public and private partners in communities. To these ends, the California Interagency Council on Homelessness (Cal ICH) adopted, in the spring of 2021, an Action Plan for Preventing and Ending Homelessness in California (Homelessness Action Plan). Cal ICH's Homelessness Action Plan outlines specific steps that state agencies and departments will take to identify and support solutions to short-term and chronic homelessness. These steps are in five action areas:

- Strengthening our systems to better prevent and end homelessness in California,
- Equitably addressing the health, safety, and services needs of Californians experiencing unsheltered homelessness,
- Expanding communities' capacity to provide safe and effective sheltering and interim housing,
- Expanding and ensuring equitable access to permanent housing, and
- Preventing Californians from experiencing the crisis of homelessness.

Cal ICH approved the second annual update to the Homelessness Action Plan in September 2023 for Fiscal Year 2023-2024 (FY23) and issued its third Implementation Progress Report in November 2023 for Fiscal Year 2022-2023 (FY22).

HCD's actions in support of the Homelessness Action Plan primarily include the financial and technical support provided to local governments, Continuums of Care, Tribal Entities, affordable housing developers, and other stakeholders through the funding programs described in this section. In addition, HCD supports system-wide opportunities to improve policies and practices in state housing programs that focus on extremely low-income households and housing for people exiting homelessness. A key goal of the Multifamily Finance Super Notice of Funding Availability (Super NOFA) – which aligned four of the largest state bond-funded affordable housing finance programs into a single application and award process – is to harmonize state policy objectives (including addressing homelessness) with HCD affordable housing program operations, and to ensure that units targeted towards households experiencing or at-risk of homelessness are developed in all HCD state-funded programs.

During the upcoming fiscal year, HCD will continue to lead and collaborate on activities through four interagency working groups on 1) State Funding & Programs, ~~2) Racial Equity,~~ 2) Tailoring Strategies for Youth & Young Adults, and 3) Employment Opportunities & Outcomes. HCD will continue to be the lead department on many of the Homelessness Action Plan's implementation activities, including:

Providing technical assistance and training opportunities, participating in listening or feedback sessions, adapting program guidelines and guidance, and implementing tribal-specific NOFAs and Tribal targets in general NOFAs to enhance Tribal organizations' access to state homelessness and housing programs and resources.

Implementing state and federal funding to support the provision of safe, effective housing-placement focused on sheltering and interim housing models for people experiencing homelessness, with the identification of clear goals and targets for the number of shelter or interim housing opportunities to be supported through each program.

Implementing state and federal funding to support the rehousing of people experiencing homelessness into a diverse range of housing models, including models appropriate for youth and young adults, and the development of affordable supportive housing, with the identification of clear housing goals and targets for the implementation of each program.

Enhancing technical assistance for affordable housing providers on fair housing choice, including expanding educational efforts regarding non-discrimination based on source of income (SB 329), disability, criminal history, and other factors addressed by fair housing requirements.

The Cal ICH Homelessness Action Plan can be found on the Cal ICH website at: https://bcsh.ca.gov/calich/documents/action_plan.pdf.

The Housing Opportunities for Persons With Aids (HOPWA) program is administered by the California Department of Public Health, Office of AIDS (CDPH/OA). The CDPH/OA convenes the California Planning Group, which serves as an advisory subcommittee and identifies the most effective housing services and best practices for integrating HIV health, homelessness assistance, and housing providers.

Describe the jurisdiction's one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The ESG program funds Street Outreach (SO) programs, which outreach and provide services to persons experiencing unsheltered homelessness. Eligible activities for SO programs include engagement activities, case management, emergency health and mental health services, transportation, and services for special populations, as defined in the federal regulations.

SO programs use ESG funds to provide essential services necessary to outreach to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. Based on past ESG applicant demand, HCD anticipates that up to 7 percent of the ESG awards will go toward SO activities for Fiscal Year 2024-2025 (FY24).

~~ESG RUSH funding will utilize the same methods as ESG for outreach; however, assessment may require additional information be collected from clients, including ensuring that the client was residing in the disaster declared area and that their needs are not already fully met by other disaster funding that would result in a duplication of benefits under the Stafford Act.~~

Addressing the emergency shelter and transitional housing needs of homeless persons

The ESG program funds several Emergency Shelter (ES) programs, which provide shelter and essential services to homeless individuals and families while they seek affordable and suitable permanent housing. Essential services include, but are not limited to, case management, education, job training, childcare, and mental and medical health services. Shelter operations costs include maintenance, rent, security, equipment, utilities, and food. In FY25, HCD anticipates that 30-50 percent of its awards will go toward ES programs, based on past ESG applicant demand.

