State of California 2020-2024
Federal Consolidated Plan
Annual Action Plan
One Year Use of Funds Fiscal Year 2024-2025

Gavin Newsom, Governor
State of California

Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency

Gustavo Velasquez, Director
California Department of Housing and Community Development

California Department of Housing and Community Development
651 Bannon Street, Suite 700,
Sacramento, CA 95811

Website: https://www.hcd.ca.gov/

Consolidated Plan email: ConsolidatedPlan@hcd.ca.gov

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

Introduction

The 2024-2025 Annual Action Plan (AAP) is the fourth and final of four annual updates to the 2020-2024 State of California Consolidated Plan (Con Plan). The AAP outlines the State of California's current priorities, strategies, and actions in support of its affordable housing and community development goals. The AAP explains in detail how the State of California's Department of Housing and Community Development (HCD) will program affordable housing and community development funding from the U.S. Department of Housing and Urban Development (HUD) for Fiscal Year (FY) 2024-2025 (FY24). The AAP also includes summary information on programs and activities funded with state and local revenues. The Program Year (PY) and FY for the State of California runs from July 1 through June 30.

The format of this document, including but not limited to paragraph and table numbering, is consistent with HUD's AAP template in the Integrated Disbursement and Information System (IDIS).

This AAP includes the state's anticipated funding allocations from HUD for FY24, estimates of other resources expected for the year, program objectives, goals, and planned operations for the following programs:

- Community Development Block Grant (CDBG)
- CDBG Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV)
- HOME Investment Partnerships Program (HOME)
- Housing Trust Fund (HTF) or National Housing Trust Fund (NHTF)
- Emergency Solutions Grants (ESG)
- ESG CARES Act (ESG-CV)
- Housing Opportunities for Persons With AIDS (HOPWA)

Funding from these state-administered programs is available, with certain exceptions (in the ESG and NHTF programs), only to cities and counties that do not receive funds for these programs directly from HUD. These cities and counties are "non-entitlement" jurisdictions. Jurisdictions are eligible for federal disaster funding (via the CDBG-Disaster Recovery (DR) and CDBG-National Disaster Resilience (NDR) programs) if they were directly impacted by a federally declared disaster.

A critical priority for HCD is to ensure all eligible persons receive equitable access to

services, and are served with dignity, respect, and compassion regardless of circumstance, ability, or identity. This includes historically underserved populations, including but not limited to, Black, Native and Indigenous, Latino/Latina/Latinx, Asian, Pacific Islanders, and other People of Color, immigrants, people with criminal records, people with disabilities, people with mental health and substance use vulnerabilities, people with Limited English Proficiency (LEP), people who identify as LGBTQ+, transition aged youth, and other individuals that may not traditionally access mainstream support.

HCD is committed to supporting Native American Tribes (Tribes) in addressing housing and community development needs by making funds available, as eligibility allows, to both federally recognized and non-federally recognized Tribes and providing dedicated outreach and technical assistance. HCD recognizes that while Tribes may face many of the same barriers as other under-resourced applicants, the unique status of Tribes requires additional, specific considerations in the design and implementation of programs and technical assistance. HCD also recognizes the legacy of violence, exploitation, dispossession, and attempted destruction of Tribes and related communities, and that this has important ramifications for present-day relationships. HCD is committed to learning about, considering, and honoring this history when building relationships with Tribes over time through respectful and accountable interactions. HCD's ongoing activities to support this relationship building are described in detail in this plan.

Fair Housing Meaningful Actions:

HCD has made and will continue to make meaningful actions towards meeting its fair housing goals, as articulated in HCD's 2020 Analysis of Impediments (AI) to Fair Housing Choice, including the following:

- Applicants are informed about and required to comply with all civil rights laws and authorities through the state HOME Regulations, NHTF guidelines, Notices of Funding Availability (NOFAs) and applications for funding, Standard Agreement templates, and required closing documents.
- In order for jurisdictions to be awarded federal housing funds, they must have a substantially compliant housing element, which includes a state version of Affirmatively Furthering Fair Housing (AFFH).
- Affirmative marketing plans are required for all recipients of federal housing funds, including HOME and NHTF.
- Site and neighborhood standards reviews are completed prior to awarding federal housing funding to ensure new construction is not located in areas of low-income or "minority" concentration – or if they are, that the project has access to services and there are sufficient housing opportunities located outside of those

areas.

- New scoring criteria specifically regarding AFFH has been added to the NHTF and HOME American Rescue Plan (HOME-ARP) NOFAs and Project Solicitations. Similar criteria will be added to future HOME NOFAs once the new HOME guidelines are developed. Currently, the state HOME regulations are prescriptive regarding scoring criteria.

HCD recently increased the minimum number of physical and sensory accessible units for the NHTF and HOME-ARP programs – beyond the minimum required per Section 504 under the Fair Housing Act (FHA) and Uniform Federal Accessibility Standards (UFAS) requirements. This increase was formulated based on feedback provided by organizations representing and serving people with disabilities. Regarding providing specific addresses for HOME and NHTF awards to be made during this AAP period, that information is not available. Projects are awarded funds through a competitive and/or over the counter NOFA and application process, therefore the specific addresses of projects are not determined until award recommendations are approved by HCD's Internal Loan Committee (ILC). The addresses for projects that have received official commitments of HOME and NHTF funding in past AAP periods are entered into the Integrated Disbursement and Information System (IDIS) and available there for HUD to review.

Recipients of NHTF program funds must comply with the HUD and HCD management and maintenance requirements in the NHTF guidelines, including the nondiscrimination and fair housing requirements that address the AI to Fair Housing by adopting the following:

1) a written policy protecting a member of any protected class, or any individual or person associated with any protected class from discrimination under federal or state fair housing laws;
2) a written tenant selection policy that complies with state and federal law;
3) a written reasonable accommodation and reasonable modification policy that complies with state and federal law, including California Code of Regulations, title 2, §§ 12176 – 12185; and
4) an affirmative marketing plan that is consistent with 24 C.F.R. § 92.351.

Recipients of HOME program funds must comply with the HUD and HCD HOME program regulations, including the nondiscrimination and fair housing requirements that address AI to Fair Housing by adopting the following:

1) a written policy protecting a member of any protected class, or any individual or person associated with any protected class from discrimination under federal or state fair housing laws;

2) a written tenant selection policy that complies with state and federal law;

3) a written reasonable accommodation and reasonable modification policy that complies with state and federal law, including California Code of Regulations, title 2, §§ 12176 – 12185; and

4) an affirmative marketing plan that is consistent with 24 C.F.R. § 93.350(b).

Additionally, all grant recipients must provide the HOME program with an AI accompanied by a plan to encourage participation in the program.

Guideline Authority:

With the passing of Assembly Bill (AB) 1978 in 2022, HCD received guideline authority for ESG and HOME. Both programs began stakeholder engagement in 2023, and that work will continue in 2024. Feedback received will inform the programs' new guidelines which will pertain to 2024 funding and related NOFAs.

Until recently, applications for HUD funding for the development of rental housing projects were required to demonstrate compliance with the requirements of Article XXXIV of the California Constitution. Article XXXIV was put into place in 1976 for the purpose of providing a mechanism for expressing community concern regarding the development, acquisition, or construction of federally subsidized conventional public housing projects. Article XXXIV of the California Constitution requires local voter approval before any state public body can develop, construct, or acquire a rental housing project in any manner. However, with the passage of Senate Bill 469 (Chapter 179, Statutes 2023) as codified by Health and Safety Code Section 37001 ("SB 469"), as of January 1, 2024, Article XXXIV requirements no longer apply to any of HCD's funding programs.

Build America, Buy America Act:

The Buy America Preference (BAP) for FY24 CDBG awards is in compliance with section 70914 of the Build America, Buy America Act (BABA) as codified in 2 CFR 184, which requires projects subject to the BAP comply with the following BAP:

1) All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

2) Specifically listed construction materials, such as non-ferrous metals; lumber; and plastic- and polymer-based composite building materials, pipe and tube are produced in the United States. This means the product was manufactured in the United States and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard that meets or exceeds this standard has been established

under applicable law or regulation for determining the minimum amount of domestic content of the manufactured product.

HUD has delayed the implementation of BABA for the HOME and NHTF programs. Per HUD's CPD Notice 23-12, only HOME and NHTF funds obligated via grant agreements signed by HUD on or after August 23, 2024, are subject to the BAP. Depending on the timing of the execution of HUD's FY24 HOME and NHTF grant agreements with HCD, HOME and NHTF projects may or may not be required to comply with BABA during this AAP period.

Summary of the objectives and outcomes identified in the AAP

The state's 2020-2024 Con Plan identified increasing the availability of housing affordable to low- and moderate-income households as one of the highest priority needs across the state. During the past two decades, California's supply of housing has not kept pace with demand to live in the state and housing costs have grown faster than household incomes, leading to many households spending an unaffordable share of their incomes on housing. High levels of cost burden in many areas in the state have pushed many households into homelessness, and California experienced the fifth highest incidence of homelessness and the highest share of persons experiencing unsheltered homelessness among all states in HUD's 2023 Annual Homelessness Assessment Report.

In outreach for this AAP, HCD's stakeholders identified a vast array of barriers and challenges to achieving and maintaining affordable housing, similar to the stakeholder needs identified in the state's 2020-2024 Con Plan. The most frequently occurring challenges include a shortage of affordable housing supply, high housing development costs, insufficient funding for community development services, broadband access challenges in disadvantaged areas, lack of staffing to provide grant application technical assistance, and infrastructure needs.

Based on the Con Plan's needs assessment, along with the feedback from this AAP's stakeholder outreach, this AAP maintains the same priority goals:

- Increase housing affordability
- Addressing and preventing homelessness
- Economic Development
- Maintain or improve public facilities and infrastructure
- Maintain or improve access to public services
- Recovery assistance for natural disaster survivors

Specific programs, funding, Goal Outcome Indicators (GOI), and annual targets related to each goal are discussed in Section AP-20: Annual Goals and Objectives. Outcomes

for HUD-funded programs are measured and reported by households and housing units, individual beneficiaries, and neighborhood or target area population and, depending on the program, the type of activity and the applicable National Objective (i.e., the way in which the activity furthers the federally legislated goals of the program).

Evaluation of past performance

The goals and projects in this AAP remain the same as our 2020-2024 Con Plan goals and projects. Below is a summary of expenditures and accomplishments which further those goals, by program. The most recently completed Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2022-2023 (FY22) is available at Plans & Reports | California Department of Housing and Community Development, under 'Federal Plans and Reports.' Highlights from the FY22 CAPER include:

CDBG: CDBG-funded activities rehabilitated 121 homes occupied by low-income households, provided homebuyer assistance to 135 low-income households, added 86 homeowner housing units, supported 38 businesses in the creation or retention of 364 jobs, and supported public facilities and public services in low-income neighborhoods home to over 159,455 residents. As of November 2023, the State of California ranks first in the nation for average expenditure ratio in the last 12 months.

HOME: Approximately $43.3 million was expended in the FY22 period. HOME-funded activities resulted in the construction or rehabilitation of 170 rental housing units, 7 owner-occupied housing units rehabilitated, added 15 homeowner housing units, provided homebuyer down payment assistance to 13 housing units, and provided Tenant-Based Rental Assistance to 75 low-income households.

NHTF: The Housing for a Healthy California (HHC) program funded by NHTF continued through its final year during FY21 (Chapter 777, Statute of 2017). The HHC Program provides capital loans and capitalized operating reserve grants to developers for permanent supportive housing for those who are experiencing chronic homelessness or are homeless and high-cost health users. In August 2023, HCD committed over $113.9 million in NHTF/HHC for the construction and permanent financing of 14 affordable housing developments comprised of 939 units, inclusive of 424 NHTF/HHC units restricted to extremely low-income households at or below 30 percent of Area Median Income (AMI). NHTF/HHC projects committed from 2022-2023 have an anticipated construction completion period between 2024-2025. HCD hosted two webinars regarding the combined Fiscal Years 2022 ($116 million) and 2023 ($56 million) for a NHTF total of $172 million, which was displayed in the FY22-FY23 NHTF Notice of Funding Availability (NOFA), final guidelines, and online application. Attendance at the webinars totaled 434 participants in aggregate (excluding HCD staff) on October 25, 2023 (46 attendees at the Native American Entities workshop), and October 26, 2023 (388 attendees at the general population workshop).

The NHTF program is advancing equity and tackling disparities for disadvantaged and underserved communities by targeting 20 percent of the NOFA for rural areas ($34.4 million), 20 percent for federally declared disaster areas ($34.4 million), and 10 percent for Native American Entities ($17.2 million). Based on feedback received from stakeholders following the webinars, an amended NOFA was published in November 2023, which included clarity and extension language with respect to the construction deadline of October 1, 2024, and application deadline extension from December 28, 2023, to January 5, 2024, for projects located in rural and urban areas, to avoid holiday schedule conflicts.

With respect to the projects located in federally declared disaster areas or developed and sponsored by Native American Entities, the existing application deadline of February 1, 2024, was supported and remained unchanged in the amended Project Solicitation. HCD anticipates the awarded projects will be announced no later than July 2024. NHTF funding awarded through the FY22-FY23 NOFA will increase the state's stock of affordable rental housing specifically for extremely low-income households (less than 30 percent of AMI), while providing preference for projects that serve people experiencing homelessness.

ESG: The ESG program assisted 19,711 persons experiencing homelessness with Emergency Shelter and Street Outreach programs that provided short-term shelter and supportive services as well as outreach services. ESG Rapid Re-Housing funds assisted 3,108 households, and Homelessness Prevention activities assisted 189 persons.

HOPWA: Housing Opportunities for Persons With AIDS (HOPWA)-funded activities provided 500 persons with Short-Term Rent, Mortgage, and Utility Assistance (STRMU), provided 45 households with Tenant-Based Rental Assistance (TBRA), and provided 65 households with units in transitional short-term housing facilities developed, leased, or operated with HOPWA funds. All sponsors provided case management and other supportive services funded through HOPWA or other resources (such as the federal Ryan White Part B program).

The state also awarded funding via the CDBG CARES Act (CV), ESG-CV, and HOPWA-CV programs during the 2020 calendar year, and expended funds in these programs during FY21. CV programs funded via HUD by the federal Coronavirus Aid, Relief, and Economic Security, or CARES Act, prioritized activities within the existing Con Plan goals that addressed needs created by the COVID-19 pandemic. These included:

- *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.

The state made available $150 million in CDBG-CV funding, $316 million in ESG-CV funding, and $575,000 in HOPWA-CV funding during the 2020 calendar year.

As of the end of 2023, the ESG-CV program has assisted 48,903 individuals with Emergency Shelter, 22,302 with Street Outreach, 23,664 with Rapid Re-Housing, and 888 with Homelessness Prevention, and sub-recipients have expended over $309 million. As of January 2024, the CDBG-CV program has expended $86 million in IDIS. As of June 2023, the program has assisted more than 45,000 individuals through 88 public services programs and launched 46 economic development programs, assisting 29 businesses, and creating or retaining 70 jobs. Thirty-two properties are being rehabilitated providing interim and/or permanent housing for individuals experiencing homelessness. These projects will result in the rehabilitation of 288 interim housing "doors," 349 permanent housing units, and the creation of 474 new permanent housing units. In addition to the housing rehabilitation projects, CDBG-CV grantees are actively working on 39 public facility and infrastructure projects in response to COVID-19. Accomplishments are still in progress, as many jurisdictions have not completed their programs and projects.

Summary of Citizen Participation Process and Consultation Process

HCD conducted a survey with Continuum of Care (CoC) organizations, service providers, non-entitlement jurisdictions, other state agencies, and the public, asking questions to understand changes in priorities, capacity, and opportunities for collaboration in future years. HCD also asked about which programs they work with, barriers to affordable housing and economic development in their communities, local broadband access needs, and what HCD can do to improve its operations, customer service, and programs' effectiveness. HCD engages in continuous contact with stakeholders within each program through either weekly office hours, funding opportunities, or grant management activities. The full list of agencies consulted is included in Section AP-10.

The public comment period for the AAP runs from February 26, 2024, to March 27, 2024. In accordance with the state's Citizen Participation Plan (CPP), and in advance of the public comment period, the state published a summary of the proposed (draft) AAP in a newspaper of general circulation, in both English and Spanish, and distributed this summary to interested parties via electronic mailing. The summary describes the contents and purposes of the AAP and describes how copies of the entire document

can be viewed. Copies of the draft AAP are available on HCD's website and available from HCD headquarters in print, upon request. HCD hosted two public hearings on February 28, 2024, and March 6, 2024, to solicit comments on the draft. The state has considered written comments, and comments received orally at the public hearings, in preparing the final versions of the plan. A summary of these comments and the responses to them is attached to the final plan.

Summary of public comments

The summary of public comments and HCD's responses can be found in Appendix C, upon completion of the public comment period. HCD received zero public comments for this FY24 AAP.

The summary of public comments and the HCD responses will be attached to the final plan. Summary of comments or views not accepted and the reasons for not accepting them.

Appendix C will have the full details of the public comments and HCD's response. This FY24 AAP has zero public comments.

PR-05 Lead & Responsible Agencies - 91.300(b)

Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan (Con Plan) and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	CALIFORNIA	California Department of Housing and CommunityDevelopment (HCD)
CDBG & CDBG-CV Administrator	CALIFORNIA (HCD)	Division of Federal Financial Assistance
HOPWA and HOPWA-CV Administrator	CALIFORNIA (HCD)	Department of Public Health, Office of AIDS
HOME Administrator	CALIFORNIA (HCD)	Division of Federal Financial Assistance
ESG & ESG-CV Administrator	CALIFORNIA (HCD)	Division of Federal Financial Assistance
NHTF Administrator	CALIFORNIA (HCD)	Division of Federal Financial Assistance
CDBG-DR Administrator	CALIFORNIA (HCD)	Division of Federal Financial Assistance
CDBG-NDR Administrator	CALIFORNIA (HCD)	Division of Federal Financial Assistance

Table 1 – Responsible Agencies

Narrative

The California Department of Housing and Community Development (HCD) prepares and submits the state's Con Plan, Annual Action Plan (AAP), and Consolidated Annual Performance and Evaluation Report (CAPER) to the U.S. Department of Housing and Urban Development (HUD). The plans are prepared and administered in the Division of Federal Financial Assistance (DFFA) within HCD. The programs administered by HCD are the Community Development Block Grant (CDBG), CDBG-Coronavirus Aid, Relief, and Economic Security (CARES) Act (CV), HOME Investment Partnerships (HOME), HOME-American Rescue Plan (ARP), National Housing Trust Fund (NHTF), Emergency Solutions Grants (ESG) and ESG-CV, as well as the CDBG-Disaster Recovery (DR) and National Disaster Resilience (NDR) programs. The California Department of Public Health/Office of AIDS (CDPH/OA) administers Housing Opportunities for Persons With AIDS (HOPWA) and HOPWA-CV programs.

Please see Appendix A for the HOPWA plan. All of these programs are implemented at the local level by agencies of eligible city and county governments, non-federally recognized Indian Tribes, and/or private organizations, including nonprofit corporations.

Consolidated Plan Public Contact Information

For contact by email or phone:

ConsolidatedPlan@hcd.ca.gov

916-776-7462

For contact by mail:

Attn: Division of Federal Financial Assistance, Con Plan Comments

California Department of Housing and Community Development

PO Box 952054

Sacramento, CA 94252-2054

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

Introduction

Since the California Department of Housing and Community Development's (HCD) Division of Federal Financial Assistance (DFFA) will be conducting a substantial outreach and consultation effort for the 2025-2029 Consolidated Plan (Con Plan), and in the recent past implemented changes to its Community Development Block Grant (CDBG) and Emergency Solutions Grants (ESG) programs due to the feedback from program-specific outreach, the survey feedback for this Annual Action Plan (AAP) was more condensed. The survey asked respondents to explain past and anticipated changes in capacity, funding, and priorities in their organization. DFFA is currently undergoing division-wide efforts to develop a more comprehensive and consistent consultation strategy.

This includes, but is not limited to, procuring consultants to lead focus groups and broad engagement; dedicating staff to lead and support engagement activities; establishing standard operating procedures and policies for community engagement best practices; working in partnership with the HCD California Indian Assistance Program (CIAP) team to create specific Tribal community engagement procedures; and building community engagement into the division's equity framework and action plans. As of Fiscal Year 2023-2024 (FY23) and forward, DFFA has incorporated a stakeholder engagement consultation calendar to coordinate and organize stakeholder meetings for the CDBG, ESG, HOME Investment Partnerships (HOME), HOME-American Rescue Plan (ARP), and National Housing Trust Fund (NHTF) federal programs. In addition to program staff and stakeholder attendees, the HUD Reporting Team is included in these calendared meetings to connect with program staff and collaborate on feedback received.

DFFA solicits input from the stakeholders that program staff are most often in contact with; local jurisdictions, Continuum of Care (CoC) organizations, homeless service providers, and the affordable housing development community. HCD further seeks input from other state agencies and organizations that serve the needs of low-income individuals and families, and homeless individuals and families throughout both divisions of state and federal financial assistance.

More broadly, HCD is continuously looking for ways to enhance coordination and communication with stakeholders and partners. Throughout HCD's different divisions, there are avenues for which stakeholder feedback and communication are constantly taking place. Some examples of this are:

- CDBG program staff host bi-weekly office hours and ESG program staff host weekly office hours to provide technical assistance to grantees for both regular and Coronavirus Aid, Relief, and Economic Security (CARES) Act (CV) funding.

- In response to Assembly Bill (AB) 1010, HCD's Fair Housing Team, in collaboration with HOME program staff, continue to hold office hours to provide technical assistance to federally recognized and non-federally recognized Tribes (Tribes) and their partners. HCD provides ongoing as-needed individualized technical assistance conferences to assist Tribal partners with CDBG-CV applications for funding and to encourage participation of non-federally recognized Tribes and local government partners in the annual CDBG program.
- CDBG held a listening session on October 25, 2023, to gather input and feedback on the 2024 Notice of Funding Availability (NOFA), scheduled to be released in summer/fall 2024.
- CDBG conducted a survey amongst current grantees on the planned approach for administering the FY23 NOFA. Grantees were informed on the transition to a new Department-wide grants management system in mid-2024, and the commitment to deploying the FY24 CDBG NOFA by summer/fall of 2024. Another listening session will be held prior to deploying the FY24 NOFA.
- CDBG program staff, in partnership with consultants, provide ongoing technical assistance to grantees with topics such as Economic Development (ED), marketing and outreach, affirmatively furthering fair housing, fair and equitable procurement practices, racial equity, and National Environmental Policy Act (NEPA).
- The HOME-ARP program team held a public hearing on February 15, 2023, to collect feedback on the HOME-ARP Allocation Plan. In addition, HOME-ARP conducted numerous consultations and attended a county welfare conference to aid in the development of the HOME-ARP Housing Plus Supportive Services program. HCD also held several pre-application consultations in the fourth quarter of 2023 for the HOME-ARP Rental Housing Program to educate potential applicants on the program rules and requirements. On October 25, 2023, and October 26, 2023, the NHTF program staff held NOFA, final guidelines, and application workshop webinars. Over 400 stakeholders and partners throughout the state attended the webinars. The NHTF program staff have been assisting potential applicants with daily technical assistance via email, averaging three technical assistance appointments each week. Technical assistance will continue until the respective application deadline referenced in the NOFA, January 5, 2024, for projects located in rural and urban areas, and February 1, 2024, for projects located in federally declared disaster areas or developed/sponsored by Native American Entities.
- On September 20, 2023, the HOME, HOME-ARP and NHTF program teams worked with CIAP to host a DFFA 101 Tribal overview session. This high-level

overview session provided critical program information to Tribal partners. Program managers presented individually on their programs and answered questions from stakeholders.

- On November 7 and 8, 2023, managers from the HOME, HOME-ARP and NHTF programs presented at HCD's first-ever in-person Tribal Financing workshop. The workshop was an opportunity for Tribal partners to explore housing funding opportunities provided by HCD, learn about financing options and funding strategies, and better understand HCD program requirements to ensure successful applications.
- On December 7, 2023, the HOME-ARP team held a hybrid NOFA workshop, specifically targeted to Tribal Entities. The workshop covered information in the NOFA, including application timelines, funding levels, eligible activities, and requirements with question-and-answer sessions during the presentation and after the workshop.
- On September 9, 2023, the HOME Reimagining team met with Self-Help Enterprises (SHE) to get targeted feedback on the draft guidelines as state recipients.
- On October 2, 2023, the HOME Reimagining team met with a former SHE employee for targeted feedback on the draft guidelines.
- The HOME Reimagining team will meet with key stakeholders such as non-profit housing organizations, jurisdictions, state recipients, development partners, and others as identified by staff on March 15, 2024. (i.e., California Coalition for Rural Housing (CCRH), Community Housing Improvement Program (CHIP)) for feedback on the draft guidelines.
- The HOME Reimagining team will create a HOME Advisory Committee to meet with and review the entire guidelines, one section at a time, for stakeholder feedback at four meetings: May 15, 2024, May 29, 2024, June 12, 2024, and June 26, 2024.
- An HCD Tribal Affairs Roadshow was cohosted with the Pala Tribe in Pala, California on July 20, 2022, through July 21, 2022, to educate our Tribal partners on HCD's available federal and state affordable housing financing (loans and grants), various funding program guidelines, the NOFA schedule, and conducted a Questions and Answers session.
- HCD participates in conferences such as Housing California, Non-Profit Housing (NPH), Southern California Association of Non-Profit Housing (SCANPH), and the CCRH, Rural Housing Summit to engage with program stakeholders about their community issues and any challenges they face in accessing and using

federal funding. HCD's Asset Management and Compliance (AMC) section works with the Affordable Housing Management Association (AHMA) and meets with the AHMA Steering Committee quarterly to discuss HCD issues as they relate to asset management and property management.

Ongoing Engagement with California Tribes and Tribally Designated Housing Entities

Since the passage of Assembly Bill 1010 (AB 1010) in 2019, a law that aimed to remove barriers and clarify Tribal Nation eligibility to participation in HCD's funding programs, HCD has been working diligently to learn, consider, and honor the history of California Tribal Nations and Tribal communities. Through HCD's initial engagement and relationship building with California Tribes and Tribally Designated Housing Entities (TDHEs), HCD has addressed the lessons learned thus far through implementation of the following best practices:

1. HCD will host informal listening sessions with Tribal stakeholders prior to the planning process for regulations, program guidelines, education, and technical assistance sessions for NOFA releases.
2. HCD will meaningfully engage Tribes early in and throughout the planning process for regulation, program guidelines, and NOFA updates.
3. HCD will provide multiple forums and ways for Tribes/TDHE's to engage, such as through office hours and technical assistance sessions.
4. HCD will give Tribes and TDHEs information proactively regarding program changes and maintain consistent communication and information throughout the process.
5. Programs will provide Tribes with tribal-specific overviews of program requirements to help Tribes understand how to apply and use HCD funding.
6. HCD staff will learn about how funding for Tribal housing works to better align HCD program requirements and application components with programs that Tribes are already familiar with.
7. HCD programs will provide Tribes with additional comprehensive Technical Assistance (TA), capacity building, and capacity filling supports, as well as hold stakeholders accountable to build an understanding of program requirements while understanding and removing barriers for Tribal projects.
8. HCD programs will participate in Cultural Awareness and Equity trainings to grow their knowledge on how to successfully work with Tribal Nations, build relationships, and build the trust needed to successfully serve Tribes and successfully implement AB 1010.

Based on the initial lessons learned and best practices identified, HCD funding programs, with the support of HCD's Tribal Affairs team, have provided multiple ways for Tribes to engage in these programs. The following represents the formats and types of engagement HCD has provided to Tribes since January of 2021 and explains how HCD Tribal Affairs plans to increase each type of engagement over the next year.

Listening Sessions – HCD Listening Sessions are set up to provide Tribes/THDEs and partners with important information about program funding, legislation, or specific housing plans within HCD. Listening Sessions function as an opportunity for HCD to present on potential program changes to Tribal partners so that HCD can facilitate a discussion and garner feedback. Listening Sessions allow for Tribal partners to know and plan for what is coming, receive basic information, allow for questions to be answered, and obtain familiarity with these programs prior to the NOFA being released. Thus far, HCD has conducted 31 **(13 in 2023)** Tribal Listening Sessions for the following federal and state-funded programs:

1. Community Development Block Grant-CARES Act Program (CDBG-CV)
2. Emergency Solutions Grants-CARES Act Program (ESG-CV)
3. CalHome Disaster Recovery Program (CalHome DR)
4. CalHome/ Homeownership Super NOFA
5. CA COVID-19 Rent Relief Program (ERAP)
6. HOME Investment Partnerships Program (HOME)
7. National Housing Trust Fund Program (NHTF)
8. HOME American Rescue Plan Program (HOME-ARP)
9. Senate Bill 35 (SB 35)
10. Homekey Tribal NOFA
11. Joe Serna, Jr. Farmworker Housing Grant Program (FWHG)
12. Statewide Housing Plan (SHP)
13. Manufactured Housing Opportunity & Revitalization Program (MORE)
14. Tribal Multifamily Super NOFA
15. Veterans Housing and Homelessness Prevention Program (VHHP)

HCD Tribal Affairs will continue collaborating with program staff to host these Listening Session opportunities to Tribes/TDHEs over the next year. The goal is for Listening Sessions become a part of the culture of the HCD planning process.

Office Hours – HCD Office Hours provide an opportunity to build from Listening Sessions. Office Hours are HCD's attempt at ensuring as much meaningful participation and feedback from Tribal partners as possible, which comes in the form of smaller groups and is usually offered for a longer period, rather than for the broader pool of stakeholders. Office Hours are provided on a schedule commensurate with the need for Tribal applicant support through the application period to Tribal applicants, with the goal of providing a group forum for sharing information and answering application-related questions. Since January of 2021, HCD has held Tribal Office Hours for the following federal and state funded programs:

1. CDBG-CV
2. ESG-CV
3. Regional Early Action Planning (REAP)
4. SHP
5. CalHome/Homeownership Super NOFA
6. NHTF

Formal Tribal Consultations – HCD is committed to ensuring and providing regular, substantive, meaningful, and effective consultation with Tribes/THDEs. Through HCD's initial interaction with Tribes/TDHEs, the importance and necessity for Tribal consultation and collaboration with Tribes/TDHEs became apparent, especially when a program or activity could impact Tribal interests and communities. Additionally, through HCD's interaction with Tribes/THDEs, some have exercised their right under HCD's Tribal Consultation Policy and requested consultation from HCD programs. The following reflect the Tribal Consultations HCD has conducted thus far:

1. Homekey – Northern Circle Indian Housing Authority (NCIHA) Consultation
2. Tribal Homekey- NCIHA
3. Homekey – Pala Band of Mission Indians
4. REAP
5. REAP – General Consultation
6. HOME – Hopland Band of Pomo Indians, Sherwood Rancheria Band of Pomo Indians
7. HOME – General Tribal Consultation
8. MORE – General Tribal Consultation

Technical Assistance – (TA) is a core component of AB 1010 and HCD's Tribal engagement strategy. The HCD Tribal Affairs team, in coordination with program teams, has provided considerable TA to Tribes/TDHEs. Since January of 2021, HCD has held over 200 individual Tribal TA conferences to Tribes/TDHEs for various funding programs. These approximately 200 plus TA conferences only represents the initial introduction between Tribes and HCD programs. Once Tribal Affairs makes the initial introduction between a Tribe/TDHE, HCD programs continue providing considerable amounts of individual TA to Tribes/TDHEs. HCD Tribal Affairs and programs have provided TA to Tribes for the following HCD programs:

1. CalHome – Disaster Recovery (DR)
2. CalHome – General
3. Tribal Homekey
4. MORE
5. CDBG-CV
6. ESG-CV
7. General TA Conference (covers multiple HCD programs)
8. HOME
9. HOME-ARP
10. NHTF
11. Homekey (Round 1 and 2)
12. Multifamily Finance Super NOFA
13. FWHG
14. REAP
15. SHP

TA continues to be at the forefront of HCD Tribal Affairs policy priorities and goals. HCD's goal is to increase Tribal TA for every program by 5 percent every quarter over the next year.

NOFA Overview Webinars – HCD's NOFA Overview webinars allow for our Tribal partners to become more familiar with the program and with the NOFA itself. These webinars are designed for Tribes/TDHEs to understand the important dates, background on the funding, necessary updates, application process, program requirements, reminders, how Tribes/TDHEs can utilize waivers through AB 1010 and, lastly, allow for Tribes/TDHEs to ask questions, express concerns, and help identify any potential barriers.

1. CalHome – DR
2. CalHome/Homeownership Super NOFA
3. CDBG-CV
4. HOME
5. Homekey
6. FWHG
7. Multifamily Finance Super NOFA
8. CA COVID-19 Emergency Rental Assistance Program (ERAP)
9. REAP 2.0
10. SB 35
11. SHP
12. VHHP
13. HOME-ARP
14. NHTF

Tribal Roundtables – HCD also held two roundtable meetings in Northern California in August 2021. HCD held the first roundtable at NCIHA and the second at Robinson Rancheria. The goal of the roundtables was to provide Tribes/TDHEs an opportunity to hear from HCD, other state departments/agencies, and outside partners. The roundtable discussed services and goals, funding opportunities, and opportunities to collaborate. Presentations provided a broad overview of various programs to help further the event's discussions on the housing needs and barriers that Indian Country experiences, and how HCD and other programs can be part of the solution. A key finding from the roundtable was the need to better understand homelessness in Indian Country. HCD also held an additional roundtable in Southern California in February 2023. This roundtable was attended by Director Velasquez, program leadership, and Tribal leaders throughout the state. The purpose of this roundtable was to foster further relationship-building between Tribal and HCD leadership, and to increase

understanding of Tribal housing needs to inform program policy decisions.

Homelessness Educational Series – Because of the feedback on homelessness from roundtables, HCD partnered with the California Coalition for Rural Housing (CCRH) to host three webinars that dive deeper into California homelessness, what it looks like in Indian Country, and how Tribes can address the issue.

Tribal Funding – As the Tribal Affairs team continues to engage with Tribal Entities, the team has learned from Tribes/TDHEs the importance of safeguarding funding and providing set-asides specifically for Tribes/TDHEs. As a result, HCD has been setting aside some program funding specifically for Tribes/TDHEs. Below are some of the targeted funding opportunities for Tribes over the last several years:

1. FWHG: 11.6 percent or approximately $12 million.
2. Homekey Round 2: 5 percent or approximately $72.5 million.
3. Tribal Homekey: $75 million.
4. MORE: 5 percent or $6.5 million.
5. HOME (2023): 20 percent, or $21 million.
6. HOME-ARP: 15 percent, or $22,900,000.
7. NHTF: 10 percent, or $17.2 million.
8. Tribal Multifamily Finance Super NOFA: $50 million.
9. REAP 2.0: $7.5 million.
10. CalHome General: 10 percent or approximately $5.7 million.
11. CDBG: 1.25 percent or approximately $361,000 for non-federally recognized Tribes applying through a local government sponsor.
12. CDBG-CV: $3.8 million, however, HCD received $8,768,225.50 in Tribal requests and funded them all.
13. ESG-CV: $5.7 million in Tribal requests.

Tribal Applications – Since fall of 2020, HCD has received the following Tribal applications:

1. Homekey Round 1: 3 Tribal applications
2. CDBG-CV: 19 Tribal applications for 21 Tribal projects
3. CDBG-CV Homekey Set-aside: 3 Tribal applications
4. Multifamily Housing Program (MHP): 1 Tribal application
5. ESG-CV: 7 Tribal applications
6. Homekey Round 2: 6 Tribal applications
7. HOME: 1 Tribal application
8. AHSC: 3 Tribal applications
9. REAP 2.0: 16 Tribal applications.
10. MORE: 4 Tribal applications
11. CalHome: 2 Tribal applications
12. Tribal Homekey: 13 Tribal applications

Tribal Awards – Since the fall of 2020, HCD has made the following awards to Tribes:

1. CDBG-CV: 12 Tribes and Tribal organizations awarded for 22 Tribal projects for a total of $7,744,018.
2. CDBG-CV Homekey Set-aside: 3 Tribal applications for a total of $2,400,000.
3. Homekey Round 1: 3 Tribes awarded for 3 projects for a total of $ 5,350,000.
4. ESG-CV: 7 Tribes awarded contracts for a total of $4,937,797.
5. Homekey Round 2: 6 Tribes awarded for a total of $31,362,548.
6. AHSC: 3 Tribes awarded for an approximate total of $48 million.
7. HOME: One Tribal award for a total of $920,000.
8. MHP: One Tribal award for an approximate total of $19 million.
9. REAP 2.0: Six Tribal awards for an approximate total of $19.5 million.
10. MORE: Four Tribal awards for an approximate total of $10 million.

Current Open Funding: The following programs have NOFAs that are currently open, and we anticipate significant Tribal interest in either this round or upcoming rounds.

1. HOME
2. HOME-ARP
3. CDBG (non-federally recognized Tribes only)

The HCD Tribal Affairs team, in coordination with HCD programs, continues to work hard towards providing equitable access to HCD funding opportunities for California Tribes/TDHEs. As the team continues to build off the momentum of the last three years of implementing AB 1010, HCD will continue to ensure equitable access is provided to Tribes/TDHEs through a multitude of engagement opportunities.

In fact, in 2023, HCD has made Tribal awards at unprecedented levels through state-funded tribal-specific NOFA opportunities. In the past, HCD has created Tribal set-asides of funding under programs that are functionally designed for cities, counties, or developers. HCD has developed guideline and application processes for Notices of Funding Availability that are tailored specifically for Tribes through Tribal Homekey and the Tribal Multifamily Finance Super NOFA. Tribal Homekey was the first-ever HCD program developed specifically for Tribes and will award at least $75,000,000 in grant funding for housing acquisition, rehabilitation, and development.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies (91.215(l)).

CDBG program staff coordinate with local jurisdictions, private industry, and businesses through individual meetings or workshops held to provide technical assistance. Coordination takes place with affordable housing developers most often under HCD’s federal housing programs: HOME, HOME-ARP, and Housing Trust Fund (HTF), all throughout the process of program design, implementation, application, awards, and long-term monitoring.

HCD’s permanent supportive housing projects include support services intended to address the needs of persons and households who face mental and/or physical health challenges that impact their ability to remain housed. HCD engages in continuous collaboration efforts with housing providers and private and governmental health, mental health, and service agencies. Mostly where these groups intersect are around programs like the Multifamily Housing Program (MHP), which has absorbed the Supportive Housing Multifamily Housing Program (SHMHP), and Housing for a Healthy California (HHC), No Place Like Home (NPLH), and VHHP programs.

Throughout the process of program design, implementation, application, awards, and

long-term monitoring, HCD has ongoing contact with housing providers and health and services agencies, through NOFA and application workshops, stakeholder feedback, listening sessions, guideline development, and as a part of long-term monitoring, regular meetings with housing and service providers. Each program conducts workshops and collaborates with agencies like California Housing Finance Agency, (CalHFA), California Department of Veterans Affairs (CalVet), California Department of Social Services (CDSS), and local jurisdictions and developers.

With the passage of Assembly Bill 2483 (AB 2483) on September 28, 2022, HCD has been directed to award incentives to state funded MHP project applicants that agree to set aside units for individuals experiencing homelessness or individuals eligible to receive services. HCD is partnering with the Department of Health Care Services (DHCS), which administers Medi-Cal funding, to determine that best way to align qualifying services in the units. The effective date to award incentives as specified was December 31, 2023.

In the consultation survey sent out to stakeholders, organizations, and the public, HCD included a section to address broadband access challenges, needs, and priorities. The overall feedback was a lack of broadband access in disadvantaged and rural areas. HCD is currently taking steps to address broadband access challenges in a few different ways. HCD is responsible for one of the objectives included in the State Broadband Action Plan, under the goal to ensure all Californians have access to affordable broadband and necessary devices. HCD is working with the Broadband Council to leverage existing HCD programs, such as the Infill Infrastructure Grant (IIG) Program and the Affordable Housing and Sustainable Communities (AHSC) Program to provide free broadband services for tenants in newly built housing. In addition, HCD's Director, Gustavo Velasquez, is an official member of the Statewide Digital Equity Planning Group. During FY24, this group (in conjunction with the California Public Utilities Commission) will finalize the State Digital Equity Plan and the Broadband Equity, Access and Deployment Program regulations, and issue capacity building grants intended to support last-mile broadband development and adoption efforts, digital literacy programs, and technology workforce training.

HCD's Disaster Recovery (DR) team has established monthly meetings with other state agencies engaged in funding and/or policy work focused on climate adaptation and resiliency. The primary goal of these monthly meetings is to coordinate program implementation and leverage skills and capacity across various state agencies. These agencies include:

1) Governor's Office of Emergency Services (CalOES): State lead for emergency management, who also administers the Hazard Mitigation Grant Program (HMGP) and the Building Resilient Infrastructure and Communities (BRIC) Program.

2) California Department of Forestry and Fire Protection (CAL FIRE): Administers state funding wildfire reduction and forest health resiliency grants and programs.
3) Office of Planning Research (OPR): Leads the state climate adaptation policies and administers mitigation planning grants.
4) Department of Water Resources (DWR): Administers the state flood management programs, funding for resilient infrastructure projects, and the Insurance Commissioner's Office and their new climate resiliency program.

These monthly coordination meetings allow HCD to leverage knowledge and capacity from other state agencies in developing and implementing HCD's CDBG-DR and CDBG-Mitigation (MIT) programs. Agendas for these meeting include review of specific project applications when more than one funding agency is engaged, as well as review and discussion of policies focused on climate adaption, housing, transportation, forest management, etc. For example, HCD has coordinated program policies and eligibilities for wildfire retrofit grants using CDBG-DR funds with similar programs operated through CAL FIRE and CalOES. By adopting the same standards and implementation within the same geographies, HCD is able to achieve community wide equity and resiliency goals. Other examples include coordination of timelines and policies to allow communities to leverage funding from different grant sources. In addition, any new CDBG-DR allocation and Action Plan, as well as any amendments to existing CDBG-DR or CDBG-MIT Action Plans, are reviewed and discussed with these agencies. This allows HCD to develop programs that are fully aligned with other state housing, transportation, climate adaption, and equity policies.

Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

All the Colonias supported by the state's U.S. Department of Housing and Urban Development (HUD) funding are in Imperial County. HCD works closely with Imperial County and the various communities that meet the Colonias definition to ensure they have access to Colonias funding. The CDBG program allocates 5 percent of each annual entitlement award for the Colonias, and the method of distribution allows for that funding to be in addition to any jurisdiction limits identified in the NOFA. Due to COVID-19 restrictions, the CDBG team has conducted weekly office hours and offered individual video conference calls in lieu of making in-person technical assistance visits. Imperial County also administers CDBG and other federal program awards on the behalf of Colonias communities without sufficient administrative capacity, and coordinates with HCD to ensure programs and projects are completed according to regulation.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

HCD coordinates with the various Continuums of Care (CoCs) in the state through multiple venues. The Northern California and Central California CoC Roundtables (organized by Homebase) and the Southern California CoC Alliance (organized by Urban Ventures) meet regularly to discuss best practices and evaluate opportunities for leveraging. HCD participates with those groups whenever practicable to encourage communication. HCD also hosts webinars and workshops with CoCs regarding funding opportunities, regulation changes, and general program management to help improve CoC performance and program utilization around the ESG program.

Specifically, in DFFA, where ESG and ESG-CV are administered, since the eligible applicants for the CoC allocation for ESG and for ESG-CV funding are CoCs or the Administrative Entity (AE) that represent the CoC, there is ongoing coordination and collaboration through NOFA workshops, and most recently webinars on procurement and CV reporting requirements. These same collaborative meetings will continue to occur in the future.

Due to the deployment of ESG-CV funding and the urgency to expend that funding as timely as possible, DFFA staff working with consultants have been in constant contact with CoC staff and homeless service providers to maximize the use of that funding. Training and technical assistance webinars have been held on topics such as Grant Management principles, Homelessness 101, and deep dives on the funding components of ESG. Staff and consultants meet weekly with CoCs to process expenditures and assist in ways to make best use of this time-limited resource.

Building on the close collaboration with CoCs in the past few years, the HOME-ARP program team continued to engage with CoCs and its representative organizations to discuss unmet housing needs and gaps in service delivery for homeless persons and persons at risk of homelessness, and qualified populations of the program. The feedback received was critical in programming and deploying this funding over the next year.

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, ESG funds are allocated per the California state ESG regulations. These regulations establish how ESG funds must be distributed, what percentage is required to be awarded competitively, what must be assigned to Rapid Re-Housing activities, and what can be awarded as a standing allocation. HCD's ESG program is distributed by 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.

Agencies, groups, organizations, and others who participated in the process and consultations.

1	**Agency/Group/Organization**	**America's Homeless Veterans**
	Agency/Group/Organization Type	Veteran’s Group
	What section of the plan was addressedby consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Simplification of the grant application process. Lack of funding and affordable housing.

2	**Agency/Group/Organization**	**Amador Tuolumne Community Action Agency (ATCAA)**
	Agency/Group/Organization Type	Continuum of Care Administrative Entity
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Capacity issue, rural regions, site locations, funding to own and operate. Broadband access challenges with lack of available providers and high costs for services.
3	**Agency/Group/Organization**	**Build It Green**
	Agency/Group/Organization Type	Nonprofit supporting housing and development issues
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Barriers to entry (capital, regulatory landscape, land use and access to jobs). Lack of available affordable housing units.

4	**Agency/Group/Organization**	**City of Artesia**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Smaller communities struggle to compete with larger cities in economic development, resulting in nearby larger communities reaping greater benefits from such initiatives. Lack of available affordable housing units; High cost of living.
5	**Agency/Group/Organization**	**City of Calimesa**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Zoning and Infrastructure needs.

6	**Agency/Group/Organization**	**City of Clovis**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey There is a shortage of affordable housing supply, prompting the need for increased state resources to build new affordable and safe housing options.
7	**Agency/Group/Organization**	**City of Gridley**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Insufficient funding for community development services. Lack of infrastructure and affordability in economic development and broadband access. Lack of available grants and staffing to provide technical assistance.

8	**Agency/Group/Organization**	**City of Laguna Beach**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey The process of securing funding for affordable housing development is complex and time-consuming.
9	**Agency/Group/Organization**	**City of Los Alamitos**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Public engagement is crucial in addressing homelessness, highlighting the importance of active involvement and support from the community.

10	**Agency/Group/Organization**	**City of Monterey**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Coastal living faces high costs, low wages, and limited housing due to water constraints, posing significant challenges for new housing development.
11	**Agency/Group/Organization**	**City of Winters**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of staffing to implement programs and projects.

12	**Agency/Group/Organization**	**Community Corporation of Santa Monica**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of affordable housing limits economic development in the community.
13	**Agency/Group/Organization**	**County of Calaveras**
	Agency/Group/Organization Type	Homelessness Services Provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey High construction costs result in developers unable to provide lower rental units. Lack of nonprofit developers willing to serve rural areas. Most funding targets urban areas and most grants require experience with property management, making it difficult to be considered for competitive funding. Lack of broadband expansion and crossing the digital divide for the senior population.

14	**Agency/Group/Organization**	**CTY Housing Inc.**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of available affordable housing inventory. Lack of stable housing in communities. Cost of broadband access is prohibitive.
15	**Agency/Group/Organization**	**EcoFamily Designs**
	Agency/Group/Organization Type	Tribally Designated Housing Entity (TDHE)
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Privatization of the housing market. Gentrification and allowance of rent that is not affordable by the masses. Lack of broadband towers. Lack of community engagement from those experiencing homelessness.

16	**Agency/Group/Organization**	**El Dorado County Health and Human Services Agency**
	Agency/Group/Organization Type	Homelessness Services Provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of consistent funding to support projects, staff, and development.
17	**Agency/Group/Organization**	**Front Porch – Home Match**
	Agency/Group/Organization Type	Public or private agency that provides fair housing services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Support for fair housing services along with rent subsidies that can be awarded to agency participants.

18	**Agency/Group/Organization**	**Glenn County Health & Human Services**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Infrastructure needs to make affordable housing projects feasible. Broadband access challenges. Lack of technical assistance support for local communities.
19	**Agency/Group/Organization**	**Habitat for Humanity Lake County CA, Inc.**
	Agency/Group/Organization Type	Nonprofit low-income housing provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey No availability of affordable homeowner insurance and jobs.

20	**Agency/Group/Organization**	**Human Response Network**
	Agency/Group/Organization Type	Public or private agency that provides housing services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of funding for affordable rental housing and more staff needed to work on this issue.
21	**Agency/Group/Organization**	**LeadingAge California**
	Agency/Group/Organization Type	Affordable Senior Housing Industry Group/ Advocate
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Need increased funding for affordable senior housing development and increased rental assistance for older adults at risk of homelessness. Lack of broadband infrastructure for senior housing communities; recommends the California Public Utilities Commission to allow providers access to broadband infrastructure installation grants.

22	**Agency/Group/Organization**	**Mitchellville Real Estate Group CA**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Need to expand accommodations and set-asides for Emerging Developers. Private sites and local funding needed for affordable housing, higher wages for lower end jobs.
23	**Agency/Group/Organization**	**NorCal Dedication LLC**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of funding for first time developers. Need for multifamily complex.

24	**Agency/Group/Organization**	**North Tahoe Business Association**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Limited housing due to second homeowners buying houses. Constricting county and state rules regarding density and parking.
25	**Agency/Group/Organization**	**Optimist Youth Homes and Family Services**
	Agency/Group/Organization Type	Housing developer/Homeless Services Provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of affordable units, sufficient supportive services, and living wage opportunities for individuals with less than college degrees.

26	**Agency/Group/Organization**	**Pacific National Development**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of High Resource zones and government resources. Need for more efficient funding opportunities to coordinate with tax credit schedule.
27	**Agency/Group/Organization**	**Path of Life Ministries**
	Agency/Group/Organization Type	Homelessness Services Provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Difficult for newer or smaller non-profits to have access to Rapid Re-Housing, hotel/motel vouchers, Section 8 vouchers, and affordable housing projects that are state funded; Need more accessible broadband provided at a reasonable cost.

28	**Agency/Group/Organization**	**People Helping People**
	Agency/Group/Organization Type	Public or private agency that provides housing services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of Community Financial Literacy and Credit Enhancement to help people evaluate readiness for homeownership.
29	**Agency/Group/Organization**	**Public Interest Advocates**
	Agency/Group/Organization Type	Civil rights, fair housing, or disability rights organization
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of consistent and adequate funding for both the creation of affordable housing and for rental assistance to enable lower-income people to live in market-rate housing without being rent burdened.

30	**Agency/Group/Organization**	**Pure Love Foundation**
	Agency/Group/Organization Type	Homelessness Services Provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Securing funding to ensure services can be fully delivered to community members for workforce development programming.
31	**Agency/Group/Organization**	**Redwood Community Action Agency**
	Agency/Group/Organization Type	Public or private agency that provides fair housing services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Keeping it safe. Housing deteriorates so quickly in this area due to the climate that rehabilitation of current properties is just as important as growing capacity.

32	**Agency/Group/Organization**	**St. Vincent's**
	Agency/Group/Organization Type	Public or private agency that provides housing services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Qualifying for funding due to time restrictions and other requirements.
33	**Agency/Group/Organization**	**Sun Street Centers**
	Agency/Group/Organization Type	Public or private agency that provides health services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Cost, effective staffing. More stability of government services. Too much administrative staff time and expertise is required for federally funded projects.

34	**Agency/Group/Organization**	**T AND V Rooming for the Mentally and Disable LLC**
	Agency/Group/Organization Type	Public or private agency that provides housing services
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Funding and building. Lack of resources and affordable housing.
35	**Agency/Group/Organization**	**Tolowa Dee-ni Nation**
	Agency/Group/Organization Type	Tribal Housing Department
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Lack of housing. High volume of short-term rentals due to tourist areas. Lack of economic opportunities and resources.

36	**Agency/Group/Organization**	**Two Valleys Community Land Trust**
	Agency/Group/Organization Type	Affordable Housing Developer
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Funding and capacity. High housing costs is a barrier to economic development.
37	**Agency/Group/Organization**	**Ventura County**
	Agency/Group/Organization Type	Local Government
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Coordinated Entry System is a huge barrier in this county for the homeless population. This makes it impossible to provide homeless people with housing resources.

38	**Agency/Group/Organization**	**YAVA**
	Agency/Group/Organization Type	Homelessness Services Provider
	What section of the plan was addressed by consultation?	Affordable Housing, Community Development, and Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Community Survey Rent costs that price out the lower and middle class. Inflation not keeping up with income. Single income families not able to make enough.

Table 2 – Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting.

All agency types were consulted.

Other local/regional/state/federal planning efforts considered when preparing the Plan

HCD consults with many different state and federal planning efforts in developing its goals and priorities for federal funding. Examples of these plans include (but are not limited to):

- **Statewide Housing Plan:** In March 2022, HCD released the Statewide Housing Plan (SHP), which presents a comprehensive look at the state's housing needs, actions, and vision to address the affordable housing crisis in California. The topics addressed in this plan are broader than the scope of discussion in the AAP but will continue to inform DFFA's strategy and action in the future. The plan, accompanying tools, and datasets are posted online with regularly updated information that can be reviewed here: https://statewide-housing-plan-cahcd.hub.arcgis.com/.

- **Statewide Action Plan for Preventing and Ending Homelessness:** In March 2021, the California Interagency Council on Homelessness (Cal ICH) adopted the Statewide Action Plan for Preventing and Ending Homelessness in California (Homelessness Action Plan). Cal ICH's Homelessness Action Plan outlines specific steps in five action areas that state agencies and departments will take to identify and support solutions to short-term and chronic homelessness. HCD's activities in support of the Homelessness Action Plan are described in more detail in Section AP-65. The Homelessness Action Plan, annual updates, and implementation progress reports are available at: https://www.bcsh.ca.gov/calich/action_plan.html.

- **Master Plan for Aging:** In January 2021, the California Department of Aging adopted the Master Plan for Aging. The Master Plan for Aging provides a blueprint for California state and local governments and the private and nonprofit sectors to prepare the state for coming demographic changes. This plan includes strategies across five goals to create and support communities where people of all ages and abilities are engaged, valued, and provided equitable opportunities to pursue their life plans and goals. HCD's activities in support of the Master Plan for Aging are described in more detail in Section AP-85. The Master Plan for Aging full report, description of stakeholder and public engagement, and a regularly updated data dashboard are available at: https://mpa.aging.ca.gov.

AP-12 Participation - 91.115, 91.300(c)

Summary of citizen participation process/Efforts made to broaden citizen participation.

The goals of the California Department of Housing and Community Development's (HCD) citizen participation process are to assess community-level affordable housing and economic development needs from members of the public, and to learn from the public what they think HCD should be doing to address their local needs. HCD also informs the public of the Annual Action Plan's (AAP) contents and encourages community members to attend public hearings where they can ask questions about the plan as a part of the citizen participation process. HCD continues to develop additional activities to support its efforts to broaden citizen participation, including strategies to proactively connect members of the public seeking affordable housing or homelessness assistance to local agencies that can assist them. As a baseline for public noticing, the Division of Federal Financial Assistance (DFFA) still relies on publishing notices in three newspapers while also broadening citizen participation through social media.

HCD conducted a survey for this action plan, reaching out to organizations as well as members of the public. Survey respondents, representing local and state agencies; local, regional, and statewide institutions; Continuums of Care (CoCs); nonprofit, philanthropic, community-based, and faith-based organizations; public and private housing agencies; Tribally Designated Housing Entities (TDHE); veterans groups; fair housing, disability rights, and civil rights organizations; and businesses and developers, were given the opportunity to describe and identify their needs and challenges according to detailed categories, and had the option to respond anonymously. The survey asked respondents to rank their planned changes in capacity and focus on the upcoming fiscal year, as well as identify the most significant barriers and challenges to achieving and maintaining affordable housing and community development. The most frequently occurring challenges include a shortage of affordable housing supply, high housing development costs, insufficient funding for community development services, broadband access challenges in disadvantaged areas, lack of staffing to provide grant application technical assistance, and infrastructure needs.

The Consolidated Plan (Con Plan) is subject to federal citizen participation requirements, described in HCD's current Citizen Participation Plan (CPP) Plans & Reports | California Department of Housing and Community Development. To meet these requirements, HCD solicits public comment from public, private, nonprofit organizations, local jurisdictions, and other state agencies in the preparation of the AAP. HCD encourages stakeholders to inform members of the public to participate in the public hearings for the AAP, especially low- and moderate-income persons, particularly those living in areas where Community Development Block Grant (CDBG) funds are

proposed for use; residents of predominantly low- and moderate-income neighborhoods; individuals identifying as Black, Indigenous, and people of color ("minorities"), non-native English speakers, and persons with disabilities. Public notices describing the draft documents, inviting comments, and announcing public hearings are drafted in English and Spanish, published in legal newspapers of record, and placed on HCD's website at Plans & Reports | California Department of Housing and Community Development. Paper copies of notices and draft documents are available by written request.