HCD's state-funded Pet Assistance and Support (PAS) program provides funds to homelessness services agencies to reduce barriers for those individuals' experiencing homelessness with their pets. By supporting improvements to shelters to accommodate pets, the program brings individuals into shelters who otherwise would not receive services and shelter. The PAS program awarded $1 million to 35 awardees during FY23. As of December 2023, no NOFA release is planned for FY24.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

The ESG program funds Rapid Re-Housing (RRH) and Homeless Prevention (HP) activities, which provide short- and medium-term rental assistance and supportive services to individuals and families experiencing homelessness (RRH) and those at risk of homelessness (HP), so that they can access and maintain affordable, suitable permanent housing. In FY25, HCD anticipates that approximately 40-50 percent of its awards will go towards RRH and HP projects.

The ESG Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (ESG-CV) program has exhausted all available funding as of September 2024. ESG-CV funds were used to prevent, prepare for and respond to the Coronavirus Pandemic for those persons experiencing homelessness or at risk of homelessness. Funding was used for rapid rehousing and services to keep people housed as well as emergency shelter, street outreach, Homeless Management Information System, and administrative support. Among other activities, ESG-CV funded temporary emergency shelters, hotel and motel rooms and other housing options ~~ESG-CV funded housing and services that were low barrier, trauma informed, culturally responsive, and implemented Housing First best practices.~~

~~ESG-CV addressed racial disproportionality in populations experiencing homelessness and achieved equitable provision of services for Black, Native and Indigenous, Latino/a/x, Asian, Pacific Islanders, and other people of color who were disproportionately impacted by homelessness by implementing the above best practices. ESG will continue efforts begun with the ESG Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (ESG-CV) program to address racial disproportionality in populations experiencing homelessness and achieve equitable provision of services for Black, Native and Indigenous, Latino/a/x, Asian, Pacific Islanders, and other people of color who are disproportionately impacted by homelessness. ESG funds housing and services that are low barrier, trauma informed,~~

~~culturally responsive, and implement Housing First best practices.~~ See AP-30 for more information.

Discussion

In addition to the work described above, the state broadly supports efforts to reach and serve persons experiencing unsheltered homelessness, to permanently house individuals and families experiencing homelessness, and to prevent those at imminent risk of entering homelessness from becoming homeless, through programs administered by other departments and agencies. These programs include the Homeless Housing Assistance and Prevention Program (administered by Cal ICH), the Behavioral Health Bridge Housing Program, the Behavioral Health Continuum Infrastructure Program, the Bringing Families Home Program, the Home Safe Program, and the Housing and Disability Advocacy Program (administered by various departments under the Health and Human Services Agency). The Governor's annual budget (available at https://ebudget.ca.gov/budget/2024-25) describes these programs in more detail. ~~ESG RUSH funding allocated to California may also be prioritized for gap funding for rehabilitation of emergency shelter in the disaster area and damaged by the disaster.~~

Program Specific Requirements

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

Emergency Solutions Grants (ESG) Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment).

HCD requires applicants to submit written standards for each funded activity. All written standards must comply with written standards identified in the Notice of Funding Availability (NOFA). NOFA written standard language is paraphrased below:

> Funded activities must operate consistently with the written standards currently adopted by the Continuum of Care (CoC) and applicable to all similar activities. In general, written standards address such things as policies and procedures for evaluating eligibility, targeting, and prioritizing of services, length and terms of assistance, coordination among services, and participation in the Homeless Management Information System (HMIS). Applicants should consult the federal regulations for what should be addressed in written standards for each activity.

In addition, state ~~regulations~~ guidelines require that written standards reflect the state's corepractices, including:

- Protocols for use of coordinated entry to promote comprehensive and coordinated access to assistance, while prioritizing access to assistance for people with the most urgent and severe need.
- Use Housing First and progressive engagement practices.
- Consistent program requirements governing decisions around type, duration, and amount of assistance provided if multiple Rapid Re-Housing (RRH) and/or Homelessness Prevention (HP) programs are operated within the same Service Area (SA).

2. If the Continuum of Care has established a centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

The state has approximately 40 Continuums of Care (CoCs) potentially eligible to access federal ESG funds. Individual CoC Coordinated Assessment descriptions are not available; however, all Coordinated Assessment systems of SAs funded by ESG in a given year must meet HUD requirements in 24 CFR 576.400(d).

~~The state has approximately 40 Continuums of Care (CoCs) potentially eligible to access federal ESG funds. Individual CoC Coordinated Assessment descriptions are not available; however, all Coordinated Assessment systems of SAs funded by ESG in a given year must meet the requirements of Section 8409(a) of the state ESG regulations, as well as the HUD requirements.~~

3. Identify the process for making sub-awards and describe how the ESG allocation is available to private nonprofit organizations (including community and faith-based organizations).

See ESG's Method of Distribution in AP-30.

4. The jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

This requirement does not apply to states.

5. Describe performance standards for evaluating ESG.

Performance standards and outcomes are evaluated 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 (RRH),
- Reduction in average and median length of stay in Emergency Shelter (ES),
- ES Exits to a positive housing destination,
- RRH 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 that measure outcomes of projects and activities are contained in detail in section AP-30 Method of Distribution, under the ESG program section.

The state will also include additional performance criteria to evaluate homeless response and prevention, and will be looking for additional opportunities to track, report, and utilize data to support outcomes by effectively adjusting programs responding to and preventing homelessness.

~~There are evaluation criteria for applicants to the state ESG Balance of State competitive allocation. These include impact measures (average length of project participation, percent of leavers who exit to permanent housing, increases in exits to permanent housing, and increases in the number of chronically homeless served) and cost-efficiency measures (average cost per exit to permanent housing). The state will be including additional performance criteria to evaluate racial equity in homeless response and prevention, and will be looking for additional opportunities to track, report, and utilize data to support racial equity by effectively adjusting programs responding to and preventing homelessness.~~

National Housing Trust Fund (NHTF) Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients.

HCD will distribute NHTF funds through a competitive and/or over the counter application process, as specified in a NOFA and/or Project Solicitation. Additionally, HCD may direct funding to eligible multifamily rental projects outside of a NOFA and/or Project Solicitation process, to ensure HCD meets HUD's statutory 2-year commitment deadline and 5-year regulatory expenditure deadline and avoids having to return NHTF funds to HUD.

2. If distributing NHTF funds through grants to subgrantees, describe the method for distributing NHTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A."

N/A.

3. If distributing NHTF funds by selecting applications submitted by eligible recipients:

3a. Describe the eligibility requirements for recipients of NHTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A."

Eligible applicants/recipients of NHTF funds include organizations, agencies, or other entities such as Public Housing Agencies (PHAs), and for-profit and nonprofit entities. Recipients must:

i. Meet the definition of a recipient under 24 C.F.R. § 93.2, specifically, make acceptable assurances to HCD that it will comply with the requirements of the NHTF program during the entire period that begins upon selection of the recipient to receive NHTF funds, and ends upon the conclusion of all NHTF-funded activities and affordability period.

ii. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity by showing it has adequate staff that it pays directly, capital, assets, and other resources to:

1. Efficiently meet the operational needs of a project.
2. Maintain fiscal integrity of a project.
3. Satisfy all legal requirements and obligations in connection with the project; and
4. Not be under the control of another entity, such as, but not limited to, sharing a board of directors with another corporation, sharing the same principal officers, providing staff, or otherwise involved in an arrangement through which an outside entity, business, or corporation directly controls the recipient and its maintenance of the project. A recipient must be in ultimate control of the project as a “parent” and not a controlled “affiliate”, pursuant to the Corporations Code §§ 5064 and 5031.

iii. Demonstrate its familiarity with the requirements of other federal, state, or local housing programs that may be used in conjunction with NHTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

iv. Have demonstrated experience and capacity to conduct an eligible NHTF activity as evidenced by its ability to:

1. Own, construct or rehabilitate, and manage and operate an affordable multifamily Rental Housing Development; and
2. Provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers. A recipient must demonstrate compliance with these requirements at the time of its application for funding.