The public comment period for the AAP was held from February 26, 2024, to March 27, 2024. In accordance with the state's CPP, in advance of the public comment period, the state published a summary of the proposed (draft) AAP in three newspapers of general circulation, in both English and Spanish, and distributed this summary to interested parties via electronic mailing, as well as when the public hearings were held. The summary describes the contents and purposes of the AAP and describes how copies of the entire document can be viewed. Copies of the draft AAP are available on HCD's website, as well as in print from HCD headquarters, upon request. HCD hosted two public hearings by webinar. The first webinar was held on February 28, 2024, at 2:00 p.m. The second webinar was held on March 6, 2024, at 4:30 p.m., to solicit comments on the draft. Translation services were offered with advance notice to HCD.

HCD considered all written and oral comments received at the public hearings in preparation of the final versions of the AAP. A summary of these comments and responses will be attached to the final AAP as Appendix C. There were zero public comments received, therefore, there are no comments to report in Appendix C.

Summary citizen participation process and efforts made to broaden citizen participation in Colonias.

All of the Colonias supported by the state's U.S. Department of Housing and Urban Development (HUD) funding are located in Imperial County. HCD works closely with the county and the various communities that meet the Colonias definition to ensure they have input to the consolidated planning process (including the five-year plan and AAP updates) and access to funding. The CDBG program allocates 5 percent of each annual entitlement award for the Colonias, and the method of distribution allows for that funding to be in addition to any jurisdictional limits identified in the Notice of Funding Availability (NOFA). During the 2023 calendar year, HCD held weekly meetings with Imperial County staff to check on project progress, provide technical assistance, listen to the needs of the Colonias communities, and strategize about solutions. The county administrators are excellent partners with HCD and encourage Colonias community leaders to participate in HCD events hosted at the county. The county also administers CDBG and other federal program awards on behalf of Colonias communities without

sufficient administrative capacity, and coordinates with HCD to ensure programs and projects are completed according to federal requirements.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of Response/ Attendance	Summary of Comments Received	Summary of Comments Not Accepted and Reasons	URL (If Applicable)
1	2024-25 AAP Public Comment Period, Public Notice Newspaper Ad	Non-Targeted Broad Community Non-English Speaking – Spanish	Public Notices: Published in three journals in English and Spanish	N/A	N/A	N/A
2	2024-25 AAP Public Comment Period, Public Comment Webinar, Internet Outreach, Direct Email	Non-Targeted Broad Community Non-English Speaking – Spanish	Announcement distributed to HCD email list (approximately 5,000 parties), posted on HCD Website. Public Comment Period: 02/26/2024 – 03/27/2024	N/A – HCD received zero public comments.	N/A – HCD received zero public comments.	N/A
3	2024-25 AAP Community Survey:	Minorities, Persons with Disabilities, Residents of Assisted Housing, Service Providers, Continuums of Care	Survey distributed to HCD email list (approximately 5,000 parties). HCD received approximately 130 responses.	Shortage of affordable housing supply, high housing development costs, insufficient funding for community development services, broadband access challenges in disadvantaged areas, lack of staffing to provide grant application technical assistance, and infrastructure needs.	N/A – HCD received zero public comments.	N/A

Table 3 – Citizen Participation Outreach

Expected Resources

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, Tenant-Based Rental Assistance	$37,964,245	$0	$0	$37,964,245	$0	2024 HUD Award Allocation, available.

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
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

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
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
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 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.

CDBG: CDBG does not have a match requirement. HCD anticipates that local, state, and philanthropic dollars will be leveraged for CDBG funded activities.

HOME: 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.

ESG: 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.

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.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan.

The lack of affordable housing across California is a matter of vital statewide importance and the state is working to expand housing opportunities through a new level of innovation and cooperation between the public and private sectors. As one of his first acts after taking the oath of office, California Governor Gavin Newsom signed Executive Order (EO) N-06-19, which directed the Department of General Services (DGS) and HCD to identify and prioritize excess state-owned property and aggressively pursue

sustainable, innovative, cost-effective housing projects.

DGS compiled an inventory of over 44,000 state-owned parcels and identified the sites most suitable for development. A two-part screening tool, including housing need and economic feasibility measures, was developed and applied to prioritize these parcels.

DGS and HCD published the site inventory in a geographic information system (GIS)-enabled, searchable, and fully interactive map, available at https://cadgs.maps.arcgis.com/apps/webappviewer/index.html?id=392e5e687e9041bb8f20e3acc5b211c7. This land inventory map shows more than 120 sites that have been identified as state property, suitable for housing (with a focus on affordable housing and access to nearby opportunities) and vetted by departments with jurisdiction as excess to their need. Most sites are located within the state's most populous urban areas (i.e., Los Angeles, San Francisco Bay Area, San Diego, Sacramento, and Orange County), range in size (anywhere from 0.1 acres to large campus sites) and vary from vacant to existing improvements on-site. In accordance with recent legislation, HCD and DGS are undertaking a process to update the map, inventory, and screening criteria by mid-2024. New and refined criteria include competitiveness for financing, expanded environmental screening, and the inclusion of preliminary due diligence items; screening factors will be reviewed and revised every four years. The new map will be published in the second half of 2024, to be updated with any parcels determined to be excess as needed.

To date, DGS and HCD have released 21 excess sites for developer solicitation, awarded 19 sites to qualified developers of affordable homes, and amassed a pipeline of over 4,500 units and counting. In 2023, the first completed excess site received its Certificate of Occupancy, with 56 studio units serving individuals making between 40-50 percent Area Median Income (AMI.) HCD has doubled down on its commitment to financing these projects through creation of the Excess Sites Local Government Matching Grants program (LGMG). HCD has now implemented three LGMG funding rounds, awarding approximately $123.5 million for the generation of 1,876 low-income and workforce housing units, and leveraging $152.7 million in matching local government contributions, including ongoing operating subsidies.

Building on this EO, Assembly Bills 1486 and 1255 were signed at the end of 2019 – connecting affordable housing developers to local surplus land, strengthening enforcement of California's Surplus Land Act, and requiring cities and counties to report surplus and excess local public lands to include in a statewide inventory.

Assembly Bill 1486 (Ting, 2019) aims to connect developers who are interested in building more affordable homes to surplus local public land that is both available and suitable for housing development. As of January 1, 2020, local agencies (cities, counties, and special districts) must send notices about available, surplus local public land to HCD, any local public entity within the jurisdiction where the surplus local land is located, and developers who have notified HCD of their interest in developing affordable

housing on surplus local land. HCD publishes these notices of availability, as well as a map of the available parcels, at https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/notices-of-available-locally-owned-surplus-land-map. HCD is revising guidelines to reflect recent legislative changes to the Surplus Land Act, to be published by summer of 2024.

In January 2023, HCD partnered with DGS to publicly release an interactive map of property identified by local governments and jurisdictions to help developers find land for housing development. The Housing and Local Land Development Opportunity Map, found at https://experience.arcgis.com/experience/670e112e04ae415e9755f2d65fded76c/ displays potential development sites in local housing plans and locally owned surplus and excess sites identified in housing element Annual Progress Reports (APR). This map is particularly impactful to allow developers to view all sites identified by local jurisdictions for housing through housing elements and locally owned surplus land.

To support these efforts, Senate Bill 791 (Cortese, 2021) established the California Surplus Land Unit (SLU) within HCD. This unit builds upon HCD's successful implementation of Assembly Bills 1486 and 1255 by providing enhanced data, technical assistance, educational materials, and proactive engagement to increase the utilization of local public land for housing. Between July 2022 and June 2023, the SLU facilitated 196 exempt dispositions and 121 standard dispositions that have resulted in 5,656 units of proposed housing. The SLU has collaborated with HCD's Division of State Financial Assistance to include a preference for the use of public lands in their flagship state funding programs. The SLU has also developed a suite of tools and strategies to support the development of affordable housing on surplus lands and will continue to engage and provide technical assistance to a range of stakeholders.

Through both executive and legislative action, California is not only identifying publicly owned land that may be used to address housing needs, but also finding creative ways to expedite the production of affordable housing through innovative and sustainable measures. As of December 2023, the local public lands (through Surplus Land Act – Assembly Bills 1486 and 1255 of 2019) and the state public lands (through EO N-06-19) programs are estimated to have amassed a development pipeline of over 22,500 new homes, including approximately 13,400 affordable homes.

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 HOPWA: $5,132,250	Rapid Re-Housing: 3,200 HA Homeless Person Overnight Shelter: 19,770 Persons Assisted Overnight/ES/TH Housing Beds Added: 300 Beds Homelessness Prevention: 650 Persons Assisted Housing for Homeless Added:100 HHU HIV/AIDS Housing Operations: 15 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
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: https://www.hcd.ca.gov/grants-and-funding/disaster-recovery-and-mitigation/action-plans-and-federal-register-notices-frns

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.
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. Disaster Recovery & Mitigation | California Department of Housing and Community Development

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

See estimates in AP-20 table under Goal 1 Increase Housing Affordability.

AP-25 Allocation Priorities – 91.320(d)

Introduction

The percentages below are based on the expected amount of funds that will be awarded by each program for Program Year 2024-2025 for eligible activities that fall within that goal.

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

The amount for the HOME Investment Partnerships Program (HOME) under "Homelessness Assistance and Prevention" reflects the total amount of HOME Tenant-Based Rental Assistance (TBRA) funds projected to be awarded for the 2024 HOME Notice of Funding Availability (NOFA). For purposes of the goals reflected below, HOME TBRA is considered a homelessness assistance or prevention activity.

	Increase Housing Affordability (%)	Addressing and Preventing Homelessness (%)	Economic Development (%)	Maintain or improve Public Fac. and Infrastructure (%)	Maintain or improve access to Public Services (%)	Recovery assistance for Natural Disaster survivors (%)	Colonias Set-Aside (%)	Total (%)
CDBG	35	10	30	5	15	0	5	**100**
HOME	90	10	0	0	0	0	0	**100**
HOPWA	0	100	0	0	0	0	0	**100**
ESG	0	100	0	0	0	0	0	**100**
HTF	100	0	0	0	0	0	0	**100**
Other CDBG-DR Mitigation	0	0	0	0	0	100	0	**100**
Other CDBG-DR Unmet Need	0	0	0	0	0	100	0	**100**
Other NDR	0	0	0	0	0	100	0	**100**

Table 6 – Funding Allocation Priorities

Reason for Allocation Priorities

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

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

HOME Investment Partnerships Program (HOME): HOME funding allocation priorities are based on demand by program applicants for categories of activities. In addition, state HOME regulations establish a minimum allocation of 40 percent for programs, including First-Time Homebuyer (FTHB) mortgage assistance, Owner-Occupied Rehabilitation (OOR), and Tenant-Based Rental Assistance (TBRA) (i.e., program activities), and 60 percent for multifamily rental and FTHB projects, which includes a five percent minimum set-aside for FTHB new construction or rehabilitation/conversion activities (i.e., FTHB projects). Each allocation also included a 20 percent set-aside to fund Tribal applications.

Homeless assistance and prevention activities reflects anticipated demand for HOME TBRA and multifamily rental projects for Program Year (PY) 2024-2025. HCD anticipates an increased need for TBRA due to lack of other rental assistance, or assistance provided as a result of local, state, or federally declared disasters. Many

multifamily rental funding sources are targeted to meet the needs of extremely low-income households that are homeless or at risk of homelessness.

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

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

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

Moving forward starting with FY24, ESG anticipates being administered under new guideline authority, however the guidelines are not yet finalized. Under the guideline authority, the split allocations under the CoC and Balance of State will merge into one allocation. The focus will be on outputs and outcomes that address the state's needs in addressing and preventing homelessness. Methods for scoring, rating, and ranking are still being determined.

Housing Opportunities for Persons With Aids (HOPWA): A statutory goal of HOPWA is to prevent or alleviate homelessness among persons living with HIV. The California Department of Public Health/Office of AIDS (CDPH/OA) allocates HOPWA funds through a formula process based on the most recent reported HIV and AIDS cases by county. This allocation formula was developed to ensure equity of funding to all non-Eligible Metropolitan Statistical Areas (EMSAs) of California while allocating proportionately larger amounts to the communities most impacted by HIV/AIDS. To promote the use of HOPWA funds for housing assistance activities, CDPH/OA has limited supportive services activities to 20 percent of a project sponsor's allocation.

Community Development Block Grant-Disaster Recovery (CDBG-DR): CDBG-DR funding solely supports the recovery assistance for natural disaster survivors' goals in

the State of California's Consolidated Plan. For details on CDBG-DR, please visit Disaster Recovery & Mitigation | California Department of Housing and Community Development.

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

The Consolidated Plan (Con Plan) identifies six priority needs, associates six goals with these needs, and associates specific goal outcome indicators (objectives) with these goals. The Con Plan goals are:

- *Increase Housing Affordability*
    - Priority Need: Improved Access to Affordable Housing
    - Goal Outcome Indicators: Households Assisted, Housing Units Added, Tenant-Based Rental Assistance/Rapid Re-Housing
- *Addressing and Preventing Homelessness*
    - Priority Need: Homelessness Prevention and Assistance
    - Goal Outcome Indicators: Households Assisted, Persons Assisted
- *Economic Development*
    - Priority Need: Increase Economic Development Opportunities
    - Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted, Persons Assisted
- *Maintain or Improve Public Facilities and Infrastructure*
    - Priority Need: Neighborhood Stability and Sustainability
    - Goal Outcome Indicators: Area Benefit (total people assisted), Persons Assisted
    - Colonias set-aside
- *Maintain or Improve Access to Public Services*
    - Priority Need: Community-Based Public Services
    - Goal Outcome Indicators: Area Benefit (total people assisted), Persons Assisted
- *Recovery Assistance for Natural Disaster Survivors*
    - Priority Need: Disaster Recovery and Climate Resilience
    - Goal Outcome Indicators: Households, Persons, Areas

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

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

Introduction

Per 24 Code of Federal Regulations (CFR) Part 91.320(d) and (k), the state of California's Annual Action Plan (AAP) must include a description of its method(s) for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the state using funds that are expected to be received under formula allocations and Program Income (PI) and any other U.S. Department of Housing and Urban Development (HUD) assistance during the Fiscal Year (FY). The description must include the reason for allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan (Con Plan), and any obstacles to addressing 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:

Disaster Recovery & Mitigation | California Department of Housing and Community Development | Action Plans

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

Plans & Reports | California Department of Housing and Community Development

CDBG (Community Development Block Grant) Program

Summary:

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

The state CDBG program uses a Notice of Funding Availability (NOFA) application process, in which eligible cities and counties apply for funding awards both competitively and Over the Counter (OTC) for a variety of programs and projects intended to align with the goals and priorities identified in the 2020-2024 Con Plan, as outlined in the AP-25 Allocation Priorities.

Eligible activities will be limited to the matrix codes and national objective codes in an attachment to this Annual Action Plan.

https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/cdbg/cdbg-matrix-code.pdf

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

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

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

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

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

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

All four methods of distribution contribute to the above noted housing and ED activities

percentages required by state statute. Available funding may be used across the various MODs based on demand and to meet state statutory requirements.

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

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

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

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

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

Applications will be submitted in the eCivis Grants Network or online grants management system adopted by HCD, with an expedited review process to ensure that the need is met.

For the CDBG and HOME program, the state will be directly carrying out both administrative and activity delivery related activities across all activities where activity delivery is appropriate.

1	**State Program Name:**	**CDBG Competitive**
	Funding Sources:	**CDBG**
	Describe the state program addressed by the Method of Distribution.	CDBG planning and public services. Applications will be submitted, and contracts will be managed in HCD's new grants management system. HCD anticipates moving to a new grants management system mid-2024; additional information is forthcoming.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The 2024 NOFA offers competitive programs under the planning and public services categories. The number of competitive applications allowed per jurisdiction shall not exceed two (2). Total applications submitted shall not exceed three total applications submitted per jurisdiction, inclusive of applications submitted under the OTC MOD. Competitive application criteria will focus on need, readiness, capacity, and past performance. Specific details about the criteria and their relative importance will be published in the 2024 NOFA in the summer/fall of 2024 here: Community Development Block Grant Program (CDBG) | California Department of Housing and Community Development
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describe the application criteria? (CDBG only)	CDBG – The specific scoring breakdowns for all application types are included in the Appendices of the NOFA. The NOFA and appendices will be made available on HCD's CDBG webpage at Community Development Block Grant Program (CDBG) | California Department of Housing and Community Development however, additional resources may also be made available within HCD's grants management system.
	Describe how resources will be allocated among funding categories.	The state's goals for the CDBG program are to partner with rural cities and counties to improve the lives of their low- and moderate-income residents through the creation and expansion of community

		and economic development opportunities in support of livable communities. Pursuant to the state's CDBG program guidelines, funding allocations are based on demand once state administration funding amounts and state and federal set-aside amounts have been accounted for. Locally generated Program Income (PI) is not currently allowed to be used for public services or planning activities, and grantees may not include PI in planning or public services budgets submitted under the 2024 NOFA. Public service activities will be funded under the competitive MOD and will not exceed 15 percent of the CDBG annual allocation from HUD, pursuant to federal regulation.
	Describe the threshold factors and grant size limits.	Applicants must meet the state and federal CDBG regulation threshold requirements at time of application submittal. These threshold requirements are detailed in the 2024 NOFA and in the application that can be accessed 2024-2025 in the Method of Distribution when available. Grant size limits: Under the CDBG 2024 NOFA, the maximum total grant award for all activities combined per jurisdiction shall not exceed $3,600,000. The limit per competitive activity application shall not exceed $300,000, except for applications approved to meet urgent need and to respond to unforeseen emergencies or events as determined by the HCD Community Development Branch Chief. This maximum does not include PI. Jurisdictions that commit PI to an activity may exceed the maximum grant award total, including PI. PI may be used for PI-only applications or in OTC Applications. PI may not be used for public services or planning activities under the 2024 NOFA. Per jurisdiction limits do not include Colonia and

		Native American set-asides.
	What are the outcome measures expected as a result of the method of distribution?	With the FY24 competitively awarded funds, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed public services. The specific goals and goal outcome indicators associated with CDBG public services activities are: Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted) Maintain or improve access to public services (Goal Outcome Indicators: Area Benefit (total people assisted), Persons Assisted, Households Assisted) Note that planning activities are not required to meet a national objective but must plan for a CDBG-eligible activity that will meet a national objective if and when the project is completed.
2	**State Program Name:**	**CDBG Over the Counter (OTC)**
	Funding Sources:	**CDBG**
	Describe the state program addressed by the Method of Distribution.	CDBG housing and economic development projects and programs, and non-housing (infrastructure and public facilities projects). Applications will be submitted, and contracts will be managed in HCD's new grants management system. HCD anticipates moving to a new grants management system mid-2024; additional information is forthcoming.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The 2024 NOFA offers OTC applications for Community Development, Economic Development and Housing Projects and Housing and Economic Development programs. Grantees will be limited to the submission of one OTC project application and one OTC program application, not to exceed three total applications submitted per jurisdiction, inclusive of applications submitted under the competitive MOD. Applications will be reviewed for eligibility on a first-

		come, first-served basis. OTC applications must meet threshold criteria to be eligible. Threshold criteria will be listed in the NOFA found at: Community Development Block Grant Program (CDBG) | California Department of Housing and Community Development.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The NOFA and appendices will be made available on HCD's CDBG webpage at: Community Development Block Grant Program (CDBG) | California Department of Housing and Community Development however, additional resources may be posted to HCD's grants management system. Currently, applicants can access the grants management system at: https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyx.An updated link will be provided to grantees upon HCD's launch of its new online grants management system.
	Describe how resources will be allocated among funding categories.	Pursuant to the state's CDBG program guidelines, funding allocations are based on demand once state administration funding amounts and state and federal set-aside amounts have been accounted for. Locally generated PI is a key resource for meeting community needs and under federal regulations must be spent before formula allocations are spent to ensure timely expenditure; any PI not obligated in an eligible activity by June 30, 2025, may be subject to recapture. This will not include PI receipts received after January 1, 2025 but will include all PI receipts received prior to January 1, 2025.
	Describe the threshold factors and grant size limits.	Applicants must meet the state and federal CDBG regulation threshold requirements at time of application submittal. These threshold requirements will be detailed in the 2024 NOFA and in the application. The NOFA will be accessed at Community Development Block Grant Program (CDBG) | California Department of Housing and

		Community Development. Grant size limits: Under the CDBG 2024 NOFA, the maximum total grant award for all activities combined per jurisdiction shall not exceed $3,600,000, the OTC per project application limit shall not exceed $3,300,000, and the OTC per program application limit shall not exceed $1,500,000, except for applications approved to meet urgent need and to respond to unforeseen emergencies or events as determined by the HCD Community Development Branch Chief. This maximum does not include PI. Jurisdictions that commit PI to an activity may exceed the maximum grant award total, including PI. Per jurisdiction limits do not include Colonias and Native American set-asides.
	What are the outcome measures expected as a result of the method of distribution?	With the FY24 OTC funds, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed public services, while improving economic opportunities. The specific goals and goal outcome indicators associated with CDBG OTC activities are: Increase housing affordability (Goal Outcome Indicators: Households Assisted, Household Housing Units Added) Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted, Overnight/ES/TH Housing Beds Added, Household Housing Units Added) Economic Development (Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted, Persons Assisted) Maintain or improve public facilities and infrastructure (Goal Outcome Indicators: Persons Assisted, Households Assisted)
	State Program Name:	**CDBG Colonias Set-aside**

3		**See AP-48 for this Method of Distribution.**
	Funding Sources:	
	Describe the state program addressed by the Method of Distribution.	
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	
	Describe how resources will be allocated among funding categories.	
	Describe the threshold factors and grant size limits.	
	What are the outcome measures expected as a result of the method of distribution?	
4	**State Program Name:**	**CDBG non-federally recognized Native American Communities or Tribes**
	Funding Sources:	**CDBG**

	Describe the state program addressed by the Method of Distribution.	HCD's CDBG program partners with rural cities and counties to improve the lives of low- and moderate-income residents through the creation and expansion of community and economic development opportunities in support of livable communities. The state sets aside at least 1.25 percent of the total amount of funds to be used for eligible activities benefiting non-federally recognized Native American communities or Tribes. The state CDBG program uses a NOFA application process in which eligible cities and counties apply for funding awards competitively 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. These cities and counties are eligible to apply on behalf of non-federally recognized Native American communities or Tribes.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The criteria for the non-federally recognized Tribe's set-aside applications are the same as the criteria for the state CDBG competitive and OTC applications. Competitive application criteria will focus on need, readiness, capacity, and past performance. For specific details about the criteria, view the NOFA, available here: Community Development Block Grant Program (CDBG) | California Department of Housing and Community Development.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications be describing the application criteria? (CDBG only)	Applicants will have access to the NOFA: Community Development Block Grant Program (CDBG) | California Department of Housing and Community Development and a link to a unique online application form. For details on the competitive process, please see the CDBG competitive MOD. For details on the OTC process, please see the CDBG OTC MOD. Only cities and counties applying on behalf of a non-federally recognized Tribe are eligible for the non-federally

		recognized Tribal set-aside through the state CDBG program.
	Describe how resources will be allocated among funding categories.	Pursuant to state statute, at least 1.25 percent of the total amount of funds shall be used for eligible activities benefiting non-federally recognized Native American communities or Tribes. The set-aside is allocated from the CDBG annual allocation and may be used to support any CDBG eligible activity.
	Describe the threshold factors and grant size limits.	Applications may be, in addition to other applications, submitted by an eligible jurisdiction. Applications submitted under this section will be independently evaluated and ranked against other applications for this set-aside, without regard to the ranking of an application submitted pursuant to another section of this NOFA. Applications for these allocations are not included in the per-jurisdiction grant award maximums. All applications must meet federal and state thresholds and overlays to be eligible for funding. Please see the CDBG NOFA for the CDBG threshold and overlays. The Tribal set-aside is subject to the same thresholds and overlays as the other set-asides and allocations in the state CDBG program. **Grant size limits**: The following grant limits apply to the Tribal set-aside only: The FY24 NOFA maximum application limit for Tribal funding will be no less than 1.25 percent of the CDBG allocation. Tribal applications may apply for the full amount of set-aside for an eligible activity. If a Tribal applicant wishes to apply for more than the set-aside, the applicant should apply under the competitive or OTC funding for evaluation along with all other applicants. Grant size limits will be in the applicable NOFA and may change as the size of the CDBG allocation changes.

	What are the outcome measures expected as a result of the method of distribution?	With the FY24 Tribal set-aside, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed public services, while improving economic opportunities. The specific goals and goal outcome indicators associated with CDBG activities are: Increase housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added) Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted) Economic Development (Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted, Persons Assisted) Maintain or improve access to public services (Goal Outcome Indicators: Area Benefit, Total People Assisted, Persons Assisted)

ESG Program

1	**State Program Name:**	**Emergency Solutions Grants Program (ESG) 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 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.
	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 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.
	Describe the process for awarding funds to state recipients and how the state will make its allocation available	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

	to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG ONLY)	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.
	Describe how resources will be allocated among funding categories.	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.	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?	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
2	**State Program Name:**	**Emergency Solutions Grants Program (ESG) Balance of State Competitive**
	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 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 MODs and may amend this Consolidated Plan to implement a new MOD in future years.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The amount of funds available to SAs within the 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. 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. Per state regulation, under the annual NOFA, ESG funds will be allocated to two separate funding pools: the CoC allocation and the Balance of State (BoS) allocation. HCD will administer the BoS allocation for an SA without an ESG entitlement consistent with the requirements section 8404. SA funds available through the competitive allocation are divided up into three geographic regional allocations (Northern Region, Bay Area Region, and the Central and Imperial Valley Region). Programs within each of these regions apply for the funds. Applications will be evaluated using criteria set in state ESG regulation at Section 8407, or based on alternative program guidelines to be adopted, should the state decide to waive, suspend, repeal, or otherwise eliminate the state ESG regulations, based on the

		following criteria listed from highest to lowest possible points: Impact and Effectiveness: Average length of project participation for leavers and exits to permanent housing. Applicant Experience: Length of experience implementing proposed activity (points can be lost for prior year disencumbered funds, unresolved monitoring findings, or late reporting). Program Design: Quality of the proposed program in delivering eligible activities to participants consistent with the CoC's written standards and state ESG regulation, Section 8409 Core Practices. Need: Application for activity meets the highest need in the community. Cost Efficiency: Average cost per exit to permanent housing. Future special allocations of ESG funding may have different criteria than those above, which are for the standard ESG program. Future special allocations of ESG 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.
	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, including community and faith-based organizations. (ESG ONLY)	ESG funds will be distributed to local governments and non-profit homeless service providers, including community and faith-based organizations pursuant to the formula set forth under section 8402 of the state ESG regulations or, alternatively, based on new program guidelines to be adopted, should the state decide to waive, suspend, or eliminate the state ESG regulations, as described above. Awards for funding will be made pursuant to the criteria set forth in sections 8403 and 8404 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. All competitive processes used to make ESG funding awards follow the following steps: 1. Availability of funding is announced via a NOFA. 2. Applications are made available and are completed and submitted by applicants. 3. Program staff evaluate applications on ability to meet threshold requirements, eligibility, and scoring criteria set in the NOFA. 4. Applications recommended for award by program staff are routed for approval by HCD leadership. 5. HCD leadership makes decisions about which awards to fund. 6. Awards are announced; and 7. Awards made are formalized through an executed Standard Agreement. Per the requirement of the state ESG regulations at 8402 (c)(4), the annual competitive CoC NOFA will cap the amount of funds available to an SA to no more than 10 percent of the greater geographic balance of the funds among all eligible CoCs. The annual NOFA will detail the amount of funds under the BoS allocation that will be made available noncompetitively to each SA. Under the BoS allocation, up to 50 percent of the funds will be available noncompetitively to each BoS SA. The remaining balance will be available within three regional competitive set-asides set forth under ESG regulations section 8404(a)(3). HCD will select providers for funding according to the application eligibility criteria set forth under section 8406 and the application rating criteria set forth under section 8407 or, alternatively, based on new program guidelines to be adopted,

		should the state decide to waive, suspend, or eliminate the state ESG regulations.
	Describe how resources will be allocated among funding categories.	Federal ESG regulations cap the amount that can be allocated to eligible projects under the SO and 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 instructions. Under the BoS allocation, up to 50 percent of the funds will be available noncompetitively to each BoS SA. The remaining balance will be available within three regional competitive set-asides, set forth under ESG regulations section 8404(a)(3). BoS competitive applicants may submit applications for RR, ES and SO. Homelessness Prevention (HP) and HMIS are limited to 10 percent of the applicant's total application amount.
	Describe the threshold factors and grant size limits.	All funded activities must meet program eligibility criteria, as set forth in state ESG regulations section 8406 and this AAP. Applications for ESG funding must meet the following threshold factors: • The applicant is an eligible organization and is recommended by the CoC. • The CoC meets the requirements of section 8404(a)(1). • The application proposes an eligible activity in the CoC SA, consistent with section 8408. Each competitive application submitted must be for a minimum of $75,000 and a maximum of $200,000. These amounts include amounts requested for all eligible activities, including HMIS and indirect costs. Grant administration of up to $200 per application may be requested by local government service provider applicants, per 24 CFR §576.108.
	What are the outcome	As stated previously, the MOD is designed to better

	measures expected as a result of the method of distribution?	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: 104 households and 253 persons Emergency Shelter: 1078 households and 1808 persons Street Outreach: 388 households and 400 persons Homelessness Prevention: 39 households and 76 persons
3	**State Program Name:**	**Emergency Solutions Grants Program (ESG) Balance of State Noncompetitive**
	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 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 MODs and may amend this Consolidated Plan to implement a new MOD in future years.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The amount of funds available to SAs within the CoC allocation and the BoS 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. Applications will be evaluated using criteria set in state regulations, 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. Per state regulation, under the annual NOFA, ESG funds will be allocated to two separate funding pools: the Continuum of Care (CoC) allocation and the Balance of State (BoS) allocation. HCD will administer the BoS allocation for an SA without an ESG entitlement, consistent with the requirements section 8404. SA funds available through the noncompetitive allocation are divided up into three geographic regional allocations (Northern Region, Bay Area Region, and the Central and Imperial Valley Region). Programs within each of these regions apply for the funds. Applications will be evaluated using criteria set in state ESG regulation or based on alternative program guidelines to be adopted, should the state decide to waive, suspend, repeal, or otherwise eliminate the state ESG regulations, based on the following criteria, listed in order of importance. Within this allocation pool, the CoC may select providers to receive a portion of funds available under the formula allocation noncompetitively for RR. HCD will administer these contracts with providers. In recommending providers for these funds, the CoC shall follow a process that meets the requirements of state ESG regulations, section 8404(a)(2), or based on alternative program guidelines to be adopted, should the state decide to waive, suspend, repeal, or otherwise eliminate the state ESG regulations. For the current year, BoS CoCs must use a minimum of 40 percent and a maximum of 50

		percent of their noncompetitive allocation for RR. BoS HP is limited to 10 percent per application. If applied for as part of a noncompetitive RR application, SO funds are limited to 10 percent per application under state regulation, section 8404(b). HMIS is limited to 10 percent per application under state regulations, section 8408. Grant administration of up to $200 per application may be requested by local government service provider applicants, per 24 CFR §576.108.
	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, including community and faith-based organizations. (ESG only)	ESG funds will be distributed to local governments and non-profit homeless service providers, including community and faith-based organizations, pursuant to the formula set forth under section 8402 of the state ESG regulations or, alternatively, based on new program guidelines to be adopted, should the state decide to waive, suspend, or eliminate the state ESG regulations, as described above. Awards for funding will be made pursuant to the criteria set forth in sections 8403 and 8404 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. Processes used to make ESG BoS noncompetitive funding awards follow the following steps: 1. Availability of funding is announced via a NOFA. 2. Applications are made available and are completed and submitted by applicants. 3. Program staff evaluate applications on ability to meet threshold requirements and eligibility criteria in the NOFA. 4. Applications recommended for award by program staff are routed for approval by HCD leadership.