v. Have site control of the project subject to the NHTF funding award as required by 25 C.C.R. § 8303, including but not limited to, demonstrating site control by one of the following:

1. Fee title evidenced by a current title report showing the applicant holds fee title.

2. A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property, provided that the terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all program requirements, including compliance with 25 C.C.R. § 8316; and

vi. Have resolved any open audit finding(s) for any state or federally funded housing or community development projects or programs to the satisfaction of HCD or the federal agency by which the finding was made.

vii. Are not debarred or suspended from participation in federal or state housing or community development projects or programs.

viii. Have resolved compliance monitoring issues/findings, are current on compliance monitoring fee payments, and/or current on loan payments for any Department-funded housing or community development projects; and

ix. Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200.

x. Comply with eligible uses for the project, pursuant to 24 C.F.R. Part 93, Subpart E. Pursuant to 24 C.F.R. § 93.200(a)(1), activities and costs are eligible only if the housing, upon project completion, meets the property standards in 24 C.F.R. § 93.301, including compliance with accessibility requirements.

xi. Must comply with project requirements, specifically, Conflict-of-Interest provisions in 24 C.F.R. § 93.353; meet the 30-year Federal Affordability Period as described in 24 C.F.R. § 93.302 Subparts G; and meet the 55-year State Affordability Period described in the state NHTF program that is also governed by Assembly Bill no. 816, Chapter 396, statutes of 2021 (“AB 816”), which amended Health and Safety Code § 50676. Must make the project comply with the HUD and HCD underwriting requirements specified in 24 C.F.R. § 93.300(b), 25 C.C.R. § 8310, and the NHTF guidelines.

xii. Must make the project comply with the HUD and HCD management and maintenance requirements in the NHTF guidelines, including the Nondiscrimination and Fair Housing Requirements that address Analysis of Impediments to Fair Housing:

1. To the furthest extent applicable and subject to federal preemption, the recipient must comply with all relevant laws, including, without limitation, the California Fair Employment and Housing Act (Gov. Code, § 12900 et seq.); the Unruh Civil Rights Act (Civ. Code, § 51); Government Code § 11135 (the prohibition of discrimination in state-

funded programs); Government Code § 8899.50 (the duty to affirmatively further fair housing); California's Housing Element Law (Gov. Code, § 65583 et seq.); California Code of Regulations, Title 2, §§12264 – 12271 (legally permissible consideration of criminal history information in housing); Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq.); the ADA of 1990 (42 USC § 12101 et seq.); the Fair Housing Act (FHA) and amendments (42 USC § 3601 et seq.); the Fair Housing Amendments Act of 1988; Section 504 of the Rehabilitation Act of 1973 (29 USC § 794); the Architectural Barriers Act of 1968 (42 USC § 4151 et seq.); the Age Discrimination Act of 1975 (42 USC §§ 6101 – 6107); and all federal and state regulations implementing these laws.

2. Recipient must do the following:

   2a. Adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), criminal history, arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any protected class, or any individual or person associated with any protected class be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds. Pursuant to Section 7 of these guidelines, the nondiscrimination policy is part of the recipient's management plan, and it is therefore subject to HCD approval prior to loan closing. In addition, upon HCD's request, the recipient must promptly submit a copy of its nondiscrimination policy to HCD.

   2b. Adopt a written tenant selection policy that complies with state and federal law. Such policy must include the criteria, prohibitions, and procedures specified at 24 C.C.R. § 8305(a). All screening criteria must be written in clear, intelligible, and unambiguous language. Pursuant to Section 7 of the guidelines, the tenant selection policy is part of the recipient's management plan, and it is therefore subject to HCD approval prior to loan closing. In addition, upon HCD's request, the recipient must promptly submit a copy of its tenant selection policy to HCD.

2bi. Projects on Native American Land with Indian Housing Block Grant funding from HUD will be subject to the tenancy, eviction and termination using their duly adopted Tribal Admissions and Occupancy Standard (TAOS), provided the TAOS complies with the nondiscrimination requirements under 24 C.F.R. 1000.12. The TAOS will govern tenancy, eviction, termination for Projects located on Native American Land instead of a management plan. If the Native American Entity exercising jurisdiction over the Indian Housing Block Grant funded Project has not adopted a TAOS, then the management and maintenance requirements of this Section must be applicable provided the Native American Entity may implement a tribal preference for tenant selection and occupancy and complies with the nondiscrimination requirements under 24 C.F.R. 1000.12.