		5. HCD leadership makes decisions about which awards to fund. 6. Awards are announced; and 7. Awards made are formalized through an executed Standard Agreement. The annual NOFA will detail the amount of funds under the BoS allocation that will be made available noncompetitively to each SA. Under the BoS allocation, up to 50 percent of the funds will be available noncompetitively to each BoS SA. The remaining balance will be available within three regional competitive set-asides set forth under ESG regulations section 8404(a)(3). HCD will select providers for funding according to the application eligibility criteria, set forth under section 8406 and the application rating criteria set forth under section 8407, or, alternatively, based on new program guidelines to be adopted, should the state decide to waive, suspend, or eliminate the state ESG regulations.
	Describe how resources will be allocated among funding categories.	Federal ESG regulations cap the amount that can be allocated to eligible projects under the SO and 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. BoS CoCs must use a minimum of 40 percent and a maximum of 50 percent of their noncompetitive allocation for RR. BoS HP is limited to 10 percent per application. If applied for as part of a noncompetitive RR application, SO funds are limited to 10 percent per application under state regulation section 8404(b). HMIS is limited to 10 percent per application under state regulations section 8408. Grant administration of up to $200 per application may be requested by local government service

		provider applicants, per 24 CFR §576.108.
	Describe the threshold factors and grant size limits.	All funded activities must meet program eligibility criteria as set forth in state ESG regulations section 8406 and this AAP. Applications for ESG funding must meet the following threshold factors: • The applicant is an eligible organization and is recommended by the CoC. • The CoC meets the requirements of section 8404(a)(1). • The application proposes an eligible activity in the CoC SA, consistent with section 8408. No individual application minimum and maximum grant amounts will be established by HCD for this allocation. The amount of each individual application for available funds within this set-aside shall be determined by the CoC. The set-aside for the BoS noncompetitive allocation is a minimum of 40 percent and maximum 50 percent of the BoS allocation.
	What are the outcome measures expected as a result of the method of distribution?	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: 626 households and 979 persons Street Outreach: 320 households and 320 persons Homelessness Prevention: 48 households and 105 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 cities, counties, Community Housing Development Organizations (CHDOs), developers and Native American Entities to improve the lives of low- and moderate-income families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Developers, cities, counties, CHDOs, and Native American Entities may apply for development of multifamily housing, rental new construction and/or rehabilitation, with or without acquisition. CHDOs and federally recognized Native American Entities, as developers, may apply for First-Time Homebuyer (FTHB) projects. Cities, counties, CHDOs, and federally recognized Native American Entities may apply for Infill New Construction (INC) programs. Cities, counties, and federally recognized Native American Entities may apply for all types of HOME 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. 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/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report 2) Direct HOME allocation declined. 3) Rural activities. 4) State objectives. 5) Applications that provide deeper affordability. 6) Applications that demonstrate expeditious or efficient use of HOME funds. 7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities. 8) Applications that 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 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 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.
	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 cities and counties, Community Housing Development Organizations (CHDOs), developers, and Native American Entities to improve the lives of low- and moderate-income families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Developers, cities, counties, CHDOs and Native American Entities may apply for development of multifamily housing rental new construction and/or rehabilitation, with or without acquisition. CHDOs, cities, counties and federally recognized Native American Entities may apply for First-Time Homebuyer (FTHB) projects and Infill New Construction (INC) programs. Cities, counties, and federally recognized Native American Entities may apply for all types of HOME activities. As described in the respective MODs, the state HOME program 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. 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/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report 2) Direct HOME allocation declined. 3) Rural activities. 4) State objectives. 5) Applications that provide deeper affordability. 6) Applications that demonstrate expeditious or efficient use of HOME funds. 7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities. 8) Applications that 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.
	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	The specific goals and goal outcome indicators

	measures expected as a result of the method of distribution?	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.
3	**State Program Name:**	**HOME CHDO Set-Aside**
	Funding Sources:	**HOME**
		HCD's HOME program partners with rural cities and counties, Community Housing Development Organizations (CHDOs), developers, and Native American Entities to improve the lives of 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. 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/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report. 2) Direct HOME allocation declined. 3) Rural activities. 4) State objectives. 5) Applications that provide deeper affordability. 6) Applications that demonstrate expeditious or efficient use of HOME funds. 7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities. 8) Applications that 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.
	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. 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.
	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.

HOPWA Program

See Appendix A

NHTF Program

1	**State Program Name:**	**Housing Trust Fund (HTF) / National Housing Trust Fund (NHTF) Over The Counter (OTC)**
	Funding Sources:	**HTF**
	Describe the State program addressed by the Method of Distribution.	The NHTF program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing, specifically for extremely low-income households. HCD will distribute NHTF funds to eligible multifamily rental projects in California through an OTC application process, as specified in the Project Solicitation; and/or 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/or regulatory 5-year expenditure deadline and avoids having to return NHTF funds to HUD.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	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: 1) Meet the definition of a recipient under 24 C.F.R. § 93.2, specifically: 1a) Make acceptable assurance they will comply with all NHTF requirements during the entire affordability period. 1b) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity.

		1c) Demonstrate familiarity with requirements of federal, state, and any other housing programs used in conjunction with NHTF funds to ensure compliance; and 1d) Demonstrate experience and capacity to conduct the eligible NHTF activity in question as evidenced by relevant history. 2) Have site control, under 25 C.C.R. § 8303 of the project they apply to HCD for an award of NHTF funds, including but not limited to, demonstrating site control by one of the following: 2a) Fee title, evidenced by a current title report showing the applicant holds a fee title; or 2b) 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. 3) 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. 4) Are not debarred or suspended from participation in federal or state housing or community development projects or programs. 5) 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. OTC applications must meet the minimum requirements specified in the Project Solicitation, and

		funding will be made available on a first-come-first served basis.
	Describe how resources will be allocated among funding categories.	NHTF funding will be available to all jurisdictions in California. In the combined Fiscal Year (FY) 24 – FY25 NHTF Project Solicitation, in order to protect the existing NHTF investments made from previous annual allocations and avoid having to return any funds to HUD due to not being able to meet the two-year commitment and five-year expenditure deadlines, HCD will have an OTC pool of funds for projects previously awarded from FY21 NHTF/Housing for a Healthy California (HHC) funds that need additional gap financing due to cost increases and lack of securing anticipated funding sources when applying and awarding FY21 NHTF/HHC funds. 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 commitment and expenditure deadlines and avoids having to return NHTF funds to HUD.
	Describe the threshold factors and grant size limits.	NHTF funding will be awarded on an OTC basis through a Project Solicitation. HCD may issue more than one Project Solicitation during a funding cycle and/or direct funding to eligible multifamily rental projects outside of a NOFA and/or Project Solicitation process, to ensure HCD meets HUD's commitment and expenditure deadlines and avoids having to return NHTF funds to HUD.. The 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.

		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, and financing. • 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. • Resident services plan. • Supportive services plan (for permanent supportive housing developments). • Environmental provisions documentation. • Consultants/third party reports (i.e., appraisal, market study and physical needs assessments). • Relocation plan, if applicable.

What are the outcome measures expected as a result of the method of distribution?

The expected outcome measure is the increase in supply of affordable rental housing by providing NHTF assistance to units for tenants at or below 30 percent of Area Median Income (AMI) or below the poverty line; whichever is greater.

The charts below summarize anticipated $19.5 million Fiscal Year 2024-2025 (FY24) and $19.5 million FY 2025-2026 (FY25) allocations available for project financing, as well as the anticipated production of units. Details with respect to the FY24 andFY25 calculations follow the charts:

FY24-FY25 Project Solicitation

Fiscal Year	Over The Counter (million)
Fiscal Year 2024-2025	$19.5
Fiscal Year 2025-2026	$19.5
Total Amount	**$39**

Anticipated Unit Production

Fiscal Year	Over The Counter (units)
Fiscal Year 2024-2025	56
Fiscal Year 2025-2026	56
Total Units	**112**

To date, HCD is reviewing applications received for the combined $39 million NHTF Project Solicitation: FY24 ($19.5 million) and FY25 ($19.5 million). Approximately 56 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY24 OTC allocation fund. Given HCD does not anticipate any FY24 funding available for the two targets, HCD will include an anticipated $19.5 million in FY25 funding for OTC in the upcoming Project Solicitation.

		For FY25, the same assumptions are based on the application review: approximately 56 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using approximately $19.5 million of the FY25 OTC allocation fund.

CDBG-CV Program and ESG-CV Program

The MOD for the Coronavirus Aid, Relief, and Economic Security (CARES) Act (CV) Community Development Block Grant (CDBG-CV) program and the CARES Act Emergency Solutions Grants (ESG-CV) program is described in the 2019-2020 AAP Amendment, labeled CARES Act, found here:

Plans & Reports | California Department of Housing and Community Development (Federal Plans and Reports)

CDBG-DR Program

The MOD for the Community Development Block Grant-Disaster Recovery (CDBG-DR) program is described in the CDBG-DR Action Plan. Please see HCD's webpage for that program's Action Plan: Action Plans and Federal Register Notices (FRNs) | California Department of Housing and Community Development

CDBG-NDR Program

The MOD for the Community Development Block Grant-National Disaster Resilience Competition (CDBG-NDR) program is described in the CDBG-NDR Action Plan. Please see HCD's webpage for that program's Action Plan: National Disaster Resilience Competition | California Department of Housing and Community Development.

AP-35 Projects – (Optional)

Introduction

The following projects address the five strategic goals outlined in section AP-20 (Annual Goals and Objectives):

#	Project Name
1	Increase Housing Affordability
2	Addressing and Preventing Homelessness
3	Economic Development
4	Maintain or Improve Public Facilities and Infrastructure
5	Maintain or Improve Access to Public Services
6	State Operations
7	2024 CDBG General Admin Assistance
8	Colonias set-aside

Table 7 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs.

For the Community Development Block Grant (CDBG) program, state statute requires that at least 51 percent of all available funds be allocated for applications to fund housing and housing-related activities (housing-related includes public improvements and public facilities in support of construction of new housing activities).

As with the Economic Development (ED) allocation for CDBG, if the demand for housing funds in a given Notice of Funding Availability (NOFA) cycle is not sufficient, the balance of funds reverts to the general pool of funds to be awarded to other eligible projects and programs. In addition to allocations and funding level criteria described above, the California Department of Housing and Community Development (HCD) will monitor general administration expenditures to ensure compliance with the federal expenditure cap rate and ensure a minimum expenditure rate on activities meeting the national objective of benefitting at least 70 percent of low and moderate-income individuals in compliance with the federal regulation. The HOME Investment Partnerships Program (HOME) funding allocation priorities are based on demand by program applicants for categories of activities.

For allocation priorities of the CDBG-Disaster Recovery (DR) program, please see

HCD's webpage for that program's Action Plan: Action Plans and Federal Register Notices (FRNs) | California Department of Housing and Community Development.

AP-38 Project Summary

Project Summary Information

1	Project Name	Increase Housing Affordability
	Target Area	Statewide
	Goals Supported	Increase Housing Affordability
	Needs Addressed	Improved Access to Affordable Housing
	Funding	CDBG: $15,927,171 HOME: $34,167,821 HTF: $21,561,035.25
	Description	Address the high cost of housing among extremely low-income, low-income, and moderate-income households by making available and preserving more affordable housing options.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	660 families of extremely low-, low-, and moderate-income
	Location Description	
	Planned Activities	Multifamily Rental and New Construction, Homebuyer Assistance, Homeowner Rehabilitation

2	Project Name	Addressing and Preventing Homelessness
	Target Area	Statewide
	Goals Supported	Addressing and Preventing Homelessness
	Needs Addressed	Homelessness Prevention and Assistance
	Funding	CDBG: $4,550,620 HOPWA: $5,132,250 HOME: $3,796,424 ESG: $14,857,351
	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.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	3,200 households experiencing homelessness. 19,770 persons experiencing homelessness.
	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

3	Project Name	Economic Development
	Target Area	Statewide
	Goals Supported	Economic Development
	Needs Addressed	Increase Economic Development Opportunities
	Funding	CDBG: $13,651,860
	Description	Provide an economic catalyst to areas in need of economic development, particularly in the rural areas, with the goal of increasing economic opportunities and outcomes to low- and moderate-income individuals.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	360 jobs created or retained. 40 businesses assisted.
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development

4	Project Name	Maintain or Improve Public Facilities and Infrastructure
	Target Area	Statewide
	Goals Supported	Maintain or Improve Public Facilities and Infrastructure
	Needs Addressed	Neighborhood Stability and Sustainability
	Funding	CDBG: $4,550,620
	Description	Provide support for public facilities and infrastructure, particularly in rural areas, with the goal of supporting low- to moderate-income households in these communities.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	Other than low- and moderate-income Housing Benefit: 40,500 Assisted For low- and moderate-income Housing Benefit: 100 Households Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services

5	Project Name	Maintain or Improve Access to Public Services
	Target Area	Statewide
	Goals Supported	Maintain or Improve Access to Public Services
	Needs Addressed	Community-Based Public Service
	Funding	CDBG: $6,825,930
	Description	Provide support for public services, particularly in rural areas, with the goal of supporting low- and moderate-income households in these communities.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	Other than low- and moderate-income Housing Benefit:118,800 Persons Assisted For low- and moderate-income Housing Benefit: 100 Households Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services

6	Project Name	State Operations
	Target Area	Statewide
	Goals Supported	Increase Housing Affordability Addressing and Preventing Homelessness Economic Development Maintain or Improve Public Facilities and Infrastructure Maintain or Improve Access to Public Services
	Needs Addressed	Improved Access to Affordable Housing Homelessness Prevention and Assistance Neighborhood Stability and Sustainability Community-Based Public Services Increased Economic Development Opportunities
	Funding	CDBG: $1,421,979
	Description	State Operations for the 2024 CDBG program for the State of California. This will include program administration and providing technical assistance to grantees. There is no corresponding national objective for State Operations, though these efforts support the successful completion of all other projects and activities.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	State Operations

7	Project Name	2024 CDBG General Administrative Assistance
	Target Area	
	Goals Supported	Increase Housing Affordability Addressing and Preventing Homelessness Economic Development Maintain or Improve Public Facilities and Infrastructure Maintain or Improve Access to Public Services
	Needs Addressed	Improved access to Affordable Housing Homelessness Prevention and Assistance Neighborhood Stability and Sustainability Community-Based Public Services Increased Economic Development Opportunities Disaster Recovery and Climate Resilience
	Funding	CDBG: $2,034,478
	Description	General Administrative Assistance for CDBG
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Local General Administration of CDBG Programs

8	Project Name	CDBG Colonias Set-Aside
	Target Area	Along the U.S. and Mexico border
	Goals Supported	Increase Housing Affordability Addressing and Preventing Homelessness Economic Development Maintain or Improve Public Facilities and Infrastructure
	Needs Addressed	Addressing deficiencies in housing Homelessness Prevention and Assistance Access to portable water Sewer Improvements Support new housing construction Single and multi-family rehabilitation
	Funding	CDBG: $1,503,297
	Description	The National Affordable Housing Act of 1990 established allocations to support Colonias in addressing deficiencies in housing, access to potable water, and sewer improvements.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Focus on housing, access to potable water, and sewer improvements.

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No.

Available Grant Amounts

The California Department of Housing and Community Development (HCD) has considered Community Development Block Grant (CDBG) Economic Development (ED) projects for Section 108 funding. However, large-scale projects that would support the federal Section 108 funding have not been identified at this time.

Acceptance process of applications

There are none currently. The state has not historically operated a Section 108 program.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

No.

State's Process and Criteria for approving local government revitalization strategies

Not applicable. The state Community Development Block Grant (CDBG) program does not currently have a Community Revitalization Strategies (CRS) program. CDBG program participants and stakeholders prefer individual activities in specific areas of greatest need.

AP-48 Method of Distribution for Colonias Set-Aside – 91.320(d)&(k)

Introduction

Colonias are jurisdictions along the U.S. and Mexico border that frequently experience advanced needs for housing, water, and sewer challenges.

Colonia programs, projects, and service applications should align to the specific needs of Colonias, with a focus on housing, access to potable water, and sewer improvements. To support this focus, the Colonia set-aside is allocated to the community development component of the 2024 Notice of Funding Availability (NOFA). Economic Development (ED) and public services applications will not be eligible through the Colonia allocation, though jurisdictions in which Colonias are located may apply for ED activities from the ED set-aside and the general Community Development Block Grant (CDBG) allocation, in addition to a Colonia activity application. The Colonia applications are subject to the same Method of Distribution (MOD) identified in the CDBG MOD.

Distribution Methods

1	**State Program Name:**	**CDBG Colonias Set-Aside**
	Funding Sources:	**CDBG**
	Describe the state program addressed by the Method of Distribution.	The National Affordable Housing Act of 1990 established allocations to support Colonias in addressing deficiencies in housing, access to potable water, and sewer improvements. The new CDBG guidelines allow for up to 10 percent of CDBG funding to be set aside for Colonia applications, which aligns with federal regulations. This allows for the CDBG program to be responsive in the event additional funding needs to be made available for the Colonias. Typically, the State of California has met the federal requirement for the Colonia allocation by setting aside 5 percent of CDBG funding for Colonia applications. The state plans to continue to use the 5 percent set-aside for Fiscal Year 2024-2025 (FY24).
	Describe all of the criteria that will be used to select applications and the	The criteria for the Colonia set-aside applications are the same as the criteria for the competitive and Over the Counter (OTC)

	relative importance of these criteria.	CDBG applications, except that the Colonias set-aside may not be used for public services activities. Competitive application criteria will focus on need, readiness, capacity, and past performance. For specific details about the criteria, see the CDBG competitive and OTC MODs. The Colonia set-aside will not be eligible for ED or public services activities, though Colonia jurisdictions may apply for Colonia eligible activities in addition to general CDBG programs, services, planning, and projects.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describe the application criteria? (CDBG only)	Applicants will have access to a unique application form. For details on the competitive and OTC processes, please see the CDBG MOD. For FY24, only the Colonias in Imperial County are eligible for the Colonias set-aside through the state CDBG program.
	Describe how resources will be allocated among funding categories.	Pursuant to state CDBG guidelines, funding allocations are based on demand once state administration funding amounts and state and federal allocated amounts have been accounted for. The allocation for Colonias is determined based on a 5 percent set-aside for FY24. The Colonias set-aside is pulled from the community development funds and may be used for programs and projects that support housing, access to potable water, and sewer improvements The Colonias set-aside may not be used for public services activities. Applications for activities from the Colonias set-aside may be made in addition to applications for the general CDBG activities identified in the CDBG allocation among funding categories.
	Describe the threshold factors and grant size limits.	All applications must meet federal and state thresholds and overlays to be eligible for funding. Please see the CDBG MOD for the

		CDBG threshold and overlays. The Colonia set-aside is subject to the same thresholds and overlays as the other set-asides and allocations in the state CDBG program. **Grant size limits**: The following grant limits apply to the Colonia set-aside only: The FY24 NOFA maximum application limit for Colonia funding will be 5 percent of the CDBG allocation. Colonia applicants may apply for the full amount of set-aside for an eligible project. Grant size limits will be in the applicable NOFA and may change as the size of the CDBG allocation changes.
	What are the outcome measures expected as a result of the method of distribution?	The California Department of Housing and Community Development (HCD) expects to use CDBG funding to support public infrastructure for water and sewer improvements in the Colonias, as well as improve housing quality in owner- and renter-occupied units. HCD expects to leverage the Colonia allocation with other CDBG funding, as Imperial County has been a regular applicant for multiple CDBG-funded projects. Increase housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added) Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted) Economic Development (Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted, Persons Assisted) Maintain or improve access to public services (Goal Outcome Indicators: Area Benefit (total people assisted), Persons Assisted)

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed:

For most programs, assistance is made available to all regions of the state, subject to program eligibility rules. Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funding is available to non-entitlement jurisdictions, which are smaller cities and counties in rural areas of the state. Emergency Solutions Grants (ESG), Housing Opportunities for Persons With AIDS (HOPWA), and National Housing Trust Fund (NHTF) program awards are made statewide. Changes in CDBG- and HOME-eligible jurisdictions may occur annually if jurisdictions join or withdraw from a CDBG Urban County Agreement or a HOME consortium. See AP-30 for each program's current Method of Distribution (MOD) that sets forth allocation methods and applicant rating criteria that may directly or indirectly impact the geographic distribution of program funds.

In each Notice of Funding Availability (NOFA), the California Department of Housing and Community Development (HCD) will consider different approaches to an equitable and strategic distribution of funds through geographic targeting. These approaches may include rural set-asides, set-asides for Tribal communities, minimum allocations by geographic region, incentives for activities in areas providing access to opportunity, and incentives for investment in disadvantaged communities. HCD will continue to focus on expanding its activities in Tribal communities through the relationship-building and technical assistance outreach described in AP-10 and other activities to develop funding relationships with Tribal Nations.

HOPWA: Pursuant to eligibility requirements for HOPWA formula awards, changes in HOPWA-eligible jurisdictions may occur if a Metropolitan Service Area (MSA) reaches more than 500,000 in population and has more than 2,000 persons living with HIV or AIDS annually. Eligible MSAs (EMSAs) receive approximately $36 million annually in HOPWA funds directly from the U.S. Department of Housing and Urban Development (HUD). State HOPWA currently funds non-eligible MSAs only unless there is a compelling reason to assume oversight of a particular EMSA's funding for a limited period.

Geographic Distribution

Target Area	Percentage of Funds
Statewide	**100%**

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The state has no geographic target areas for allocation.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction

According to the California Housing Partnership, California has more than tripled the number of new affordable homes funded in the past four years. Unfortunately, housing costs continue to rise in the state, and renters need to earn 2.9 times the state minimum wage – the equivalent of three full-time jobs – to afford the average market rate rent for a two-bedroom apartment (see HNR_CA_CHPC-Master2023-FINAL.pdf). The number of California households with worst-case housing needs, defined as low-income households paying more than half of their incomes on rent, living in seriously substandard housing (which refers to units having one or more serious physical problems related to heating, plumbing, and electrical systems, or maintenance), who are experiencing homelessness or who have been involuntarily displaced has been increasing in tandem with rising housing costs.

The California Department of Housing and Community Development (HCD) leads in the State of California's response to the state housing crisis. Since 2018, HCD has released $14.3 billion in funding to develop multifamily housing, of which $12.8 billion has been awarded to date. These investments have resulted in 54,841 new homes, either constructed or in the pipeline, providing housing to approximately 125,000 Californians. HCD's funded portfolio comprises around 91,000 units, which will provide affordable housing to an estimated 1.79 million individuals over the lifespan of these projects.

California's ongoing investments in affordable housing leverage federal funding from the U.S. Department of Housing and Urban Development (HUD), maximizing the impact of valuable federal resources. For instance, many affordable development proposals receive a mix of funds – both federal and state – to achieve financial feasibility. The below table lists state-funded affordable housing development programs and production rates. Many of these programs are described in more detail in AP-65. All programs currently prioritize unhoused individuals and at-risk populations.

Programs (2018 - Current)	Projects and Units by Status						Totals	
	Awarded not yet Under Construction		Under Construction		Complete			
	Projects	Units	Projects	Units	Projects	Units	**Projects**	**Units[1]**
ACC[2]	34	3,120	24	1,967	0	0	**58**	**5,087**
AHSC[3]	69	2,250	96	2,935	33	2,503	**198**	**7,688**
FWHG[4]	15	583	24	1,405	0	0	**39**	**1,988**
HOME[5]	4	54	8	156	27	628	**39**	**838**
Homekey[6]	5	89	121	7,270	84	5,256	**210**	**12,615**
IIG[7]	62	6,428	50	1,151	15	316	**127**	**7,895**
MHP[8]	15	1,146	49	2,679	2	112	**66**	**3,937**
NPLH[9]	136	2,759	73	3,060	30	531	**239**	**6,350**
TOD[10]	6	381	14	1,073	1	58	**21**	**1,512**
VHHP[11]	12	251	16	779	7	366	**35**	**1,396**
MFSN[12]	72	6,373	0	0	0	0	**72**	**6,373**

[1] Total Units: To avoid double counting of units that receive multiple sources of funding, units are associated with the program for which the development most recently received funding. For example, for a development receiving Affordable Housing and Sustainable Communities (AHSC) and Accelerator (ACC) funding, the units are attributed to ACC, as that is the most recent award. Unit counts represent minimum number of units produced by these programs, which may grow over time as additional funds are awarded.

[2] ACC: The ACC program funded multiple developments that had past HCD awards in other programs on this list, including AHSC, Farmworker Housing Grant (FWHG), Infill Infrastructure Grant (IIG), Multifamily Housing Program (MHP), No Place Like Home (NPLH), Transit-Oriented Development (TOD), and Veterans Housing and Homelessness Prevention Program (VHHP). As a result, the production from some of those programs is captured in this row, leading to lower figures in the individual programmatic rows.

[3] AHSC: Some additional AHSC production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[4] FWHG: Some additional FWHG production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[5 HOME: Units may be represented in more than one program in the table, resulting in a duplication of units. As a result, these are not reflected in the “All Programs” totals.

[6] Homekey: Total Units slightly lower than in the Homekey section of this document, due to units sometimes being combined during rehabilitation.

[7] IIG: Some additional IIG production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[8] MHP: Some additional MHP production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[9] NPLH: Some additional NPLH production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[10] TOD: Some additional TOD production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[11] VHHP: Some additional VHHP production is captured in the ACC row. This is done to ensure data is not duplicated and that the overall production data is accurate.

[12] Multifamily Finance Super NOFA (MFSN): This NOFA includes the following programs: MHP, IIG, VHHP, and FWHG.