2c. Adopt a written reasonable accommodation and reasonable modification policy that complies with state and federal law, including California Code of Regulations, title 2, §§ 12176 – 12185. Recipient must maintain a copy of the policy at the project and must ensure that its relevant employees and contractors are aware of and abide by the policy. Pursuant to Section 7 of the guidelines, a written reasonable accommodation policy is part of the recipient's management plan, and it is therefore subject to departmental approval prior to loan closing. In addition, upon HCD's request, the recipient must promptly submit a copy of its reasonable accommodation policy to HCD.

2d. Develop and implement an affirmative marketing plan that is consistent with 24 C.F.R. § 93.350(b).

xiii. Must make the project comply with the HUD and HCD application minimum requirements in the NHTF guidelines.

b. Describe the grantee's application requirements for eligible recipients to apply for NHTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A."

NHTF funding will be awarded on an Over-the-Counter (OTC) basis as specified in a NOFA and/or Project Solicitation. HCD may issue more than one NOFA and/or Project Solicitation during a funding cycle. The NOFA and/or Project Solicitation shall specify the maximum amount of project funds available, including whether funds have been targeted for a specific purpose; any restrictions on uses of funds; general terms and conditions of funding allocations; threshold requirements; timeframe for submittal of applications; application requirements and rating metrics. Additionally, HCD may direct funding to eligible multifamily rental projects outside of a NOFA and/or Project Solicitation process, to ensure HCD meets HUD's statutory 2-year commitment deadline and regulatory 5-year expenditure deadline and avoids having to return NHTF to HUD.

An applicant must electronically submit its application in a format made available by HCD that requests the information required by the NHTF guidelines.

An applicant must submit its application by the deadline specified in the Project Solicitation. Application requirements include, but are not limited to the following:

- Project narrative/details, construction scope of work, financing and demonstration of how the applicant will affirmatively further fair housing by doing more than simply not discriminate; they must take meaningful actions to overcome patterns of segregation and foster ~~inclusive~~ communities. Applicants are required to demonstrate compliance with HUD's Site and Neighborhood Standards by completing and submitting the Site and Neighborhoods Standards checklist in the application and provide supporting documentation such as a market study, appraisal, and/or housing element. In addition, applicants must describe how, and the extent to which, the applicant and/or the project affirmatively furthers fair housing by providing a complete narrative in the application workbook in response to questions associated with affirmatively furthering fair housing.
- Detailed information of the applicant adequate to determine the experience of the applicant with other federal, state, or local housing or community development programs.
- Site information.
- Property management plan.
- The recipient must ensure that the project is managed by an entity approved in writing by the Department that is actively in the business of managing low-income housing.
- Resident services plan.
- Supportive services plan (for permanent supportive housing developments serving people experiencing Homelessness).
- Environmental provisions documentation.
- Consultants/third party reports (i.e., Phase I, Phase II, physical needs assessments, asbestos, lead-based paint, and/or mold assessments, appraisal, and market study).
- Relocation plan, if applicable.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A."

On September 29, 2021, the Governor signed into law Assembly Bill (AB) 816, which amended Health and Safety Code Section 50676. In accordance with Section 50676(d) of the Health and Safety Code, priority shall be given to projects based on: (1) geographic diversity (2) the extent to which rents are affordable, especially to extremely low-income households; (3) the merits of the project; (4) applicant's readiness and (5) the extent to which the project will use nonfederal funds. HCD shall award funds to projects serving people experiencing homelessness, to the extent that a sufficient number of projects exist.

(a) Applicants may submit only one application per project in response to a Project Solicitation, unless the Project Solicitation specifies otherwise.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

N/A.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients,enter "N/A."

HCD will determine the applicant's capacity to obligate NHTF funds based on prior experience. Applicants are required to submit evidence of having successfully developed, owned, and operated at least one affordable housing project subject to a recorded regulatory agreement for at least three years prior to the application.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A."