Housing costs for unregulated and market rate housing continue to rise precipitously, resulting from decades of underproduction. As is the case nationally, wage growth in California lags behind housing cost escalation, and as a result, California is currently experiencing a crisis among cost-burdened households of housing insecurity and homelessness. HCD will continue to direct newly available funding (from HUD and the State of California) towards this most vulnerable population.

One Year Goals for Affordable Housing – by Support Requirement and Support Type:

One Year Goals for the Number of Households to be Supported	
Homeless	3,300
Non-Homeless	786
Special-Needs	610
Total	**4,696**

Table 10 - One Year Goals for Affordable Housing by Support Requirement

Type of Affordable Housing Assistance	
Rental Assistance	3,885
The Production of New Units	480
Rehabilitation of Existing Units	191
Acquisition of Existing Units	140
Total	**4,696**

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

The state plans to provide 4,696 households with federally funded assistance to obtain or maintain affordable housing. This includes supporting 3,300 households experiencing homelessness in the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grants (ESG) program, supporting 610 households with special needs in the Housing Opportunities for Persons With AIDS (HOPWA) program, and supporting 786 households not experiencing homelessness within the CDBG, HOME, and National Housing Trust Fund (NHTF) programs. This assistance will vary in type depending on the program and household needs.

The state plans to provide 3,885 households with short-term rental assistance and other forms of housing-related financial assistance within the HOPWA, ESG, and HOME programs, provide 480 households with new affordable units in the CDBG, HOME, and NHTF programs, provide 191 households with rehabilitated affordable units in the CDBG, HOME, and NHTF programs, and provide 140 households with homebuyer assistance in the CDBG and HOME programs.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction

The California Department of Housing and Community Development (HCD) does not own or operate public housing in the State of California. Public housing is administered directly through local Public Housing Authorities (PHAs). Pursuant to the U.S. Department of Housing and Urban Development's (HUD) requirements, PHAs are also not eligible to apply directly for funds from the following programs: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), National Housing Trust Fund (NHTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA). However, PHAs in eligible jurisdictions can work with eligible applicants to plan for the use of program funds to assist low-income tenants in their communities.

Actions planned during the next year to address the needs to public housing

PHAs in jurisdictions eligible to apply for federally funded state programs may seek funds for eligible activities through their city or county application development process. For a list of California PHAs, see:

PHA Contact Information - HUD | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Since HCD does not administer PHA funds or have any oversight over PHA tenants, it has no actions directed specifically to public housing residents.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

There are currently no PHAs designated as "troubled" in the state's CDBG non-entitlement areas.

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.

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, 3) Tailoring Strategies for Youth & Young Adults, and 4) 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 5 percent of the ESG awards will go toward SO activities for Fiscal Year 2023-2024 (FY23).

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 FY23, 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 (RR) and Homeless Prevention (HP) activities, which provide short- and medium-term rental assistance and supportive services to individuals and families experiencing homelessness (RR) and those at risk of homelessness (HP), so that they can access and maintain affordable, suitable permanent housing. In FY24, HCD anticipates that approximately 40-50 percent of its awards will go towards RR and HP projects.

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.

Housing Trust Fund (referred to as NHTF by HCD): NHTF provides funding to affordable housing developers to preserve, rehabilitate, and construct multifamily rental developments, primarily for extremely low-income households who are at highest risk of entering homelessness. Currently, 100 percent of the funds for rental housing must benefit extremely low-income households. If the total national allocation of NHTF exceeds $1 billion, up to 25 percent of the funds may benefit very low-income households, however to date, that threshold has not been met. HCD's distribution of NHTF funding for the Housing for a Healthy California (HHC) program concluded in 2022 with awards made to projects using federal FY 2020-2021 (FY20) – FY 2021-2022 (FY22) NHTF program funding. Moving forward, HCD's approach has been to align the NHTF program as closely as possible with the federal regulations governing HTF, with a preference for projects serving people experiencing homelessness, per AB 816, which amended Section 50676 of the Health and Safety Code. NHTF program guidelines were implemented last year, and approximately $162 million from the NHTF NOFA FY22-FY23 (FY23) will be awarded during FY 2024-2025 (FY24). A combined FY24-25 NHTF Project Solicitation was published on March 6, 2024, as amended, and will award projects during FY 2024-2025 (FY24).

HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP): The HOME-ARP program also will provide affordable permanent housing opportunities to individuals and families experiencing homelessness or who are at risk of homelessness. HCD's HOME-ARP allocation of approximately $155 million will be used to fund the development of affordable rental housing in non-entitlement areas ($110 million) and housing plus supportive services programs ($27 million). $16 million of the affordable rental housing funds will be targeted towards developing affordable housing for individuals exiting correctional facilities who are at-risk of entering homelessness. HCD plans to award funds from this allocation during FY24.

HCD also administers programs that utilize state funding to help persons experiencing

homelessness – especially chronically homeless individuals and families, and veterans and their families – make the transition to permanent housing. All of the large development-focused programs listed above in AP-55 fund housing for homeless and at-risk individuals and families. In addition to these development-focused programs, HCD manages the Portfolio Reinvestment Program (PRP) and the Manufactured Housing Opportunity and Revitalization Program (MORE) program, which preserve affordable housing opportunities for people who would otherwise be at risk for homelessness. HCD also manages service-enhancing grants for homeless populations such as the Youth Transitional Housing Program (THP) and Pet Assistance and Support Program (PAS).

All of HCD's rental housing development, preservation, and services programs are integral to the state's strategy to end and prevent homelessness. These programs prioritize housing for extremely low-income and homeless households. HCD's affordable rental development and preservation programs include:

- Affordable Housing and Sustainable Communities Program (AHSC)
- Infill Infrastructure Grant Program (IIG)
- Joe Serna Jr, Farmworker Housing Grant Program (FWHG)
- Permanent Local Housing Authority (PLHA)
- Portfolio Reinvestment Program (PRP)
- Manufactured Housing Opportunity and Revitalization Program (MORE)

Beyond those named above, several programs deserve highlighting as they focus exclusively or centrally on households experiencing homelessness or at risk of homelessness. These are Homekey, the Multifamily Finance Super NOFA (including the Multifamily Housing Program (MHP) and the Veterans Housing and Homelessness Program (VHHP)), the No Place Like Home Program (NPLH), and the Youth Transitional Housing Program (THP).

Homekey: Homekey was created as an opportunity for local public agencies to quickly acquire and rehabilitate properties like motels, multifamily buildings, and commercial properties, to expand housing for persons experiencing or at risk of homelessness. Since its inception in 2020 and as of the end of 2023, Homekey has awarded over $3.2 billion to 240 projects, which will quickly and cost-effectively create 14,652 units of housing. The 240 projects are expected to serve 156,842 households (individuals and families) over the projects' affordability term.

Veterans Housing and Homelessness Prevention (VHHP): In 2013, Assembly Bill 639 (AB 639) restructured the Veteran's Bond Act of 2008 to authorize $600 million in existing bond authority to fund multifamily housing for veterans. VHHP funding can be used for the acquisition, construction, rehabilitation, and preservation of affordable

multifamily housing for veterans and their families. At least 50 percent of the funds awarded shall serve veteran households with extremely low incomes. Of those units targeted to extremely low-income veteran housing, 60 percent shall be supportive housing units. HCD has awarded approximately $553 million in seven funding releases (including Round 1 of the Multifamily Finance Super NOFA) and anticipates that $47.5 million will be awarded through VHHP in FY24.

Multifamily Finance Super NOFA (MFSN) and Multifamily Housing Program (MHP): MHP is one of HCD's longest running programs and provides financing for the construction of affordable rental housing. Under the newly implemented MFSN, revised universal scoring criteria provided greater incentives to develop housing for individuals experiencing chronic homelessness and extremely low-income individuals and families. Thirty-five percent of an applicant's total score (40 points out of 113) is now based on the extent to which the project serves households at the lowest income levels (30 points) or persons experiencing homelessness (10 points). The new MFSN universal scoring criteria was applicable beyond the MHP program to all core rental development programs including FWHG, IIG, VHHP and TOD. This alignment demonstrates HCD's commitment to preventing and addressing homelessness. HCD awarded approximately $370 million in MHP funding from the Veterans and Affordable Housing Bond Act of 2018 (Prop 1) in FY22 and anticipates that $250 million will be awarded through MHP in FY24.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

HOPWA: HOPWA provides funding to help individuals who are being discharged from publicly funded health care institutions and systems of care, correctional institutions, and programs, and receiving assistance from public health agencies. The HOME-ARP program, currently in development, also will prioritize projects that serve re-entry populations.

HOPWA provides Tenant-Based Rental Assistance (TBRA); short-term rent, mortgage, and utility (STRMU) assistance; housing placement assistance; and supportive services to people living with HIV (PLWH) who are homeless or at risk of homelessness. In addition to homelessness prevention, HOPWA funds may be used to provide temporary shelter (emergency shelter or hotel/motel vouchers) to homeless PLWH while helping them to locate stable housing.

Homelessness prevention is an essential component of state HOPWA, as housing is increasingly identified as a strategic point of intervention to address HIV/AIDS and

overlapping vulnerabilities (such as age, race, mental health, drug use, or chronic homelessness). Housing assistance and supportive services allow residents to achieve or maintain housing stability. The National AIDS Housing Coalition reports that housing assistance has been shown to decrease health disparities while reducing overall public expense, thereby making better use of limited public resources.

In addition to the federally funded homelessness prevention activities described above, HCD administers many state-funded programs that aim to help low-income individuals and families avoid entering homelessness.

Youth Transitional Housing Program (THP): When left without support or resources, young adults aged 18 to 25 years (“transition age youth") can face huge barriers to finding safe, affordable homes. As a result, many of these youth are at extreme risk of falling into homelessness. The THP provides funding to counties for child welfare services agencies to help young adults aged 18 to 25 years find and maintain housing, with priority given to those formerly in the foster care or probation systems. Authorized by Senate Bill (SB) 80 (2019), THP allocates approximately $8 million annually in grants to counties, based on each county's percentage of the total statewide number of young adults, aged 18 to 25 years, in foster care.

No Place Like Home (NPLH): The NPLH program provides development financing, including capitalized operating subsidy reserves, for rental housing serving extremely low-income individuals, including children and youth, who are experiencing homelessness or who are at risk of chronic homelessness, and who are in need of mental health services. “Persons at risk of chronic homelessness” includes persons discharged from various institutional settings. Under the program, counties are required to provide mental health services and to coordinate the provision of or referral to other services that NPLH tenants may need including, but not limited to, health, social services, employment, and education. HCD does not plan to release a NOFA for the NPLH program during FY24 but will continue to monitor the development and operation of NPLH-funded housing.

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.

AP-70 HOPWA Goals – 24 CFR Part 91.320(k)(4)

One-year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	500
Tenant-based Rental Assistance	45
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds (including hotel/motel voucher assistance)	65
Total	**610**

AP-75 Barriers to Affordable Housing – 91.320(i)

Introduction

The state will continue to identify existing public policies that serve as barriers to affordable housing and remove or ameliorate these negative effects through policy implementation and enforcement. One of the barriers identified in the 2020 Analysis of Impediments (AI), “Local Resistance and Exclusionary Land Use Policies Constrain Access to Opportunity”, is specifically related to tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

The California Department of Housing and Community Development (HCD) is currently developing the 2025 Analysis of Impediments (AI) to Fair Housing Choice, in conjunction with the 2025 Consolidated Plan planning cycle. HCD’s Fair Housing Unit, within the Housing Policy Development (HPD) division, is responsible for this analysis. HCD’s 2025 AI will fulfill the state’s responsibilities to protect civil rights, including the duty to affirmatively further fair housing, by identifying impediments to fair housing choice and developing concrete actions to address discrimination, correct patterns of segregation, and support inclusive communities free from barriers that restrict access to opportunity.

The HPD division leads HCD’s efforts to tackle laws, rules, and policies that present barriers to affordable housing. One of HCD’s primary activities in this area is the continued administration of the Regional Housing Need Allocation process and State Housing Element Law. All 539 jurisdictions in California are required to include a housing element within their general plans. The housing element contains information about the availability of sites and infrastructure to accommodate new housing needs and requires an analysis of governmental constraints to the production and preservation of housing.

Housing Element Law requires cities and counties to have land-use plans and regulatory policies that facilitate the development of a range of housing types to meet the needs of all income groups. These plans must be developed with public input and participation as they serve as the basis for land-use and assistance programs to address local, regional, and state housing needs.

Housing elements are required to be updated periodically (either every five years or every eight years) and must be reviewed by HCD to determine compliance or noncompliance with State Housing Element Law (Article 10.6 of the Government Code). HCD staff are reviewing the sixth cycle of housing element updates.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

In October 2021, HCD established a new Housing Accountability Unit, strengthening efforts to increase local jurisdictions' accountability to their housing production goals outlined in their housing elements and Regional Housing Needs Allocations (RHNAs). The new unit also works to ensure compliance with state affordable housing laws. HCD has the authority to enforce various state housing laws, including housing element fair housing and program commitments, the Housing Accountability Act, No Net Loss Law, Density Bonus Law, Land Use Discrimination Law, Accessory Dwelling Unit Laws, Affordable Housing Preservation Noticing Law, the Surplus Land Act, Affirmatively Furthering Fair Housing Law, Streamlined Ministerial Permit processes, and limitations on development standards.

The Housing Accountability Unit will continue to work with local jurisdictions to provide technical assistance and review of policies that often hinder the building of housing throughout the state. As of the end of 2023, 6,313 housing units had been "unlocked" – referring to new homes that were approved for development after the Housing Accountability Unit provided technical assistance or took enforcement actions related to specific projects by HCD. HCD "unlocked" 2,172 affordable housing units, provided technical assistance on 341 cases, and sent 338 accountability letters to local jurisdictions. In October 2023, HCD released a Housing Policy and Practice Review for the City of San Francisco, which identified barriers to housing approvals and construction and outlined actionable requirements with a timeline for implementation. HCD issued a corrective action letter to San Francisco in the following month after several required actions were not completed by the deadline. The Housing Accountability Unit also formally absorbed enforcement of the Surplus Land Act, unlocking hundreds of affordable housing units through its review of state surplus land.

California's Statewide Housing Plan (SHP) (available at https://statewide-housing-plan-cahcd.hub.arcgis.com) identifies actions to mitigate the effects of public policies that create barriers to affordable housing production and preservation in three categories: streamlining housing development, incentivizing housing production overall and affordable housing production specifically, and strengthening local jurisdictions' accountability by improving the enforcement of specific laws.

Streamlining Housing Development: Over the past few years, the state has approved and implemented legislation to increase the supply of affordable housing to all income levels by reducing the time and cost associated with the development of housing units.

These laws encouraged a more straightforward process for housing approvals at the local level by streamlining the permitting process via ministerial approvals, offering exemptions to the California Environmental Quality Act (CEQA) and expanding the capacity for Accessory Dwelling Units (ADUs). The Legislature also provided continued funding for local governments to improve their development processes, as well as a better coordination system for the delivery of state funding. The state also took steps to preserve its existing authority to ensure low-income housing is included in new developments.

Incentivizing Housing Production: These incentives include programs that provide infrastructure and parks funding for cities that produce affordable housing, matching funds for cities and counties that contribute local funding to affordable housing and incorporating housing goals into transportation plans. The state also took a variety of steps to utilize public land for affordable housing production. Both the Surplus Land Act (AB 1486, 2019; SB 791, 2021) and the Excess Sites Program make public land available to affordable housing developers. These two initiatives have already produced significant dividends, resulting in over 5,500 units of affordable housing expected on current sites as of the end of 2023. In January 2024, HCD awarded approximately $63 million in Excess Sites Local Government Matching Grants, contributing to a total of over $123 million across three rounds of funding.

Strengthening Accountability and Enforcement: In addition to creating HCD's Housing Accountability Unit, the state adopted several laws that improve the "No Net Loss" of Affordable Housing regulations, reinforce programs to prevent exclusionary policies, improve reporting requirements for housing elements and RHNA goals, and track compliance of existing housing laws. The Housing Accountability Unit maintains a dashboard (available on HCD's Housing Open Data Tools site at https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools) that tracks HCD's accountability and enforcement work actions to date since January 2020.

Discussion

The state continues to approve and fund legislation to encourage the removal of barriers to housing. In California's 2019-2020 Budget Act, Governor Gavin Newsom allocated $250 million for all regions, cities, and counties to engage in housing planning to accelerate housing production. HCD created two programs: Local Early Action Planning Grants (LEAP), which awards funding to cities and counties (similarly to the SB 2 planning grants) and Regional Early Action Planning Grants (REAP). The REAP program marks the first time the state has invested in regional housing planning and as a result, HCD anticipates local governments will engage in a variety of unique, innovative, and effective partnerships and planning activities. As of March 2022, all 18

eligible regions and the majority of eligible jurisdictions in the state (564 out of 575) were awarded funding through these programs.

The 2019-2020 Budget Act also established the Prohousing Designation Program. In this program, jurisdictions can apply for and receive a Prohousing Designation by documenting their policies and initiatives to promote housing growth, expand access, reduce costs, and remove barriers to new housing development, especially affordable housing development. Cities with the Prohousing Designation receive incentives, such as additional points or other preferences in the scoring of HCD's competitive funding programs. As of August 2023, 30 communities in the state have been awarded with the Prohousing Designation, and 18 of these jurisdictions were awarded $33.2 million in Prohousing Incentive Pilot Awards in June 2023.

For further updates on HCD's planned activities to address barriers to affordable housing, please refer to the Statewide Housing Plan landing page (https://statewide-housing-plan-cahcd.hub.arcgis.com/). This site includes a summary of the SHP, data dashboards that provide context for California's affordable housing crisis, and a link to the entire SHP. These dashboards will be updated as new data and research become available to track progress towards the state's goals.

AP-80 Colonias Actions – 91.320(j)

Introduction

According to the Cranston-Gonzalez Act of 1990, a “Colonia” is any identifiable community that: 1) is located within 150 miles of the border between the United States and Mexico, except within any standard metropolitan statistical area that has a population exceeding 1,000,000; 2) is designated by the state or county in which it is located as a Colonia; 3) is determined to be a Colonia on the basis of objective criteria, including the lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and 4) was generally recognized as a Colonia before the enactment of the National Affordable Housing Act of 1990. The U.S. Department of Housing and Urban Development (HUD) mandates that the state invests up to 10 percent of its Community Development Block Grant (CDBG) allocation for activities in Colonias. California has the following designated Colonias located in unincorporated Imperial County: Bombay Beach, Poe, Heber, Ocotillo, Palo Verde, Salton Sea, Winterhaven, Niland, and Seeley. Areas in the following cities have also been designated: Brawley, Calexico, El Centro, and Imperial. California sets aside 5 percent of its CDBG allocation for use in the Colonias.

Actions planned to address obstacles to meeting underserved needs

A historic underinvestment and a limited ability to generate local dollars resulting in a lack of funding is a major obstacle to meeting needs in the Colonias. To address that, 5 percent of the CDBG allocation is set-aside for the Colonias and, in addition, Imperial County frequently accesses additional funding through the regular competitive Notice of Funding Availability (NOFA) process. California has redesigned the CDBG program to make it much easier to co-fund projects with other state and federal funders.This was implemented in 2020 and over the coming program years, the California Department of Housing and Community Development (HCD) will assess its success in attracting additional funding to the area.

Actions the state plans to take to reduce the number of poverty-level families

State CDBG Colonia set-aside funds are used primarily for water, sewer, public facilities, and housing rehabilitation within Colonia communities. Addressing these issues improves sustainability and quality of life for the residents. The safe environment and stable housing then allow families to focus on other areas such as education, where there is the potential to improve their incomes and reduce poverty.

Actions the state plans to take to develop the institutional structure

California provides significant outreach, technical assistance, and training in Imperial County to assist these communities in accessing CDBG and other funding sources. In addition, substantial training has been added to the state CDBG website to allow these communities to access training without traveling.

Specific actions the state plans to take to enhance coordination between public and private housing and social service agencies

All state CDBG-eligible jurisdictions must follow CDBG citizen participation requirements, including outreach to housing and social service agencies serving the affected jurisdiction. Imperial County and other jurisdictions with Colonias are responsible for ensuring that housing and social service agencies are aware of available state funds to serve Colonias and can assist agencies in working together to better serve Colonias communities.

Discussion

The state has worked closely with Imperial County throughout the planning, application, and implementation process to allow the county to successfully implement CDBG funding for work in Colonias. Substantial training has been provided to the county and other communities. The state has determined that the approach has been successful and plans to continue it into the future.

AP-85 Other Actions – 91.320(j)

Introduction

While there are numerous constraints to meeting the housing needs of low-income Californians, the primary obstacle is that there is an insufficient supply of affordable housing across the state, and a lack of funding to close the affordability gap. Specifically, the gap between the number of households in need of affordable housing and the supply of affordable and available housing units remains stubbornly large. For individuals and families who have experienced housing instability in the past, the lack of affordable and available units and the resulting competition for units means that it is very difficult for them to find housing without additional assistance. With the state entering a period of forecasted budget deficits in Fiscal Year 2024-2025 (FY24), federally-funded housing assistance will remain a central element of addressing California's affordable housing crisis (see https://ebudget.ca.gov/2024-2025/pdf/BudgetSummary/HousingandHomelessness.pdf).

Actions planned to address obstacles to meeting underserved needs

The State of California's 2020-2024 Consolidated Plan (Con Plan) identified the following obstacles to meeting underserved needs. During FY24, HCD plans to take the following actions to address these obstacles:

- Rents are too expensive: Select HCD programs (including the HOME Investment Partnerships Program (HOME), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) programs) will provide Tenant-Based Rental Assistance (TBRA) to help low-income families afford rent.
- Difficulty finding available units: Select HCD programs (including ESG, HOPWA, HOME American Rescue Plan Program (HOME-ARP), Youth Transitional Housing Program (THP), No Place Like Home (NPLH) and Veterans Housing and Homelessness Prevention (VHHP) programs) will provide funding for housing navigation services to assist very low-income households in finding affordable housing.
- Lack of cash for move-in deposit, first and last months' rent: HCD may explore the option of allowing grant funding to be used to address financial barriers to affordable housing lease-up.
- Affordable housing is in poor condition: Most HCD programs that provide funding for developing or preserving affordable housing allow this funding to be used for substantial rehabilitation.
- Community resistance to new housing: HCD's Analysis of Impediments to Fair

Housing Choice identifies potential actions to address Impediment 9, “Local Resistance and Exclusionary Land Use Policies Constrain Access to Opportunity”. These actions include continuing enforcement of Housing Element Law (as described in section AP-75) and supporting continuing research and stakeholder engagement on how restrictions on multifamily housing (such as limited multifamily zoning, and height and density limitations) discourage inclusive communities.

- Down payments, closing costs, mortgages, taxes, and home insurance are too expensive: HCD’s affordable homeownership programs (including CDBG, HOME, CalHome, and the Joe Serna, Jr. Farmworker Housing Grant (FWHG) programs) increase the supply of affordable owner-occupied housing and provide down payment assistance for potential homeowners who are low income.
- Affordable housing is not in a safe neighborhood: HCD’s Multifamily Finance Super NOFA programs (including the Multifamily Housing Program (MHP) and CalHome) may continue to include incentives for applicants to site affordable housing projects and activities in “high-opportunity areas” with access to good schools, transportation, and employment opportunities.
- Lack of steady household income: CDBG provides funding for employment services, economic development programs, and small businesses to contribute to local economic opportunities and the availability of stable employment.
- Landlords do not accept Section 8/Housing Choice vouchers: As of the passing of SB 329 (2019), it is against California law to discriminate against tenants based on their source of income. HCD’s Fair Housing Unit supports educating property owners and property managers regarding their obligations to not discriminate against potential tenants based on source of income and rental payment, including rental assistance. In addition, HCD may consider increasing support for landlord engagement activities to increase the stock of affordable homes available to households receiving rental assistance.

HCD also has been making efforts at addressing the underserved needs above in the following ways:

- HCD’s Portfolio Reinvestment Program (PRP) has been designed specifically to support the preservation of existing affordable units, especially in light of other state programs’ shift towards producing new units.
- All HCD programs prioritize housing developments with access to local resources (such as schools, grocery stores, transit, libraries, and health care facilities), and many programs also fund neighborhood safety improvements (such as

pedestrian infrastructure). Additionally, HCD has formed critical partnerships with the California Department of Transportation (Caltrans) and the California Air Resources Board (CARB) that have resulted in housing and housing-related infrastructure projects funded in transportation and climate programs.

- Assembly Bill (AB) 686 creates new requirements for all housing elements due to be revised on or after January 1, 2021. These requirements ensure that the obligation to affirmatively further fair housing is a part of a jurisdiction's planning process and includes guiding documents for community development.

HCD will continue to provide capacity-building technical assistance to agencies and local governments implementing programs funded by the U.S. Department of Housing and Urban Development (HUD). HCD holds numerous workshops throughout the year to assist with preparing an application or to administer a grant in accordance with federal requirements. Additionally, HCD will continue to be the lead agency to encourage and develop the capacity of service providers in rural parts of the state. Finally, HCD will encourage its funded agencies and units of local government to seek other private or public funding opportunities to leverage sufficient funds to complete projects or provide services to a greater number of eligible beneficiaries. HCD will continue to assess the extent to which programs are able to remove these barriers to affordable housing, reducing homelessness, and economic development.

Actions planned to foster and maintain affordable housing

Part of HCD's mission is to preserve affordable housing, and this is done on various levels throughout the organization. A summary of the resources available is maintained on HCD's website at https://www.hcd.ca.gov/policy-research/preserving-existing-affordable-housing.shtml.

California state law (California Government Code (GC) Section 65863.10 (b) and (c)) requires owners of assisted housing developments give notice to tenants at 3-year, 12-month, and 6-month intervals before a unit's affordable housing restrictions end. In 2022, HCD began collecting annual owner certifications from all affordable housing property owners in California. HCD tracks projects with upcoming affordability restrictions ending throughout the state in the Housing Policy Development (HPD) division. HPD's review of local governments' housing elements requires these jurisdictions to develop and implement preservation strategies for at risk properties.

Within HCD's Asset Management and Compliance (AMC) branch, HCD's portfolio is monitored for projects which have upcoming regulatory agreement expiration dates. HCD works with the project sponsors to explore options for extending affordability periods. This could involve either project restructuring through Low-Income Housing Tax Credits and conventional financing, or subsidized financing in one of HCD's many

affordable housing finance programs, such as the Loan Portfolio Restructuring (LPR) program. The restructuring of HCD's loans is intended to preserve affordable housing units that would have been lost to termination of the regulatory provisions restricting rents and occupancy, to address physical deterioration of the property, and/or to improve project fiscal integrity.

In March 2022, HCD launched the Portfolio Reinvestment Program (PRP), which provides funding for loans to rehabilitate and extend the long-term affordability of HCD-funded rental housing developments that have an affordability restriction that has expired or will expire by December 31, 2026. The program's goal is to decrease the risk of conversion to market rate housing for projects in the HCD portfolio. PRP has awarded over $315 million so far to preserve over 1,300 affordable homes, assuring housing for nearly 27,000 people over the life of the developments' affordability compacts. PRP released a second NOFA of $112 million in December 2023, and awards will be made on a continuous basis through the end of 2024, or until all funds are awarded.

Actions planned to reduce lead-based paint hazards

The Lead Renovation, Repair, and Painting Rule governs the renovation of homes built before 1978, where work might disturb lead-based paint. The rule was first established in 2008 and requires workers to be certified in lead-safe practices and certified by the Environmental Protection Agency (EPA).

All HCD grantees that receive federal funds (CDBG, HOME, or other HUD programs) are required to follow the regulations and statutes pertaining to lead-based paint hazards. Specific requirements depend on the type and amount of federal financial assistance, the age of the structure, and whether the dwelling is rental or owner-occupied. HCD grantees are responsible for informing residents of the potential of lead-based paint hazards in their homes, evaluating the degree of lead-based paint hazards, mitigating these hazards, providing clearance on the rehabilitated areas affected by lead-based paint work, and providing all appropriate notices.

Lead regulations include (but are not limited to) the HUD Lead Safe Housing Rule, as listed in 24 Code of Federal Regulations Part 35, Public Law 102-550 (Residential Lead-Based Paint Hazard Reduction Act of 1992), Title X, Sections 1012 and 1023 (requirement for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance), and Title X, Section 1018 (requirements for Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards in Housing). HCD grantees must adhere to these rules when implementing the following activities: Housing Rehabilitation activities (whether operated as a single-family residential program or a multifamily project), Homebuyer

Assistance, and Tenant-Based Rental Assistance programs. HCD includes these requirements in Standard Agreements with grantees and verifies compliance when the grantees are monitored.

Actions planned to reduce the number of poverty-level families

In addition to CDBG's economic development activities, the ESG, HOPWA, and THP programs fund case management services, which help poverty-level individuals and families connect to mainstream education and employment opportunities and assist them in increasing their income.

Other HCD affordable housing programs aim to reduce the housing cost burden on families who are considered extremely low-income, many of whom have incomes at or below the poverty level, by developing housing units at 30 percent of Area Median Income (AMI) or below, and by providing rent or operating subsidies that will assist families at this income level to afford housing. The NHTF, VHHP, NPLH, HOME-ARP and Section 811 Project-based Rental Assistance (PRA) programs specifically target households at 30 percent of AMI or below. Other programs such as HOME, MHP, Affordable Housing and Sustainable Communities (AHSC), and 9 percent and 4 percent low-income housing tax credit programs include incentives in the form of application scoring points and additional dollars for providing rents to individuals and families at 30 percent of AMI or below.

MHP and HOME also provide scoring incentives for developments located in census tracts that are classified as "high or highest opportunity", according to the opportunity mapping index developed by the state and the California Tax Credit Allocation Committee (CTCAC). High-opportunity neighborhoods provide a healthy, well-resourced environment with access to jobs and transportation – neighborhoods whose characteristics are linked to child well-being and pathways to exit poverty. The Qualified Allocation Plan (QAP), developed by the state to govern the allocation of Low-Income Housing Tax Credits, prioritizes developments that are sited in stable communities – areas of lower poverty and access to place-based opportunities in transportation, education, and employment – and those that are in revitalizing communities – areas that have higher poverty rates but are paired with a concerted community revitalization plan.

For CDBG and HOME, the Method of Distribution (MOD) for competitive programs includes community need scores, which increase the chances of funding for those jurisdictions in the state that suffer from higher levels of poverty. Although other competitive factors on a combined basis carry more weight (e.g., target area benefit, health and safety needs, and project feasibility), these points assist communities when, other factors being equal, their level of poverty is greater than others. The state-funded Homeownership Super NOFA also uses community need scores in determining funding

decisions and allocates funding to regions in the state based on regional shares of families in poverty. The housing and services described in this section are an integral part of the state's anti-poverty strategy.

Actions planned to develop institutional structure

The primary strength of the institutional delivery structure in California is the wide array of entities, both public and private, which receive HCD funding to provide housing and services. Specific gaps in services vary by geographic area, with non-entitlement areas and rural areas having fewer health, education, employment, and transportation services available to assist their low-income populations generally, and households experiencing temporary or chronic homelessness in particular. HCD will continue to prioritize support for and collaboration with housing and service delivery organizations to build institutional structure.

Continuing through 2025, HCD will provide program specific technical assistance to local jurisdictions, Continuums of Care (CoCs), and service providers. Training topics include deep dives on components of ESG, financial and grant management principles, leveraging and braiding funding, as well as racial equity. Continued trainings such as these enable recipients of HUD funding from HCD to provide more seamless delivery of HUD funded programs locally, which in turn enables more people to be served by homelessness, housing, or public service/facilities and economic development programs. Eligible recipients may request technical assistance in the following categories: Building Capacity, Housing First, and Housing Stability. HCD's contractors provide customized technical assistance based on the unique circumstances and challenges of each request. Types of assistance offered, and activities supported, at no cost to the jurisdictions, include stakeholder-convened discussions, tool kits, and education and training through workshops, webinars, and onsite or remote consultations with technical experts.

HCD's Division of Federal Financial Assistance (DFFA) expanded significantly between 2021 and 2023, to meet increased programmatic funding levels and associated operational needs. This involved adding a Deputy Director and an Assistant Deputy Director overseeing the federal community development programs and creating a branch containing all of DFFA's housing programs. This branch includes a section for the HOME-ARP program, which filled nine positions during the Fiscal Year 2023-2024 (FY23), and a section for the NTHF program, which filled five additional positions during FY23.

Actions planned to enhance coordination between public and private housing and social service agencies

Through the ESG, HOME-ARP, VHHP, NPLH, and Section 811 PRA programs, HCD continues to work with other state departments to assist supportive housing developers and providers. Funding recipients in these programs coordinate with local CoCs, public and assisted housing providers, private and governmental health, mental health, and service agencies to connect low-income households and households at risk of/experiencing homelessness to the broadest possible array of social services.

HOPWA:

In addition to the programs discussed above, the California Department of Public Health, Office of AIDS (CDPH/OA) administers statewide programs and activities that pertain to HIV/AIDS, and is statutorily responsible for coordinating all state programs, services, and activities relating to HIV. The state HOPWA program is situated in CDPH/OA to ensure that all HIV service programs, including housing assistance, are coordinated at state and local levels.

State HOPWA staff will provide technical assistance to project sponsors to address barriers such as potentially identifying more low-income housing for their service area. In addition, collaboration with local Ryan White HIV/AIDS Program (RWHAP) (Part B) in leveraging funding sources to provide supportive services will address some of the other barriers such as mental health and substance abuse.

Project sponsors are required to outreach to key points of entry to increase their awareness of the HOPWA program and referral processes. Project sponsors often participate in local planning and advisory groups to represent the HIV and housing needs of their clients and participate in the community needs assessment processes. Project sponsors also often participate in their local Continuum of Care Planning Group, including assisting with the homeless counts each year, which has improved their knowledge and collaborative efforts to provide housing and supportive services to PLWH in their community. Local participation assists project sponsors in linking clients to necessary services and establishing collaborative relationships with other local government and private service agencies.

Program Specific Requirements

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

Introduction

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

CDBG:

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

HOME Investment Partnerships Program (HOME):

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

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

unforeseen and emergency need in HOME-eligible communities (for example, natural disasters or a re-emergence of the COVID-19 pandemic).

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

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

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

1. The total amount of PI that will have been received before the start of the next program year and that has not yet been reprogrammed.	$14,000,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	$0
3. The amount of surplus funds from urban renewal settlements.	$0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	$0
5. The amount of income from float-funded activities.	$0
Total PI:	$14,000,000

Other CDBG Requirements

1. The amount of urgent need activities	$0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - a consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70 percent of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this AAP 2024-2025.	70.00%

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

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

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

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

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

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

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

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

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

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

Typically, the appreciation is calculated as follows:

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

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

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

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

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

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

2023.

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

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

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

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 require that written standards reflect the state's core practices, 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 (RR) and/or Homelessness Prevention (HP) programs are operated within the same Service Area (SA).

2. If the Continuum of Care has established 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 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 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.

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 methodfor 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,

a. 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. § 8311, 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.

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 distributingfunds 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 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 to provide 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 with

NHTF 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 Threshold Basis Limits and may be found here: https://www.treasurer.ca.gov/ctcac/2024/2024-basis-limits-memo-update.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 extremely low- 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

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.

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

N/A.

Appendix A: HOPWA Annual Action Plan

One Year Use of Funds Fiscal Year 2024-2025 (FY24)

AP-05 Executive Summary

Introduction

The purpose of the Housing Opportunities for Persons With AIDS (HOPWA) program is to provide housing assistance and supportive services to prevent or reduce homelessness for Persons Living With HIV (PLWH). The California Department of Public Health, Office of AIDS (CDPH/OA) is statutorily responsible for coordinating all state programs, services, and activities pertaining to HIV/AIDS (California Health & Safety Code 131019). State-administered HOPWA (State HOPWA) is situated in CDPH/OA to ensure that all HIV/AIDS service programs, including housing assistance, are coordinated at state and local levels.

State HOPWA coordinates with other HIV programs and encourages collaboration amongst HIV service agencies to ensure that PLWH have access to services critical for improving housing stability and overall health outcomes.

To develop this plan, CDPH/OA consulted with the California Department of Housing and Community Development (HCD) and CDPH/OA staff to coordinate the fiscal, program, and surveillance data components of this Consolidated Plan.

PR-05 Lead & Responsible Agencies - 24 CFR Part 91.300(b)

Describe Agency/entity responsible for preparing/administering the Consolidated Plan and those responsible for administration of each grant program and funding source.

The California Department of Public Health, Office of AIDS (CDPH/OA) is the state agency that administers statewide programs and activities that pertain to HIV/AIDS, and is statutorily responsible for coordinating all state programs, services, and activities relating to HIV. The state HOPWA program is situated in CDPH/OA to ensure that all HIV service programs, including housing assistance, are coordinated at state and local levels.

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	State of California	California Department of Housing and Community Development (HCD)
Contributing Agency for HOPWA Program	State of California	California Department of Public Health/Office of AIDS (CDPH/OA)

AP-10 Consultation - 24 CFR Part 91.110, 91.300(b); 91.315(l)

Provide a concise summary of the state's activities to enhance coordination between public and assistedhousing providers and private and governmental health, mental health, and service agencies.

The California Department of Public Health, Office of AIDS (CDPH/OA) solicits input from HIV/AIDS service agencies and local health departments to inform program development and implementation. For example, in CDPH/OA's support of Ending the HIV Epidemic in America (EHE), the federal plan to decrease new HIV infections by 75 percent by 2025, CDPH/OA has, and will continue to support, convene, and engage stakeholders at the state and local levels in their EHE planning and implementation efforts.

CDPH/OA convenes the California Planning Group (CPG) to assist in the development, implementation, and revision of California's Integrated HIV Surveillance, Prevention, and Care Plan (Integrated Plan). The current Integrated Plan responds to the National HIV/AIDS Strategy and includes housing goals and objectives related to improved access to HIV/AIDS care and treatment. CPG also informs CDPH/OA about local trends or emerging populations in the epidemic, and successes and challenges in accessing HIV care and prevention services in the community. The CPG includes representatives from HIV/AIDS service providers and local planning groups as well as consumers (including those who have experienced homelessness and housing instability), health departments, and other statewide experts.

CDPH/OA published a new Integrated Plan to address the syndemic of HIV, Sexually Transmitted Diseases (STDs), and Hepatitis C and their common populations and their common social determinants of health impacting infection rates. The plan recognizes stable housing as one of six critical elements to ending the syndemic. CDPH/OA gathered input from various state and local stakeholders to develop the plan. State HOPWA staff was involved in this process, along with the CPG and HOPWA project sponsors. CDPH/OA also worked with various stakeholders on a blueprint to implement the Integrated Plan across the state.

State HOPWA project sponsors are required to conduct outreach to local "key points of entry" to increase their awareness of the HOPWA program, its services, and referral process. Key points of entry may include, but are not limited to, local health departments, federally qualified health centers, Ryan White HIV/AIDS Program (RWHAP) providers, Medi-Cal Waiver program providers, Continuum of Care (CoC) planning groups, and substance use treatment programs. This relationship-building provides HIV providers and agencies a direct link to housing services for their clients and facilitates HOPWA project sponsors ability to linking clients to other necessary services.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompaniedyouth) and persons at risk of homelessness.

All state HOPWA project sponsors are encouraged to participate in local Continuum of Care (CoC) planning groups to ensure representation of the HIV/AIDS community in the housing continuum. Most state HOPWA project sponsors participate in their local CoC planning group, including assisting with the homeless counts each year, which has improved their knowledge and collaborative efforts to provide housing and supportive services to Persons Living With HIV (PLWH) in their community. By federal regulation, homeless service agencies that receive HOPWA funding must include HOPWA clients in the local Homeless Management Information System (HMIS). State HOPWA includes this requirement in the HOPWA-grant scope of work and assists project sponsors in accessing local HMIS, as needed.

AP-12 Citizen Participation – 24 CFR Part 91.115, 91.300(c)

Summary of citizen participation process and consultation process

The California Department of Public Health, Office of AIDS (CDPH/OA) convenes the California Planning Group (CPG) to assist in the development, implementation, and revision of the Integrated Plan. The current Integrated Plan and implementation blueprint respond to the National HIV/AIDS Strategy and includes housing goals and objectives related to prevention efforts and improved access to HIV care and treatment. CPG also informs CDPH/OA about local trends or newly emerging populations in the epidemic, and successes and challenges in accessing HIV care and prevention services in the community. The CPG includes representatives from HIV service providers and local planning groups as well as consumers (including those who have experienced homelessness and housing instability), local health departments, and other statewide experts in the field.

Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homelessbut have other special needs. Link to one-year goals.

During the next year, state HOPWA project sponsors will continue activities to address the housing and supportive needs for Persons Living With HIV (PLWH), including Tenant-Based Rental Assistance (TBRA), Short-Term Rent, Mortgage, and Utility (STRMU) assistance, Permanent Housing Placement (PHP), hotel/motel voucher assistance, housing information services, and other supportive services.

Currently, CDPH/OA is coordinating its HOPWA and Housing Plus Project (HPP) services to improve coordination of care for PLWH. Clients may receive rental assistance through HPP and employment services through HOPWA. This coordination maximizes resources from both grants and provides the best care for clients. (HPP is funded through the Ryan White HIV/AIDS Program (RWHAP), Part B.)

CDPH/OA is also coordinating monitoring activities between the RWHAP and HOPWA program. The programs are conducting joint site visits for agencies that receive funding from both programs and hosting collaborative meetings between HOPWA and RWHAP agencies that serve the same counties. By coordinating these activities, CDPH/OA has been able to improve collaboration between agencies and better leverage funds between the programs.

CDPH/OA will be replacing its centralized data system in April 2024. The new system, HIV Care Connection (HCC), will improve HOPWA project sponsors' ability to coordinate housing services with RWHAP and other HIV providers. Additionally, HCC will facilitate data collection between providers serving the same client.

AP-15 Expected Resources – 24 CFR Part 91.320(c)(1,2)

Introduction

The annual allocation below is based on the U.S. Department of Housing & Urban Development (HUD) formula allocation for Federal Fiscal Year 2024-2025 (FY24). The state HOPWA FY24 allocation is $5,132,250.

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: $		
HOPWA	Public Federal	Permanent Housing Facilities PHP Short term or transitional housing facilities STRMU Supportive Services TBRA	$5,132,250	$0	$0	$5,132,250	$0	The state HOPWA allocation is $5,132,250.

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

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 RWHAP (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 RWHAP (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 (FY22) Consolidated Annual Performance and Evaluation Report (CAPER) reported number.

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

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
	Provide Homeless Assistance & Prevention Services	2024	2025	Homeless Non-Homeless Special Needs	Non-EMSAs	Homelessness Assistance and Prevention	$5,132,250	Housing Information and Supportive Services: 1,300 Tenant-Based Rental Assistance/Rapid Re-Housing: 45 households Homeless Person Overnight Shelter: 65 households Homeless Prevention: 500 households HIV/AIDS Housing Operations: 15 households

AP-25 Allocation Priorities – 24 CFR Part 91.320(d)

Funding Allocation Priorities

	Goals							
	Increase the supply of affordable rental housing (%)	Expand homeownership and improve existing housing (%)	Provide homeless assistance & prevention services (%)	Increase economic development opportunities (%)	Maintain or increase public services (%)	Maintain or increase public facilities (%)	Colonias Set-Aside (%)	Total (%)
HOPWA			100					100%

Reason for Allocation Priorities

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

AP-30 Methods of Distribution – 24 CFR Part 91.320(d)&(k)

<table>
<tr><td>1</td><td>State Program Name:</td><td>HOPWA</td></tr>
<tr><td></td><td>Funding Sources:</td><td>HOPWA</td></tr>
<tr><td></td><td>Describe the state program addressed by the Method of Distribution.</td><td>State HOPWA serves counties that do not qualify to receive HOPWA grant funds directly from HUD.</td></tr>
<tr><td></td><td>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</td><td>Criteria for selection is as follows:
<table>
<tr><th>Criteria</th><th>Points</th></tr>
<tr><td>Program Description and Capacity</td><td>25</td></tr>
<tr><td>Implementation Plan</td><td>25</td></tr>
<tr><td>Budget Overview</td><td>25</td></tr>
<tr><td>Outcomes and Evaluation Plan</td><td>25</td></tr>
<tr><td>Total</td><td>100</td></tr>
</table></td></tr>
<tr><td></td><td>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</td><td>The California Department of Public Health, Office of AIDS (CDPH/OA) issued grants to 19 existing project sponsors through June 30, 2028, to provide housing assistance and supportive services programs to Persons Living With HIV (PLWHs) throughout 40-non-EMSAs. Every project sponsor provides direct client services, and one subcontracts with a community-based organization to provide housing services.

In the case of loss of a project sponsor or a change in program delivery for a specific county or counties, CDPH/OA solicits project sponsors through a Request for Application (RFA) process that allows equal access to all grassroots, faith-based and community-based organizations, and governmental housing and health agencies in that jurisdiction. Project sponsors that subcontract with other agencies</td></tr>
</table>

		must also use a selection process that provides full access to all grassroots, faith-based and community-based organizations. The project sponsor, Planned Parenthood, notified CDPH/OA that they ended their HOPWA program effective June 30, 2023. CDPH/OA is soliciting a replacement project sponsor through a RFA process for Solano County. The RFA is scheduled to release in early 2024 and will be circulated widely among local organizations.
	Describe how resources will be allocated among funding categories.	State HOPWA project sponsors participate in local HIV/AIDS needs and service planning efforts and prioritize the HOPWA allocation to fill local HIV/AIDS housing and supportive services gaps. To address the most urgent needs of PLWH, and to assist in meeting the goal of the national HIV/AIDS strategy to reduce the percentage of persons in HIV medical care who are homeless, project sponsors may select from the following eligible HOPWA activities: • Tenant-Based Rental Assistance (TBRA) • Short-Term Rent, Mortgage, and Utility Assistance (STRMU) • Facility based housing operations of existing permanent or transitional HIV/AIDS housing programs. • Facility based housing – hotel/motel voucher assistance. • Permanent Housing Placement Assistance • Housing Information Services • Supportive Services State HOPWA project sponsors may also use up to 10 percent of funds for eligible resource

		identification activities if justified in their program work plan, and no more than 7 percent of the allocation for grant administration. CDHP/OA established the following caps to ensure prioritization of funds for direct client housing assistance: • 20 percent of a project sponsor's allocation may be used for supportive services activities. • 15 percent of a project sponsor's budget for housing assistance activities may be used for activity delivery costs. • 5 percent of supportive services and housing information service budgets may be used for activity delivery costs. CDPH/OA may waive the above percent caps on supportive services and activity delivery costs for housing assistance, supportive services, and housing information services if the proposal assists clients in overcoming barriers to housing stability. Pursuant to HOPWA regulation, grantees must identify how the rent standard will be set for a TBRA program within a jurisdiction. In most instances, CDPH/OA adopted the published Fair Market Rent as the rent standard for the grant area.
	Describe the threshold factors and grant size limits.	For FY24, the HOPWA allocation will be distributed through a formula process based on the reported HIV case data, excluding prison numbers, Federal Poverty Levels, and Fair Market Rent by county. State HOPWA will continue to include a funding stability method using prior year funds to hold those counties harmless at a percentage of their prior year

		allocation.
	What are the outcome measures expected as a result of the method of distribution?	The outcome measures expected are that low-income PLWH will have increased housing stability, access to care, and viral suppression. The distribution method affords counties with larger populations of PLWH, high FMR, and high levels of poverty to access more funding for supportive services and housing assistance.

AP-50 Geographic Distribution – 24 CFR Part 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Pursuant to eligibility requirements for the Housing Opportunities for Persons With AIDS (HOPWA) formula awards, changes in eligible jurisdictions for HOPWA may occur if a Metropolitan Service Area (MSA) reaches more than 500,000 in population and has more than 2,000 persons living with HIV or AIDS annually. Entitlement MSAs annually receive approximately $36 million in HOPWA funds directly from HUD. State HOPWA currently funds non-EMSAs only unless there is a compelling reason to assume oversight of a particular MSA's funding for a limited time period.

Geographic Distribution

Target Area	Percentage of Funds
All Non-EMSAs	**100%**

Rationale for the priorities for allocating investments geographically

State HOPWA provides funds to HIV, housing, and homeless service providers in the 40 counties that do not receive funds directly from HUD. By excluding HUD-funded EMSA, the state HOPWA $5 million annual allocation is available to assist Persons Living With HIV (PLWH) in the underserved, outlying regions of California.

Historically, CDPH/OA allocated HOPWA funds through a formula process based on the most recent reported HIV and AIDS cases by county through surveillance. This allocation formula was originally developed to ensure equity of funding to all non-EMSA of California while allocating proportionately larger amounts to the communities most impacted by HIV/AIDS.

In 2021, CDPH/OA revised its HOPWA allocation formula to align with HUD's new HOPWA allocation formula authorized under the Housing Opportunity Through Modernization Act (HOTMA), Public Law 114-201. The new allocation formula considers HIV surveillance data, as well as poverty and Fair Market Rent rates. CDPH/OA allocated funds using the new formula in FY 2023-24. To promote the use of HOPWA funds for housing assistance activities, CDPH/OA has limited supportive services activities to 20 percent of a state HOPWA project sponsor's allocation.

AP-55 Affordable Housing – 24 CFR Part 91.320(g)

One Year Goals for the Number of Households to be Supported	Total FY 2024-25 AP	Total FY 2022-23 CAPER
Homeless	0	0
Non-Homeless	0	0
Special-Needs	610	596
Total	**610**	**596**

Table 9 – One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	Total FY 2024-25 AP	Total FY 2022-23 CAPER
Rental Assistance	610	596
Production of New Units	0	0
Rehab of Existing Units	0	0
Acquisition of Existing Units	0	0
Total	**610**	**596**

Table 10 – One-Year Goals for Affordable Housing by Support Type

AP-65 Homeless and Other Special Needs Activities – 24 CFR 91.320(h)

Other Special Needs Activities - HIV/AIDS

State Housing Opportunities for Persons With AIDS (HOPWA) project sponsors provide Tenant-Based Rental Assistance (TBRA), Short-Term Rent, Mortgage, and Utility (STRMU) assistance, housing placement assistance, and supportive services to Persons Living With HIV (PLWH) who are homeless or at risk of experiencing homelessness. In addition to homelessness prevention, state HOPWA funds may be used to provide temporary shelter (emergency shelter or hotel/motel vouchers) to homeless PLWH while assisting them to locate stable housing.

Through the combination of detailed housing plans, coordination with local Ryan White HIV/AIDS Program (RWHAP) (Part B) service agencies, and connection to local housing authorities and other special population programs (e.g., veterans housing, senior housing), HOPWA housing case managers assist in guiding clients to stable housing depending on their needs and eligibility for other programs. The prevention of homelessness is an essential component of state HOPWA, as housing is increasingly identified as a strategic point of intervention to address HIV/AIDS and overlapping vulnerabilities (such as age, race, mental illness, drug use, or chronic homelessness). The National AIDS Housing Coalition reports that housing assistance has been shown to decrease health disparities while reducing overall public expense and/or making better use of limited public resources.

AP-70 HOPWA Goals – 24 CFR Part 91.320(k)(4)

One-year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-Term Rent, Mortgage, and Utility Assistance to prevent homelessness of the individual or family	500
Tenant-Based Rental Assistance	45
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds (including hotel/motel voucher assistance)	65
Total	**610**

AP-85 Other Actions – 24 CFR Part 91.320(j)

Actions planned to enhance coordination between public and private housingand social service agencies.

CDPH/OA is the state agency that administers statewide programs and activities that pertain to HIV/AIDS, and is statutorily responsible for coordinating all state programs, services, and activities relating to HIV. The state HOPWA program is situated in CDPH/OA to ensure that all HIV service programs, including housing assistance, are coordinated at state and local levels.

State HOPWA staff will provide technical assistance to project sponsors to address barriers such as potentially identifying more low-income housing for their service area. In addition, collaboration with local Ryan White HIV/AIDS Program (RWHAP) (Part B) in leveraging funding sources to provide supportive services will address some of the other barriers such as mental health and substance abuse.

Project sponsors are required to outreach to key points of entry to increase their awareness of the HOPWA program and referral processes. Project sponsors often participate in local planning and advisory groups to represent the HIV and housing needs of their clients and participate in the community needs assessment processes. Project sponsors also often participate in their local Continuum of Care Planning Group, including assisting with the homeless counts each year, which has improved their knowledge and collaborative efforts to provide housing and supportive services to PLWH in their community. Local participation assists project sponsors in linking clients to necessary services and establishing collaborative relationships with other local government and private service agencies.

Appendix B: CDBG Program Income

The table below includes a description of each of the local accounts, including the name of the local entity administering the funds, contact information for the entity administering the funds, the estimated amounts expected to be available during the program year, the eligible activity type(s) expected to be carried out with the program income, and the national objective(s) served with the funds.

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Arcata, City of	Jennifer Dart	707-825-2112	$338,281	X		X	X			X
Anderson, City of	Chuck Wolfe	530-878-8016	$128,182	X						
Atwater, City of	Christina Thurman	209-357-6239	$184	X		X				
Avenal, City of	Kao Yang	559-386-5776	$143,381		X			X		X
Biggs, City of	Denis Schmidt	530-868-5493	$290,661			X				
Benicia, City of	Alan Shear	707-746-4200	$15,000	X						
Blue Lake, City of	Amanda Mager	707-668-5655	$151,376			X				
Brawley, City of	Tyler Salcido	760-344-8622	$16,649	X						
Butte, County of	Andy Pickett	530-552-3300	$25,626			X				

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Calimesa, City of	Bonnie Johnson	909-795-9801	$0.00			X				X
Calaveras, County of	Kris Redman	209-754-6613	$219,152			X				
Calipatria, City of	Rosa Ramirez	760-348-4141	$154,693				X			
Calistoga, City of	Jeff Mitchem	707-942-2830	$0.00							
Capitola, City of	Kathleen Herlihy	831-475-7300	$0.00			X				X
Chowchilla, City of	Mark Hamilton	559-665-7419	$146,215					X		
Clearlake, City of	Alan Flora	707-994-8201	$255,504					X		
Coalinga, City of	Marissa Trejo	559-935-1533	$0.00						X	X
Colfax, City of	Wes Heathcock	530-346-2313	$0.00							
Colusa, City of	Ishrat Aziz Khan	530-458-4941	$67,680			X				
Colusa, County of	Rose Gallo-Vasquez	530-458-0500	$1,196,753			X				X
Corcoran, City of	Kevin Tromborg	559-991-2151	$1,007,481				X			X
Corning, City of	Kristina Miller	530-824-7033	$74,247				X			
Crescent, City of	Erik Wier	707-464-7483	$47,124				X			
Del Norte, County of	Antoinette Self	707-464-7214	$17,512				X			

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Dinuba, City of	George Avila	559-591-5924	$93,977		X		X			X
Dixon, City of	Larry Burkhardt	707-678-7000	$0.00		X					
Dorris, City of	Carol McKay	530-397-3511	$97,493			X	X			X
Dunsmuir, City of	Mark Brannigan	530-235-4822	$0.00	X						X
El Dorado, County	Bret Sampson	530-621-5301	$430,372	X	X					
Etna, City of	Pamela Eastlick	530-467-5256	$100,628			X				
Exeter, City of	Rainbow Moore	559-592-2755	$316,553		X					
Farmersville, City of	Jennifer Gomez	559-747-0458	$101,906		X			X		X
Fort Bragg, City of	Lacy Peterson	707-961-2823	$0.00	X			X	X		X
Fort Jones, Town of	Karl Drexel	530-468-2281	$43,400			X				
Fortuna, City of	Racheal Henry	707-725-1401	$288,817				X			
Fowler, City of	Randy Uyeda	559-834-3113	$0.00							
Glenn, County of	Scott De Moss	530-934-6419	$0.00							
Gonzales, City of	Hortencia Vargas	831-675-4208	$0.00	X						
Grass Valley, City of	Thomas Lowe	530-274-4711	$0.00	X	X					

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Gridley, City of	Elisa Arteaga	530-846-5695	$114,105	X	X	X				X
Guadalupe, City of	Juana M. Escobar	805-356-3891	$0.00					X		X
Hollister, City of	Renee Perales	831-636-4316	$3,386				X		X	
Holtville, City of	Kariza Preciado	760-356-4685	$0.00							
Humboldt, County of	Andrew Whitney	707-268-3735	$65,838				X			
Imperial, City of	Maria Sanchez	760-355-3335	$45,255				X			
Imperial, County of	Esperanza Colio	760-604-0901	$0.00				X	X		X
Jackson, City of	Lorie Ann Adams	916-449-3944	$223,847				X	x		
King, City of	Steven Adams	831-385-3281	$0.00							
King, County of	Chuck Kinney	559-852-2674	$0.00							
Lakeport, City of	Nicholas Walker	707-263-5615	$62,248		X					X
Lassen, County of	Grace Poor	530-251-8336	$0.00							
Live Oak, City of	Alison Schmidt	530-695-2112	$0.00				X			X
Lincoln, City of	Sandra Cooke	916-434-2427	$27,803				X			
Madera, County of	Annette Kephart	559-675-7821	$661,010		X				X	