While project-based rental assistance is not a NHTF requirement, in order to meet the state's requirement that rents are affordable, especially to extremely low-income households, HCD will evaluate applications based on whether any units in the project, including non-NHTF funded units, will have project-based rental assistance such as: Section 8, Veterans Affairs Supportive Housing (VASH) vouchers, and Sponsor-based Rental Assistance (SRA). Other mechanisms that ensure affordability for extremely low-income households, such as cross-subsidization or operating cost assistance reserves, will also be considered.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A."

Pursuant to 24 CFR §93.302(d), the federal affordability period is 30 years commencing upon project completion. HCD imposes a 55-year state affordability period. For projects to be eligible for funding, recipients must enter into a regulatory agreement(s) that requires them to serve the target population in compliance with NHTF program requirements.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housingthat is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A."

HCD may include state objective points for its three housing and community development priorities: (1) homelessness; (2) access to opportunity; and (3) climate change, including adaptation and hazard mitigation. Further information and guidance on these additional state objective factors will be included in the NOFA and/or Project Solicitation.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter"N/A."

HCD will examine the project development plan, as well as the status of local government approvals associated with evidence of land use entitlement and design review process, and financing commitments. Financing commitments will include the leveraging of non-federal development funding sources and the extent to which the project has federal or state government project-based rental assistance paid on behalf of the tenant(s).

4. Does the grantee's application require the applicant to include a description of**the eligible activities to be conducted with NHTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A."**

Yes, HCD requires the applicant to thoroughly describe eligible activities that will be funded utilizing NHTF program funds.

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with NHTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A."

Yes, HCD requires a certification by each eligible recipient that housing units assisted with NHTF program funding will comply with federal, state, and local laws and regulations.

6. Performance Goals and Benchmarks. The grantee has met the requirement toprovide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes, NHTF is included in the housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted withNHTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

HUD published FAQ ID 2766 in May 2016, regarding how states must establish maximum per-unit development subsidy amounts for HTF projects. One option provided is to use existing limits developed for other federal programs such as Low-Income Housing Tax Credits (LIHTC) per unit cost limits.

On December 1, 2023, HCD received HUD's letter regarding the acknowledgement of a Minor Amendment to the Fiscal Year 2023-2024 (FY23) Annual Action Plan (AAP) associated with HCD's update of the NHTF methodology to determine the per-unit subsidy limit for housing assisted with NHTF funds as described in section AP-90 of the AAP. 24 CFR 93.300(a) states that grantees must establish maximum limitations on the total amount of NHTF funds that the grantee may invest per-unit for development of non-luxury housing, with adjustments for the number of bedrooms and the geographic location of the project. These limits must be reasonable and based on actual costs of developing non-luxury housing in the area. HCD's amendment describes how it will use the CTCAC's 2023 Threshold Basis Limits, established by bedroom size, for each county.

For the FY24 – FY25 NHTF Project Solicitation, the maximum per-unit development subsidy amounts are based on CTCAC 2024 or 2025 Threshold Basis Limits and may be found here:

CTCAC 2024:

https://www.treasurer.ca.gov/ctcac/2024/2024-basis-limits-memo-update.pdf.

CTCAC 2025:

Threshold-Basis-Limits-Memo-2025.pdf

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all NHTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below. In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

Rehabilitation projects must meet the requirements of 24 C.F.R. § 93.301(b) and HCD's HOME program and NHTF Combined Multifamily Rehabilitation Standards dated January 1, 2023, may be amended from time to time.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A."

N/A.

10. NHTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A."

N/A.

11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremelylow- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A." Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

In accordance with California Assembly Bill (AB) 816, as amended and approved on September 29, 2021, HCD shall award NHTF funds to projects serving people experiencing homelessness, to the extent that a sufficient number of projects exist.

In addition, projects funded with NHTF dollars may (but are not required to) limit occupancy or provide preference to the following populations:

- People experiencing homelessness
- Seniors
- People with disabilities (including people with mental illness)
- Victims of domestic violence
- Veterans
- Formerly incarcerated individuals
- Survivors of disasters

Note: Tribal projects with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG regulations, HUD PIH Memo 2010-32 and amendments, and NHTF regulations at 24 CFR 93.303(d)(3)(i).

However, any limitation or preference must not violate the nondiscrimination requirements in the NHTF interim rule at 24 CFR 93.350, and the applicant must have affirmative marketing procedures and requirements that apply in the context of the limited/preferred tenant eligibility for the project. Preferences and/or limitations may not be given to students.