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Mammoth Lakes, Town of	Daniel Holler	760-965-3601	$0.00							
Mariposa, County of	Ben Goger	209-742-1259	$178,852	X	X					
Marina, City of	Juan Lopez	831-884-1221	$0.00							
Marysville, City of	Jennifer Styczynski	530-749-3903	$0.00							
McFarland, City of	Diana Garcia	661-792-3091	$0.00			X				
Mendocino, County of	Jessica Byers	707-234-6852	$701,324				X			
Merced, County of	Nicole Desmond	209-385-7686	$0.00	X	X				X	
Montague, City of	Alyssa Merrill	530-459-3030	$65,524	X						X
Mono, County of	Deanna Tuetken	760-924-1836	$589,778			X				
Nevada, County of	Rob Choate	530-265-1645	$32,701	X						
Orland, City of	Rebecca Pendergrass	530-865-1601	$283,212				X			
Oroville, City of	Amy Bergstrand	530-538-2584	$10,877		X				X	X
Parlier, City of	Magaly Guiterez	559-646-3545	$77,432		X					X
Placer, County of	Gloria Stearns	530-745-3031	$178,746	X	X					X
Placerville, City of	Terry Zeller	530-642-5300	$79,244	X	X					X

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Plumas, County of	Debra Lucero	530-283-6446	$75,624				X			
Red Bluff, City of	Sandra Ryan-harbert	530-527-2605	$16,204							X
Rio Dell, City of	Joanne Farley	707-764-3532	$4,659				X	X		
Riverbank, City of	Leticia Ibanez	209-863-7126	$704,605						X	X
San Joaquin, City of	Lupe Estrada	559-693-4311	$8,086							
San Juan Capistrano, City of	Laura Stokes	949-443-6313	$331,813				X		X	
Sanger, City of	Nathan Olsen	559-876-6300	$274,135	X		X				
Scotts Valley, City of	Mali LaGoa	831-440-5600	$14,229	X						
Shasta, County of	Holly Zander	530-245-6438	$758,087			X	X			
Siskiyou, County of	Elizabeth Nielsen	530-841-2160	$178,763			X	X			
Solano, County of	Robyn Rains	707-784-1600	$7,708			X				
Soledad, City of	Brett Slama	831-223-5043	$5,180	X						
Sonora, City of	Rachelle Kellogg	209-532-3508	$151,994	X	X					X
Santa Cruz, County of	Porcila Wilson	831-454-2217	$7,809			X				

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
South Lake Tahoe, City of	Hilary Roverud	530-542-6024	$140,593	X	X					
Susanville, City of	Jolene Arredondo	530-252-5106	$40,668			X		X		X
Sutter, County of	Jung Wang	530-822-7127	$1,112,605				X			X
Taft, City of	Teresa Binkley	661-763-1222	$0.00			X				
Tehama, City of	Carolyn Steffan	530-384-1501	$0.00							
Tehama, County of	Dava Kohlman	530-527-655	$0.00							
Trinity, County of	Suzi Kochems	530-623-1382	$32,191	X						
Truckee, Town of	Denyelle Nishimori	530-582-2923	$0.00	X						X
Tulare, County of	Sandra Sabin	559-636-5000	$154,413	X						
Tulelake, City of	Jenny Coelho	530-667-5522	$35,526		X					X
Tuolumne, County of	Maureen Frank	209-533-5515	$391,395		X					
Ukiah, City of	Craig Schlatter	707-463-6219	$85,336	X		X	X			X
Wasco, City of	Keri Cobb	661-758-7235	$0.00				X			
Weed, City of	Anna Guzman	530-938-5020	$31,382				X			
Westmorland, City of	Teri Nava	760-344-3411	$166,283				X	X		

Jurisdiction	Contact Name	Contact PH #	23/24 Estimate Available	National Objective: Low Mod Job Creation or Retention Activities (LMJ)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Housing Activities (LMH)	National Objective: Low Mod Area Benefit (LMA)	National Objective: Low Mod Limited Clientele/ Low Mod Area Benefit (LMC/LMA)	National Objective: Low Mod Area Benefit (LMA)	General Admin
				Activity: Economic Development	Activity: Housing Programs	Activity: Housing Projects	Activity: Public Improvement	Activity: Public Facilities	Activity: Code Enforcement	
Wheatland, City of	Gregory Hart	530-633-2761	$1,206	X						
Williams, City of	Rex Greenbaum	530-473-2955 x102	$0.00	X	X					X
Willows, City of	Karen Mantele	530-934-7041	$0.00							
Winters, City of	Kathleen Trepa	530-794-6710	$148,061	X	X					
Woodlake, City of	Jason Waters	559-564-8055	$72,038			X				
Yolo, County of	Mindi Nunes	530-666-8150	$423,802					X		X
Yreka, City of	Emily Aldrich	530-841-2323	$36,829			X				
Yuba, County of	Karma Ferguson	530-749-5452	$358,115	X	X					
Total			**$14,939,368**							

Appendix C: Public Comments and Notices

The public comment period for the Fiscal Year 2024-2025 (FY 24) Annual Action Plan (AAP) ran from February 26, 2024, to March 27, 2024. There were no public comments associated to this AAP.

Commentor	Jurisdiction/Agency	Email	Type	Comment	Accept/Reject	Why Rejected

Appendix D: HOME & NHTF Combined Multifamily Rehabilitation Standards

HOME Investment Partnerships Program (HOME) and National Housing Trust Fund (NHTF) Combined Multifamily Rehabilitation Standards

Version: 01/01/2023

I. Purpose and Scope of Standards

The California Department of Housing and Community Development (HCD) provides these Multifamily Housing Rehabilitation Standards in order to comply with the requirements of the U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnership Program (HOME) and National Housing Trust Fund (HTF) and ensure uniformity of application in its HOME and/or Housing Trust Fund rehabilitation portfolio, with the goal of providing decent, safe, sanitary, efficient, and sustainable affordable housing.

These standards are designed to be used with multifamily properties of five (5) or more units. These standards also apply to multifamily rental housing projects funded through the HOME-American Rescue Plan (HOME-ARP) program, which is administered through HOME. These standards do not apply to HOME-ARP non-congregate shelter projects. Any reference to HOME applies to HOME-ARP, unless otherwise stated. The State, at its convenience, may apply these standards, in whole or part, to other federally funded or State-funded multifamily housing programs.

Furthermore, housing occupied or expected to be occupied by a family receiving tenant- based rental assistance must meet the requirements set forth in 24 CFR Part 982.401 (Housing Quality Standards (HQS) (or successor inspection standards issued by HUD [see Section II. Applicable Laws, Regulations, and Codes below for additional information]).

The contents of these standards include:

I. Purpose and Scope of Standards
II. Applicable Laws, Regulations, and Codes
III. Contractor Requirements
IV. Definitions
V. Rehabilitation Standards Priorities
VI. Mandatory Property Standards
VII. General Requirements
VIII. Other State and Federal Requirements
IX. Rehabilitation Standards

II. Applicable Laws, Regulations, and Codes

The Multifamily Housing Rehabilitation Standards are not meant as a substitute for a true understanding of all the laws and regulations that may apply to an individual project. The following list includes statutory and regulatory requirements applicable to projects funded with federal funds, as well as State and federal laws and regulations that may apply to certain projects. These laws, regulations, and requirements are listed here as if fully set forth herein:

- HOME and its implementing regulations at 24 CFR Part 92, HTF and its implementing regulations at 24 CFR Part 93, or other program regulations (depending on the funding source used).
- Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program and Appendix: Waivers and Alternative Requirements for Implementation of the HOME-ARP Program.
- Broadband infrastructure, as defined in 24 CFR Part 5.100, for substantial rehabilitation of a building with more than 4 rental units, also defined in 24 CFR Part 5.100.
- Accessibility Requirements in 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131 – 12189) Implemented at 28 CFR Parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR Part

  100.201 shall also meet the construction requirements at 24 CFR Part 100.205.
- National Environmental Protection Act (NEPA) Environmental Review standards and requirements and each program's implementing regulations including, but not limited to, 24 CFR Part 58 (e.g., HOME, CDBG) and 24 CFR Part 93.301(f)(2) (HTF).
- California Environmental Quality Act (CEQA) Environmental Review standards and requirements in accordance with Public Resources Code Division 13 [21000–21189] and the CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3).
- National Environmental Protection Act (NEPA) 24 CFR Part 58.
- The National Historic Preservation Act (NHPA), particularly sections 106 and 110; 36 CFR Part 800; and 36 CFR Part 61.
- Environmental Protection Agency (EPA) regulations including the RRP regulations for Lead-Based Paint (40 CFR Part 745).

- EPA regulations for the Resource Conservation and Recovery Act (RCRA), dealing with hazardous materials.
- Lead Safe Housing Rule (LSHR), 24 CFR Part 35.
- California Department of Public Health (CDPH) - Accreditation, Certification, and Work Practices for Lead-Based Paint and Lead Hazards (17 CCR, Section 35001 et seq).
- Occupational Safety and Health Administration (OSHA) - Lead, Construction Industry, 29 CFR Part 1926.62.
- Cal/OSHA - Lead in Construction Standard at 8 CCR Section 1532.1 et seq.
- OSHA – Asbestos in Work, 29 CFR Part 1926.1101.
- Cal/OSHA - Asbestos, 8 CCR Section 1529.
- EPA Asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP) (40 CFR Part 61, Subpart M), Method for the Determination of Asbestos in Bulk Building Materials (US EPA/600/R-93/116), and the Asbestos Worker Protection Rule (40 CFR Part 763, Subpart G).
- Local Codes and Ordinances: Current locally adopted Building, Housing and Zoning Codes and ordinances, including any Disaster Mitigation Standards.
- State Building Standards Code, as applicable, found at Cal. Code Regs, Title 24, and any amendments to the Code made by local ordinance, including, but not limited to:
    - California Green Building Standard Code (CALGreen), California Code of Regulations, Title 24, Part 11 (when additions or alterations will increase the building's conditioned area, interior volume, or size); and
    - Chapter 11A Housing Accessibility and Chapter 11B Accessibility to Public Buildings, Public Accommodations, Commercial Buildings and Public Housing.
- H&SC, Division 13, Part 1.5 - Regulation of Buildings Used for Human Habitation.
- 25 CCR, Division 1, Chapter 1, Subchapter 1 – State Housing Law Regulations and Chapter 7, Subchapter 17 – State Home Investment Partnership Act Program and Subchapter 19 – Uniform Multifamily Regulations.
- Uniform Physical Conditions Standards (UPCS) or successor inspection standards issued by HUD pursuant to 24 CFR Part 5.703 (proposed to be NSPIRE).
- Housing Quality Standards (HQS) or successor inspection standards issued by HUD pursuant to 24 CFR Part 982.401 (proposed to be NSPIRE).

- HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing.
- OMB Common Rule (OMB Circular A-102), as codified by 2 CFR Part 200.

Note: At the time of publication and adoption of these Standards, the adopted codes referenced are believed to be those in force. As standards and codes are updated, changed, and put into effect by governing authorities having jurisdiction, the new standards and codes will apply in lieu of those referenced.

Notice: It is important to note that these Standards serve as a starting point for approved eligible Multifamily Rehabilitation activities. Additional project requirements, rules, regulations may apply and may vary depending on local jurisdiction and local codes. This is not meant to be an all-inclusive list of all project requirements that may apply to an actual project. IT IS THE RESPONSIBILITY OF THE PROJECT PROPONENT OR OWNER TO ENSURE COMPLIANCE WITH ANY AND ALL CURRENT PROGRAM REQUIREMENTS, RULES, REGULATIONS THAT MAY BE REQUIRED IN ADDITION TO THE CONDITIONS PROVIDED IN THESE STANDARDS.

Work shall comply with all applicable laws and regulations. Work shall be approved for conformance and/or occupancy by the local Building Department and/or any other Enforcing Agency having jurisdiction at the conclusion of work and prior to occupancy. Documentation of conformance shall be provided to HCD. HCD will determine compliance with each program's specific property standards as set forth at 24 CFR Part 92.251 Property Standards (HOME) and 24 CFR Part 93.301 Property Standards (HTF). HOME-ARP rental units must comply with all property standards applicable to rental projects required in 24 CFR Part 92.251.

In the event that unforeseen conditions occur during the design or construction process that necessitate the need to make changes to the project the project proponent shall notify HCD staff for their review to ensure compliance with applicable programmatic, environmental requirements, or other federal requirements under the purview of HCD staff. The project must continue to comply with all other codes and regulations and receive appropriate approvals as necessary.

III. Contractor Requirements

In conformance with California State law and the California State License Board requirements, anyone who contracts to perform work on a project that is valued at $500 or more for labor and materials, and relating to any of the following listed below, must hold a current, valid license in the appropriate trades from the Contractor State License Board (CSLB). Affected categories are:

- Building Construction/Renovation/Repair

- Highway or Highway Construction/Repair
- Parking Facility Construction/Renovation/Repair
- Railroad Construction/Repair
- Excavation Work

For more information on contractor license types and requirements, please visit the Contractors State License Board (CSLB) website.

For projects funded with federal funds, in accordance with Executive Order 12549, "Debarment and Suspension" (24 CFR Part 570.609 and 2 CFR Part 200.214, award of project cannot be made to any party/contractor that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.

Contractors must be checked in the federal government's System for Award Management (SAM) (https//www.sam.gov/content/home), as well as a public search to ensure that the Contractor is not debarred, suspended, or otherwise ineligible before making a project award.

In addition, 2 CFR Part 200.319(b) requires that contractors who develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals must be excluded from competing for such bid or procurement process.

There may be additional obligations or licensing requirements depending on the project. Such requirements will vary based on scope of project, total amount of federal funding, covered units (i.e. total number of units receiving HOME or other pertinent financial assistance), or other factors.

IV. Definitions (partial listing)

The following words and terms, when used in these Standards, shall have the meaning provided herein, unless by context, it is clearly indicated otherwise. Any terms or phrases not specifically mentioned in this section shall have the meaning as defined by their respective statute, regulation, rule, or authority.

Accessible Route (DSA-AC & HCD 1-AC) - A continuous unobstructed path connecting accessible elements and spaces of an accessible site, building or facility that can be negotiated by a person with a disability using a wheelchair, and that is also safe for and usable by persons with other disabilities. Interior accessible routes may include corridors,

hallways, floors, ramps, elevators and lifts. Exterior accessible routes may include parking access aisles, curb ramps, crosswalks at vehicular ways, walks, ramps and lifts.

Capital Needs Assessment (CNA) – A CNA is a systematic assessment to determine a property's physical capital needs over the next 20 years based on the evaluation of the current physical conditions of a property. It is used to determine that all work that will be performed in the rehabilitation of the housing will meet the long-term physical needs of the project.

Green Capital Needs Assessment (GCNA) – A GCNA is a hybrid of a standard 20-year Capital Needs Assessment that adds commercial energy audits and detailed financial analysis of retrofit options to analyze both conventional and green alternatives in order to determine the best approach for costs and benefits of proposed green retrofits over the term of the GCNA.

Enforcing Agency - State or local agency specified by the applicable provisions of law, as defined in 103.1 BSC-CG of the 2019 California Green Building Standards Code, Title 24, Part 11.

Plumbing Fixtures - All relevant plumbing components, which include toilets, urinals, bidets, faucets, lavatories, sinks, showers, bathtubs, and floor drains. Plumbing appliances include washing machines, dishwashers, domestic water heaters, garbage disposals, and water softeners.

Plumbing System - All relevant plumbing components, which include but are not limited to: piping, fittings, devices, faucets, containers and receptacles that are used to supply, distribute, receive or transport potable water and wastewater.

Project Proponent - For purposes of this document, the term Project Proponent may include Project Sponsor, applicant, owner, borrower, or developer.

Rehabilitation – Renovation of existing residential property to replace worn out components, replaced dilapidated components and to bring the property up to an agreed upon standard based (for the HOME program, that is the minimum standard as outlined in these Rehabilitation Standards) on health and safety needs, useful life, funding, code, and other regulatory requirements. See 24 CFR Part 92.251 (b)(1)(2)(3) and 24 CFR Part 93.301 (b)(1)(2)(3).

Substandard Conditions – Substandard Conditions include any condition which threatens, defeats, or will lead to the lack of functional viability of a single feature of a structure. Hazardous conditions are a type of Substandard Conditions. (For a fuller listing of substandard conditions, see Health and Safety Code Section 17920.3.)

Major Systems - Major systems are defined herein in accordance with 24 CFR Part 93.301(b)(1)(ii) and 24 CFR Part 92.251(b)(1)(ii) include:

- Structural support (which includes foundation as a structural support element), roofing;
- Cladding and weatherproofing;
- Plumbing (both fixtures and system);
- Electrical; and
- Heating, ventilation, and air conditioning (HVAC)

V. Rehabilitation Standards Priorities

Priority 1: For all multifamily rehabilitation projects, health and safety standards represent the highest priority work to be completed first, with primary focus on life safety issues. Any and all **life-threatening health and safety deficiencies shall be corrected** by the owner in every approved rehabilitation project, regardless of funding source, **within 24 hours, if the units are occupied**. Life-threatening deficiencies include those identified for the property site, the building exterior, building systems, common areas, access, and the units themselves. See 2 CFR Part 857 Administrative process for scoring and ranking the physical condition of multifamily housing properties for a list of definitions, Inspectable Items, Observable Deficiencies, and life-threatening health and safety deficiencies that require correction by the owner within 24 hours. Project proponents or applicants shall not be eligible for any assistance under this program or other HCD program until life-threatening health and safety deficiencies are corrected. For projects assisted through HCD, all life-threatening health and safety deficiencies shall be reported to HCD and will be subject to compliance monitoring.

Priority 2: Evaluating the remaining useful life of all major (building) systems through the use of a Capital Needs Assessment (CNA) or Green CNA. Pursuant to State Uniform Multifamily Regulations (UMR) Section 8309(b)(2), the CNA must cover systems through the initial 20 years of operation, with updates occurring every five years during the entire 55-year affordability period. Federal funding rules require that if a multifamily housing development consists of 26 units or more a CNA shall be performed to determine the remaining useful life of major systems. In addition, HCD may require a CNA regardless

of project size for use in determining scope of the proposed rehabilitation project. Major systems must be identified in the CNA and word write up/construction documents.

Major systems found to be at, or near, the end of their useful life before the end of the affordability period shall be repaired or replaced as part of the rehabilitation of the project. In addition, as part of the project, a replacement reserve shall be established and regular payments shall be made to the reserve fund in accordance with an approved payment schedule. The amounts to be placed in replacement reserve shall be adequate to repair or replace systems as needed through the entire period of affordability (24 CFR Part 93.301, 24 CFR Part 92.251).

Priority 3: Any violation of state or locally adopted building code, housing, code, conditions of approval or conditional use requirements, zoning ordinance, or disaster mitigation standards requirements. Project Proponents, Owners, and their Contractors/Subcontractors need to be knowledgeable about their local codes and able to communicate with their local code officials about code requirements. Where there are no locally adopted building codes, then the State codes, as enumerated in **Applicable Laws and Regulations** shall govern.

Most building codes allow for building components that were constructed in compliance with existing building code at the time, and which do not pose a threat to health and safety, to remain as is, unless replacement of items (such as windows) triggers a requirement to upgrade to the newer standard (such as energy efficiency), or where the item poses a life safety or health hazard. Project proponents and their development team will need to discuss the project components with their local building officials to determine whether or not a system will meet the threshold to require replacement.

Priority 4: In response to California Executive Order B-30-15, HCD strongly encourages recipients to implement projects and Program Activities in a manner that reduces greenhouse gas emissions and adapts to climate change. HCD requires all projects to comply with applicable mandatory residential measures as set forth in CALGreen.

VI. Mandatory Property Standards

All rehabilitation that is performed through the Multifamily Rehabilitation Program are required to meet the minimum property standards, as set forth in each program’s (e.g. HOME, HTF) requirements.

Health and Safety: Requirements and definitions provided in detail throughout these Standards.

Major Systems: Requirements and definitions provided in detail throughout these Standards.

Lead-Based Paint: Housing assisted through the Multifamily Rehabilitation program is subject to the LSHR regulations at 24 CFR Part 35, subparts A, B, J, K, and R regarding lead-based paint poisoning prevention in residential structures. The per unit level of rehabilitation assistance and unit characteristic/family composition determines the required approach to lead-based paint testing and lead hazard control or abatement measures. LSHR does allow for a few limited exceptions. Applicants, developers, contractors, or project proponents of any project requiring the rehabilitation of structures built prior to 1978 must read, fully understand, and comply with the statutory requirements. Rehabilitation work is also subject to EPA, CDPH, OSHA, and Cal/OSHA lead-based paint and lead hazard standards and regulations.

Inspection and testing for lead hazards must be completed by certified professionals prior to determination of the scope of rehabilitation, a copy of the inspection and testing report must be provided as part of the work write-up. It is the responsibility of the inspector to identify the lead hazards and family characteristics which will determine the appropriate level of work needed, if any. The Scope and Cost Review must be provided to the party conducting the lead-based paint report, and the Project Proponent or Development Owner must implement the mitigation recommendations of the testing report. A plan must also be put in place for the scheduling of the work, including any necessary relocation. Lead hazard reduction, control, abatement measures and clearance inspections must be done by certified professionals. Lead abatement work must accomplish the following:

- Provide qualified contractors to perform work;
- Provide adequate monitoring of work; and
- Ensure that all identified lead-based paint hazards are eliminated and that the unit is physically clear of lead dust above allowable amounts.

Accessibility: Units assisted under this program must meet the accessibility requirements of 24 CFR Part 8 (implementing Section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act (implemented at 28 CFR Parts 35 and 36), as applicable upon project completion. “Covered multifamily dwellings”, as defined at 24 CFR Part 100.201, must also meet applicable design and construction

requirements at 24 CFR Part 100.205 (implementing Fair Housing Act), as well as California Building Code Chapter 11A. Additionally, the Scope and Cost Review Report must include an analysis of compliance with the Department's accessibility requirements relating to the Site and Development Requirements and Restrictions and identify the specific items in the scope of work and costs needed to ensure that the Development will meet these requirements upon project completion.

In accordance with 24 CFR Part 8, if substantial alterations (defined at 24 CFR Part 8.23) are undertaken to a project with 15 or more total units and the cost of rehabilitation is 75% or more of the replacement cost then the provisions at 24 CFR Part 8.22-23 apply including:

- The project shall be designed and constructed to be readily accessible to and usable by persons with disabilities;
- At least 5% of the units or one minimum, whichever is greater, must be made fully accessible for persons with mobility impairments based on the Uniform Federal Accessibility Standards (UFAS); and
- At least 2% of the units (1 additional unit minimum) must be made accessible for persons with hearing or vision impairments.

For projects with “less-than-substantial” alterations (anything less than “substantial”), the project shall be made accessible to the greatest extent feasible until 5% of the units are physically accessible. In either case, common spaces shall be made accessible to the greatest extent feasible. “Greatest extent feasible” is not interpreted to be a requirement if it would pose an undue financial or administrative burden.

Disaster Mitigation: Where relevant, assisted housing must be improved to mitigate the impact of potential disasters, in accordance with applicable State and local codes, ordinances, hazard mitigation plans, and requirements, in addition to the UPCS (or replacement standards) or other requirements as established by HUD and/or HCD.

Where applicable, all rehabilitation projects located in a Fire Hazard Severity Zone or Wildland-Urban Interface (WUI) Fire Area must comply with the current version of the California Building Code and California Residential Code, regardless of whether the type of rehabilitation subjects it to CALGreen.

Applicants requesting funds must also meet the federal environmental provisions. If no FEMA Flood Insurance Rate Maps are available for the proposed Development Site, flood

zone documentation must be provided from the local government with jurisdiction identifying the 100-year floodplain.

Broadband Infrastructure: Substantial rehabilitation must provide for the installation of broadband infrastructure, unless determined infeasible, in accordance with program requirements.

VII. General Requirements

Uniform Physical Conditions Standards (UPCS) (or successor inspection standards issued by HUD: All Developments funded by HCD with HUD funds must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the entire Affordability Period. At a minimum, assisted housing must comply with HUD's Uniform Physical Condition Standards, as found in 24 CFR Part 5.703, or HUD replacement standards. Developments must also comply with all State and local health, safety, and building codes; ordinances; and zoning requirements. Developments in jurisdictions without applicable State or local building codes must adhere to the State of California's Building Standards Code in addition to UPCS (Please see Housing Trust Fund (HTF) FAQ Appendices: Uniform Physical Condition Standards for Multifamily and Single Family Housing Rehabilitation).

Housing Quality Standards (HQS) (or successor standards issued by HUD): In accordance with HOME and HOME-ARP program requirements, housing occupied or expected to be occupied by a family receiving tenant-based rental assistance must meet the requirements set forth in 24 CFR Part 982.401 (Housing Quality Standards).

Capital Needs Assessment (CNA): All assisted Rehabilitation Developments must submit a capital needs assessment (CNA) estimating the useful life of each major system. The CNA shall determine the work to be performed and identify the long-term physical needs of the project. If the remaining useful life of one or more major systems is less than the applicable period of affordability, a replacement reserve must be established with adequate monthly payments made to repair or replace the systems as needed. Refer to Appendix A: CNA AND PROJECT SCOPE DOCUMENTS.

- **Capital Needs Assessment Guidelines -**
    - The CNA must have been completed or updated in the past six months at time of application and be completed by an independent, third-party licensed engineer or architect approved by HCD. The performing engineer or architect must:
        - conduct an interview with the appropriate onsite Development personnel (e.g. property management, maintenance personnel) to assess prior, ongoing or chronic repairs, maintenance issues, and

deficiencies;

- complete an onsite visit and physical inspection of both the interior and exterior units and structures on the property;
- analyze and provide recommendations regarding the presence of environmental hazards and potential efficiency or other mitigation considerations, in accordance with these standards;
- analyze and provide recommendations as to the reasonability of the proposed budget as it relates to the work to be performed, including but not limited to an analysis of the: (1) Development Site; (2) Structural Systems; (3) Interior Systems; and (4) Mechanical, Plumbing, Electrical, HVAC, and Safety (e.g. fire protection, elevator requirements, safety lighting) Systems and related requirements; and
- depending on the aforementioned determinations, the assessment must assess and provide recommendations regarding the proposed budget as it relates to the conclusions of the assessment.

- Moreover, any and all components of major systems reaching the end of their useful life or otherwise bearing critical conditions, must be identified. If the remaining useful life of any component of the major systems is less than the term of the affordability period, replacement reserves with adequate payments being made as required to finance future repair(s) or replacement(s) is required.

Inspections: Rehabilitation projects must comply with inspection requirements set forth in 24 CFR Part 92, 24 CFR Part 93, and HCD written inspection procedures. HCD will conduct, and/or review, initial, progress, and final inspections during construction to identify any deficiencies that must be addressed and ensure that all work is in accordance with approved standards, as applicable.

Construction Documents: Each repair or any proposed rehabilitation work should be detailed through the use of scopes of work, plans, drawings, and/or specifications. At a minimum, each repair or rehabilitation work item should be detailed in a work-write up that specifies the location, required demolition, and methods and materials, with enough detail to determine the desired outcome or finished product and to establish a basis for a uniform inspection to determine compliance with these standards. Work-write ups can reference plans and specifications as needed. Moreover, work write-ups must comply with Federal, State and local codes, ordinances, requirements, and HCD standards.

Warranties: Construction and product warranties are required for all rehabilitation projects. The Contractor shall warrant to the Owner that the materials and equipment furnished will be (a) new and of good quality; (b) free from defects in materials and workmanship, unless otherwise approved in writing in advance by the Owner and approved by HCD, and (c) that the Work will be performed in a good and workmanlike manner and in accordance with plans and all applicable codes, laws and standards. The Contractor shall collect and submit to the Owner, upon Mechanical Completion of the Work, all warranties from Subcontractors supplying materials, equipment or components incorporated into the Project, and the Contractor must assign to the Owner all of the Contractor's rights under such warranties.

Cost Estimates: Written Cost Estimates are required for all assisted rehabilitation projects. Cost estimates must be prepared and submitted to HCD for review and approval prior to loan closing. HCD will review the cost estimate to ensure it meets Federal and State requirements (e.g. cost reasonableness).

Annual Auditing, Recordkeeping, and Certifications: Housing assisted under this program must comply with the auditing, recordkeeping, and cost certification requirement of HUD programs, Davis-Bacon Labor Compliance requirements (as applicable), 2 CFR Part 200, as well as the State of California regulations on records retention and State of California Prevailing Wage laws (where applicable).

VIII. Other State and Federal Requirements

Environmental and Historic Preservation Requirements: Housing assisted under this program must meet CEQA, NEPA, and federal and State Historic Preservation requirements through the statutory environmental review and approval process, including consultation with the State of California's Office of Historic Preservation (SHPO) and tribal consultation, and conformance with the Secretary of the Interior's Standards and Guidelines for the Treatment of Historic Properties, where required. See Section II for a list of environmental and historic preservation regulations that apply or may apply to the project. Note: Local jurisdictions may have additional historic requirements that apply to the project.

Asbestos: Asbestos generally poses no threat to health unless asbestos fibers become airborne due to materials aging, deteriorating, or as the result of damage or disturbance. This typically only occurs to a friable (meaning it can be crumbled, pulverized, or reduced to powder by the pressure of an ordinary human hand), regulated asbestos-containing material. Even so, friable materials typically pose no health risk unless disturbed.

If asbestos-containing materials (ACM) will be disturbed by rehabilitation activities then abatement is generally required and state and federal asbestos regulations (see Section II) must be met in assessing, abating, and disposing of the ACM. Assessments/surveys

must be taken by certified professionals. Abatement work must be done by a licensed contractor. Furthermore, survey and abatement/demolition work must comply with NESHAP, which requires the owner of the building or the operator to notify the appropriate state agency before any demolition, or before any renovations of buildings that could contain a certain threshold amount of asbestos or ACM. In some cases, NESHAP oversight is delegated to local, county or regional agencies (e.g. SMAQMD (see rule 902)).

Development and Unit Amenities: Housing improvements beyond those described in these Standards must include all applicable amenities, energy and water efficiency features in accordance with applicable State and local codes. Materials should be selected that meet the standard of medium grade and emphasize durability and a long service life. These selections will ensure that development owners to not need to make repairs for as long as possible, increasing the stability and sustainability of the project.

Pursuant to State UMR Section 8302. Unit Standards: restricted units shall not differ substantially in size or amenity level from non-Restricted Units with the same number of bedrooms, and Units shall not differ in size or amenity level on the basis of income-level restrictions.

IX. Rehabilitation Standards

General Requirements, Minimum Standard Conditions, Substandard Conditions

The Minimum Standard Conditions and Substandard Conditions (For a fuller listing of Substandard Conditions, please refer to Health and Safety Code section 17920.3) for each Major System are sufficiently detailed in method and material to provide the MINIMUM threshold for Rehabilitation activities that assisted Multifamily Developments MUST MEET OR EXCEED. It is important to remember any threshold requirements provided herein do not supersede or preempt State and local codes, ordinances, and requirements for building and maintenance with which assisted housing must comply. Rather, compliance must be accomplished in addition to meeting or surpassing these Standards.

Determining the Scope of Work

This section shall guide the determination as to the minimum scope of work required. In conjunction with the mandatory property assessments required in these Standards. Each repair should be detailed as required through the use of plans, drawings, specifications and work write-ups. At a minimum, each repair should be detailed in a work write up that accurately specifies the location, required demolition (if applicable), and the methods and materials for the project -- with sufficient detail to determine the desired outcome or finished product. Work write ups may reference plans and specifications as needed but must be detailed enough to complete repairs.

1. Site Work

a. General Requirements and Minimum Standard Conditions

The subject lot or defined site shall be free of debris, garbage or other accumulations of site stored items which create possibilities of infestations. The site should be free of hazardous conditions that may limit safe use or cause tripping, falls, injury, or other health, safety, or security issues. The site should be generally level as allowed by natural topography, well drained, and accessible. Landscaping and irrigation systems must be in properly functional condition. Additional drainage features should be added if need is evidenced by existing erosion, standing water or evidence of water damage. In addition to any applicable requirements herein, any and all deficiencies noted in the UPCS inspection.

b. Substandard Conditions

Substandard conditions for Site Work include, but are not limited to, those conditions listed below, for which adequate repair or replacement is required, as applicable and further detailed herein:

- Accumulated debris, waste, or garbage either in enclosed areas such as storage buildings or on the property.
- Deteriorated outbuildings, sheds, wells, privies, or other structures which are no longer in use or are made unusable by their condition.
- Holes, ditches, exposed water meter boxes or other condition which creates a tripping hazard, excluding drainage ditches which are part of a designed drainage system.
- Rodents, insects, or other infestations.
- Standing water or depressions which hold water during wet weather.

- Leaking or improperly functioning irrigation, water supply or leaking sewage system.
- Obsolete sanitary piping systems such as Orangeburg, clay or other non-standard pipe.
- Scaling, calcified or otherwise compromised water supply lines.
- Exposed pipes, railings or other installations that create tripping hazards.
- Damaged, missing or deteriorated walkways, steps and decks which create tripping hazards or are otherwise unsafe.
- Stairways or steps: refer to California Building Code chapter 10, section 1011.1 for handrail requirements and section 1015 for guardrail requirements.
- Except on an Accessible Route, any change in level in a walkway shall not be greater than 3⁄4".
- On any Accessible Route any change in level shall conform with requirements in California Building Code Chapter 11A, section 1111A.
- Any walkway or driveway that exceeds 5% damage in the form of cracking, spalling, holes, heaving or other damage.
- Fencing, railing, or gates and any associated entry points that limit safe use or access or are broken, deteriorated, missing pieces, non-functional, or pose hazardous conditions (may include pedestrian or vehicle). In addition, they should not have flaking paint or be graffitied.

c. Other Requirements/Conditions

(1) Debris and Brush Removal. The premises shall be free from accumulations of rubbish and garbage that present health and safety hazards. The premises shall be free from trees and shrubs that are damaging the dwelling or present a hazard. Tree limbs in danger of falling on roof areas shall be removed. No vegetation should touch existing buildings, utility service lines, fences, or extend over walkways or parking areas.

(2) Drainage. Surface drainage shall be diverted to a storm sewer or other approved point of collection that does not create a hazard. Lots need to be graded to drain surface water away from the foundation in conformance with local requirements. Where lot lines or other physical barriers prohibit this, drains, swales, and/or rain gardens shall be constructed to ensure drainage away from the structure in accordance with code and to manage runoff on site. Rain gutters shall be installed if none exist. Gutters shall slope 1" for every 20 linear feet with downspouts installed at a minimum every 40'. Downspouts must empty into a splash block or be diverted at least five feet from the building. Special care must be

taken to not discharge water onto adjacent properties.

(3) Driveways, Sidewalks, and Patios. Paved surfaces must be in good condition and shall be free from hazards which can cause tripping and falling. Paved surfaces adjacent to the foundation shall not slope towards the structure so that water can collect at the foundation. If tripping hazards and drainage problems exist, the paved surface shall be removed and rebuilt. Paved areas must conform to local code requirements for nonpermeable lot coverage requirements.

(A) Driveways. Following existing driveway demolition, all organic matter shall be removed. Subsoil shall be compacted uniformly and evenly. Forms shall be constructed to meet current required minimum slopes away from the building and at required depth. Install either rebar or welded reinforcing wire as required and allowed by current code. Expansion joints shall be installed at all radius points, sidewalk intersections and building slab tie-ins.

(B) Sidewalks and Patios. Following existing sidewalk demolition, all organic matter shall be removed. Subsoil shall be compacted uniformly and evenly. Forms shall be constructed to provide the correct minimum slope away from any building, at depth required by current codes in place at the time. Accessible Route cross slope shall conform with requirements in California Building Code Chapter 11A, section 11113A. Expansion joints shall be installed at all radius points, sidewalk intersections and slab tie-ins. If sidewalks and patios are installed and are connected to an entry door, an accessible entry will be required.

(4) Ramps. On Accessible Routes, ramps shall meet the requirements of the most current ADA and the applicable Accessibility requirements provided in these Standards.

(5) Vermin and Insects. The premises shall be free from infestations of vermin and wood-boring insects. Inspections shall be performed by state licensed extermination contractors if evidence of infestation exists. Conditions which increase or cause infestation shall be removed (e.g. accumulation of rubbish garbage, unsanitary conditions, presence of consistent moisture, untreated wood in contact with soil, etc.). One or more of the following termite treatments shall be included in the Rehabilitation if infestation is observed; chemical termiticide treatment, termite baiting system installed and maintained according to the manufacturer’s label, use of naturally durable termite-resistant wood, and/or termite shields, or other materials as allowed by Code or regulation.

(6) Landscaping for Additions. When an addition is built, underground utilities run, grade changes made, or the soil is otherwise disturbed, proper compaction and a fine finish grading shall be done and seed, sod or native plants shall be installed matching as closely as possible the existing surrounding yard and in conformance with California Water Efficiency requirements.

(7) All fencing, railing, and gates must be in good and serviceable condition and shall meet applicable current codes and standards. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted, and restored to look new. All pedestrian and vehicle gate hardware and access systems must be functional.

d. Site Amenities

Where possible, existing site amenities which enhance the livability of the project (e.g., play structures, playground areas, seating, benches, patio areas, bike racks, grills, and fencing, etc.) should be maintained in good repair or replaced if in poor condition. New site amenities may also be provided, if allowed. Any site amenities must follow applicable accessibility, State and local codes, and HCD program requirements.

2.Structural Support, Foundations, and Roofing

2.1 Foundations

a. General Requirements and Minimum Standard Conditions

Foundation work shall be completed in its entirety prior to beginning work on other areas of the housing unit(s). Leveling shall be done in such a manner as to provide an acceptable degree of tolerance. When leveling takes place, doors, windows and other openings shall be reasonably plumb, level and easy to operate. Interior wall coverings shall be repaired and Plumbing Systems shall be inspected to ensure the system functions as intended. Foundation leveling shall include grading of the soil to provide a slope away from the building to meet current code requirements. If the lot does not allow for this grade, a French drain, or other approved management system, shall be installed to drain water away from the building, or swales shall be designed and built to control rainwater runoff. Underpinning shall be required when foundation leveling is a part of Rehabilitation.

b. Substandard Conditions

At a minimum, repair or replacement is required if any of the conditions exist:

- Evidence of wood destroyed by insect damage;
- Water and/or fire damage or dry rot to wooden piers, beams, joists, and subfloor;
- Inadequate support of beams, sills, or joists;
- Lack of drainage away from the building;
- Cracked, damaged, buckled skirting;
- Untreated wood in contact with the soil; or

- Any other condition which meets the definition of a hazardous or substandard condition.

c. Other Requirements/Conditions

(1) Slab on Grade. All concrete floors shall be without serious deterioration or conditions that present a falling or tripping hazard. With existing concrete floors, cracks longer than six inches in concrete slabs, 3/4 inch along walkways or steps, or any missing or uneven sections shall be repaired. Slab on grade foundations that are failing, as demonstrated by an inspection by a structural engineer, shall not be rehabilitated.

(2) Pier and Beam Pier and beam rehabilitation must be done in accordance with California Building Code Chapter 16. For venting and crawlspace, refer to California Building Code, Chapter 12, section 1202.

2.2 Roofing Systems

a. Description

All relevant roofing components, which include but are not limited to, trusses, rafters, ridge beams, collar ties, ceiling joists, top plates of walls, and sheathing. Moreover, Truss Designs for Replacement Roofs complying with wood roof framing, includes: slope, span, and spacing; location of all joints, required bearing widths; design loads; joint connector type and description; lumber size, species, and grade; connection requirements; bracing locations; and roof tie-downs and uplift resistance details for high wind areas, or as otherwise provided by code.

b. General Requirements and Minimum Standard Conditions

The Roof System and the roof covering shall safely support the loads imposed. Framing and decking shall be structurally sound, properly fastened, and form a sound base for attaching the roof covering. The Roof System shall be configured to provide a positive drainage plane.

c. Substandard Conditions

At a minimum, any Roof System that is incapable of safely supporting the load or fails to safely provide adequate drainage must be repaired or replaced. Deteriorated, missing or loose framing or sheathing must also be corrected. Generally, repair or replacement is required for any applicable condition listed below:

- Multiple layers of roof covering materials (no more than two);
- Water damage caused by leaks through the roofing system;
- Missing, worn, or upturned shingles;

- Damaged, missing, or improperly installed roof jacks, flashings, drip edges on both rakes and eaves;
- Exposed nails or other fasteners;
- Structural damage to trusses;
- Extensive patchwork and repairs;
- Missing, damaged, loose, leaking, blocked, improperly sloped gutters and downspouts;
- Wear and tear leading to a failed system within five years from the initial inspection; or
- Any other Hazardous or Substandard condition.

2.3 Structures

a. General Requirements and Minimum Standard Conditions

Roof structures incapable of safely supporting the load or providing adequate slope for drainage shall be repaired or replaced. Sagging roofs shall be replaced or stabilized. Stabilization of sagging roofs that will not be replaced shall be designed by a structural engineer.

b. Other Requirements/Conditions

(1) Truss Design for Replacement Roofs. Truss designs for replacement roofs shall comply with wood roof framing requirements which includes slope, span, and spacing; location of all joints, required bearing widths; design loads; joint connector type and description; lumber size, species, and grade; connection requirements; bracing locations; and roof tie-downs and uplift resistance details for high wind areas.

(2) Roof Framing for Replacement Roofs. See California Building Code Chapter 15, section 1511 and California Energy Code Section 180.2 (multifamily buildings) for reroofing requirements.

(3) Sheathing Replacement. 5/8” CDX plywood shall be installed with clips spaced O.C. between rafters for rafter spacing of 24”, or as otherwise required by California Building or local codes.

(4) Ventilation. Unconditioned attics shall be cross ventilated. A one-to-one ratio shall be installed. Soffit vents shall have baffles installed providing at least one inch of

airspace to prevent wind washing and/or attic insulation blocking soffit vents. All vents shall have corrosion-resistant wire cloth screening or similar material in a size designed to provide a spark barrier to building openings, per code sizing requirements.

(5) Radiant Barriers, powered ventilation. Barriers, venting, powered venting, where allowed, shall conform to California Building Code Chapter 12, section 1202. See also California Energy Code Section 180.2.

2.4 Roof Covering

a. General Requirements and Standard Materials

Asphalt shingles shall be fastened to solidly sheathed decks in conformance with requirements of California Building Code Chapter 15, section 1507.2. Otherwise, roof weatherproofing, reinforcement, and surfacing shall be completed in accordance with applicable provisions of the applicable Code.

(1) Flashings. Flashings shall be installed in a manner that prevents moisture from entering walls or the roof through penetrations, at eaves and rakes, at wall/roof intersections, wherever there is a change in roof slope or direction and around roof openings in conformance with requirements in California Building Code Chapter 15 section 1507.2.8.

(2) Valley Flashings. Closed valleys (covered with asphalt shingles) shall conform with requirements of the California Building Codes in Chapter 15 section 1507.8.2.

3.Minimum Standards for Walls, Ceilings, & Flooring

3.1 Walls and Ceilings

a. General Requirements and Minimum Standard Conditions

On exterior walls, all defects or deterioration that would allow the elements to enter wall cavities shall be corrected through Rehabilitation. Replacement of sections of walls and ceilings shall match adjoining materials as closely as possible (e.g. thickness of the existing material). When replacement of entire wall or ceiling coverings or sections of them is replaced, priming and painting of the entire wall or ceiling shall be completed.

b. Substandard Conditions

Repair or replacement is required if any condition listed below exists:

- Water damage or dry rot of siding, trim, or interior wall coverings;
- Exposed nails or popped seams;
- Peeling or chipped paint, holes, cracks, or gaps in interior wall coverings or exterior cladding;
- Broken, fire damaged or missing exterior cladding;
- Sagging or missing ceiling sections;
- Wood destroying insect damage in exterior cladding; or

- Any other condition characterized as Hazardous or Substandard.

c. Other Requirements/Conditions

(1) Walls.

(A) Exterior Walls. If removing the exterior cladding, deteriorated exterior wall sheathing, studs, and bottom and top plates shall be replaced. Deteriorated or missing insulation shall be replaced and wall cavities shall be insulated to minimum code standards. Masonry repair or replacement shall match existing masonry as closely as possible, installed plumb, true, and in line with existing courses. If weep holes are filled or nonexistent, they shall be provided at least every 3' at the slab and at least 1 above each window or as otherwise required by State or local code. Siding repair or replacement shall match existing siding as closely as possible and

provide for a positive drainage plain. All joints and seams shall fall on-center of wall framing. Overlap and water sealing shall be completed in accordance with the manufacturer's installation instructions.

(B) Interior Walls. A structural engineer shall inspect interior bearing walls that are proposed to be moved. Non-bearing walls do not require a structural engineer. Moved or newly installed walls shall be constructed with 2x4 studs with the bottom plate securely fastened to the floor and the top plate securely fastened to ceiling joists. All new gypsum board shall be installed according to the manufacturer's installation instructions and shall be installed a minimum of 1⁄2" above the finished floor, taped, floated, and feathered prior to painting. New wall coverings shall not show noticeable blemishes or dents and tape shall not show after painting. All interior walls shall be painted with low Volatile Organic Compound (VOC) paint in accordance with CALGreen section 4.504.22.

(C) Bathroom Walls. Bathroom walls that are to be replaced shall be replaced with appropriate backer board. If tile will be installed in the shower/tub area, concrete board, or equivalent, shall be installed. Bathroom wall coverings shall be installed a minimum of 1⁄2" above the finished floor, taped, floated, and feathered prior to painting. New wall coverings shall not show noticeable blemishes or dents and tape shall not show after painting.

(2) Ceilings. For ceiling structure, see the Roofing Chapter. Replacement of ceiling coverings shall be with 5/8" Type X gypsum board. Fastening shall be in accordance with the manufacturer's installation instructions. All new gypsum board shall be taped, floated, feathered, primed, and painted. When ceilings are replaced, all ceiling fixtures removed and reinstalled for replacement shall be air sealed.

(3) Painting and Finishes. All areas not to be painted shall either be removed and reinstalled or completely covered to prevent overspray or splatter. Receptacle and switch plates shall be removed and reinstalled.

(A) Interior Walls: All walls that were repaired or replaced shall be painted. Bathroom walls shall have a semi- or high-gloss sheen.

(B) Exterior Walls: Replaced or repaired exterior cladding, with the exception of brick veneer, shall be painted with at least two coats of exterior grade paint. Existing exterior walls not replaced or repaired but still painted must comply with all applicable requirements:

(i) For stucco repair or installation, installers shall comply with the correct ASTM standard specification for the product and installation type;

(ii) The ground shall be protected with a drop cloth. For pre-1978 housing determined or assumed to have lead-based paint, all scraped paint shall be disposed of in accordance with applicable HUD and Cal-EPA guidelines.

(C) Trim and Baseboards. All installed trim around doors, windows, and floors shall be painted on both sides (except for baseboard trim).

3.2 Flooring

a. General Requirements and Minimum Standard Conditions

All flooring, including transitions between rooms, must be effective, relatively level, free of tripping hazards, and adhere to or exceed all applicable Accessibility standards. Floor covering and subflooring(s) must function as intended, as demonstrated through sufficient inspection. Related deficiencies must be corrected during Rehabilitation, as provided in these Standards.

b. Substandard Conditions

Deteriorated, inadequate, and weakened floor framing and subfloors can be the result of poor initial construction, foundation settling or failure, careless remodeling, water, or wood boring insects. A thorough inspection shall be conducted to identify all subfloor and flooring deficiencies. The following conditions require that corrective measures (repair or replacement) be taken:

- Damaged, rotten, loose, weak or otherwise deteriorated subfloor;
- Torn, missing, broken, or otherwise damaged floor covering that creates a tripping hazard;
- Missing baseboards, shoe molding, or transition strips; or
- Any other condition that meets the definition of Hazardous or Substandard. In

doing so, repairs to severely sloped or uneven floors must satisfy all corrective measures or replacement will be required. New floor coverings shall be installed because the existing floor covering is ineffective, there are obvious trip hazards, because the subfloor was replaced, or because other work requires it, such as increasing the square footage of a room. Replacement flooring may be required if necessary for Accessibility purposes; other concurrent work; or significant subflooring repairs/replacement occur. If required, any and all applicable Foundation work must be completed first. Thereafter, flooring replacement shall be conducted in accordance with the manufacturer's installation requirements.

c. Other Requirements/Conditions

(1) Subfloor.

(A) Concrete Slab. If the concrete slab foundation is functioning as intended and is relatively level, no additional subfloor preparation is required. If it is functioning as intended, but not relatively level or has settlement cracks, self-leveling flooring compound shall be installed prior to installation of the floor covering.

(B) Other Habitable Rooms. Other habitable rooms requiring subfloor replacement shall have 3/4" CDX plywood installed as the subfloor with floor joists not more than 24" on center. All subfloor shall be installed with screws and include subfloor caulking adhesive.

(2) Floor Coverings. Installation of materials shall be done according to manufacturer's specifications. 2022 CALGreen includes requirements for carpet, carpet cushion, resilient flooring, and composite wood products in Section 4.504.

(A) Kitchens and Bathrooms. Replacement floor coverings in kitchens, bathrooms, laundry rooms, and utility rooms shall be water resistant. Transitions between rooms shall match the new floor covering or match as closely as possible existing floor covering that is left in place. Replacement floor coverings shall be selected for durability, safety, and ease of maintenance.

(B) Other Habitable Rooms and Transitions between rooms shall match the new floor covering or match as closely as possible existing floor covering that is left in place. Replacement floor coverings shall be selected for durability, safety, and ease of maintenance.

4. Other Cladding and Weatherproofing (e.g. Windows, Doors, Siding, Gutters)

4.1 Doors and Windows

a. General Requirements and Minimum Standard Conditions

Applicable Foundation work must be completed prior to repairing or replacing doors and windows. Each habitable room that contains a window shall have at least one window that is in operable condition and capable of being held in the open condition without assistance or device. Habitable bedrooms must have a minimum of one window that meets egress requirements. Bathrooms, bedrooms and utility rooms shall have a door that is easily operable and fitted with functioning hardware that tightly latches the door.

All windows repaired or replaced as part of the scope of work must operate safely, effectively, and conveniently regardless of the user's age or ability. Each window must have an operable screen. Repaired or replaced windows must meet or exceed the requirements of an Energy-Star Rating. Additionally, blinds or window coverings must be provided for all windows.

b. Substandard Conditions

At a minimum, any of the following conditions must be repaired or replaced:

- Broken, missing or cracked window panes;
- Rotten or deteriorated sills, frames or trim;

  Missing seal or sealant or dried, cracked or missing putty or caulking around window panes;
- Windows painted shut, inoperable or difficult to open and close;
- Security bars that do not open from the inside without any special knowledge or tools;
- Windows and exterior doors that do not lock;
- Broken, damaged, or deteriorated doors;
- Doors that do not shut and latch or lock smoothly with the strike plate;
- Exterior doors that are not listed as exterior doors;
- Rotted, deteriorated or damaged thresholds, jambs, frames, or trim; and
- Any other condition that can reasonably be characterized as Hazardous or Substandard.

4.2 Doors:

a. General Requirements and Minimum Standard Conditions

All doors shall be in good operating order, easy to open, close and latch. All replacement doors must be installed true and plumb with trim installed on both sides. Hardware style (e.g. knob, lever handle, passage), finish (e.g. chrome, brushed nickel, satin), and any glazing shall be identified in the scope of work. All doors that come into contact with interior walls when opened shall have baseboard mounted, rubber tipped door stops installed.

(1) Interior Doors. Interior door replacements must be installed true and plumb, with trim installed on both sides. Bathroom doors shall be able to be locked.

(2) Exterior Doors. Exterior doors include, but are not limited to, doors connecting the conditioned space with an attached garage. Replacement exterior doors must be at least Energy Star qualified, or its equivalent, double bore exterior doors. Doors connecting the conditioned space to an attached garage shall also be fire rated. All exterior doors shall be keyed alike with a sufficient number of key copies provided to the residents.

b. Other Requirements/Conditions

(1) Accessibility and Universal Design. Accessible doors may be required depending on the Unit or Household Type(s). Universal design principles state that housing should be built to accommodate any person regardless of age or physical ability. See California Building Code Chapters 11A and 11B for required accessibility standards for publicly funded multifamily housing.

4.3 Windows

a. General Requirements and Minimum Standard Conditions

All windows shall be in good operating order, easy to open, close, latch, and lock. Windows that cannot be repaired must be adequately replaced. Flashing materials shall provide a positive drainage plane. Note: 2022 California Energy Code, or replacement standard contains specific window replacement requirements. Replacement windows shall meet or exceed requirements of the California Energy Code section 1802. The Performance Chart included in the Code provides the minimum performance ratings required for all replaced and, if practical, repaired windows.

4.4 Gutters and Downspouts

a. General Requirements and Minimum Standard Conditions

All gutters and downspouts must be installed or replaced (repair alone is insufficient). Downspouts shall be installed at a minimum every 40’ and shall discharge water at least five feet from the foundation. Drainage five feet away from the foundation may be accomplished through the installation of a French drain, swales, or other means of directing water away from the foundation. Water shall not be discharged onto an adjoining property.

5. Plumbing, Potable Water, and Sanitary Sewer Systems

5.1 Plumbing Systems

a. General Requirements and Minimum Standard Conditions

The Plumbing System must effectively provide both a safe and adequate supply of potable water, and a safe and sanitary method of distributing wastewater. Effective Plumbing Systems adhere to the following mandatory plumbing principles:

- Sewer gasses shall not be allowed to enter any housing Unit.
- Sewer leaks must be identified, repaired or replaced, and improper disposal methods discontinued.
- Water leaks must also be identified and repaired or replaced.
- Water must be free from hazardous contaminants and safe for drinking, bathing and other uses.
- An adequate supply of water must be available for all water needs, which includes having adequate pressure at each fixture.
- Supply, drain, waste, and vent pipes shall not interfere with structural integrity. Notching and drilling of structural members shall comply with code requirements.
- Plumbing work shall be performed by state licensed individuals, and plumbing inspections performed by experienced and qualified individuals knowledgeable in the field of plumbing.
- Water heaters must meet seismic anchoring (strapping) requirements in the California Plumbing Code (CPC) 507.2 and Health and Safety Code 19211(a).

b. Substandard Conditions

Existence of any condition listed below shall require, at a minimum, adequate repair or replacement.

- Lack of the following:
    - Continuous sanitary water supply;
    - Continuously functioning sanitary wastewater disposal system;
    - Functioning shut-off valves at toilets, sinks and lavatories;
    - Access to waste lines such as clean-outs;
    - A minimum of one functioning toilet, bathroom sink, or tub/shower; or
    - Functioning kitchen sink;
- Septic system or Plumbing Fixtures not performing as intended;
- Leaks in any supply or waste lines;
- Deteriorated, corroded, or leaky supply or drain pipes;
- Supply or drain piping consisting of a mixture of different types of piping or fittings, or is run in an inefficient manner;
- Natural gas DWH combustion air taken from conditioned space;
- Inadequate natural gas DHW vent (e.g. not double walled or skirted at roof penetrations);
- Rusted or corroded DHW pipes or storage tanks;
- If any of the following are missing, blocked, or improperly installed:
    - Vent pipes;
    - Gas shut off valve on natural gas Domestic Water Heater (DWH);
    - Temperature and pressure-relief valve (TPRV) on DWH;
    - Shut off valves at the water meter, each toilet, each sink, DWH, or tub/shower locations; or
    - Natural gas domestic water heaters (DWH) located in bathrooms, bedrooms, closets or utility rooms where a clothes dryer is present; or
- Any other condition reasonably characterized as Hazardous or Substandard.

If replaced, newly installed Plumbing Systems, piping, and fittings must be properly installed, connected, free flowing; and must be free of leakage and corrosion of water or sewer gasses. In addition, plumbing fixtures and fittings must meet or exceed lead content requirements as outlined in the Health and Safety Code Sections 116875 and 116876.

5.2 Potable Water

a. General Requirements and Minimum Standard Conditions

Water service lines shall be properly connected to a public or approved private system functioning as intended. All newly installed supply lines must be flushed and fittings tested for leaks. Privately owned wells and systems must also be tested for water quality. Testing must occur prior to commencing Rehabilitation; and must be conducted by a local health department or other qualified, unaffiliated source. Appropriate corrective measures are required for privately supplied water determined not suitable for use.

b. Other Requirements/Conditions

(1) Water Supply. All dwellings shall have adequate, safe, and potable water supplied through a safe Plumbing System to all fixtures.

(2) Hot Water. Hot water is defined in the California Plumbing Code as water at a temperature exceeding or equal to 120 degrees F (49 degrees C). Section 601.2 requires hot water for bathing, washing, laundry, cooking, dishwashing, and maintenance.

(3) Water Quality. Supply systems shall provide for the delivery of potable water through a safe system of piping, free from leaks and other defects and not subject to the hazards of backflow.

(4) Exterior Pipe Protection. All newly installed exterior water lines shall be buried at a minimum depth as defined by code for the climatic region.

(5) Water Pressure. Must meet requirements as set forth in the California Plumbing Code. See section 608.1 for inadequate water pressure and 608.2 for excessive water pressure.

(6) Pipes. California Plumbing Code, section 604.1 requires pipe, tube, fittings shall comply with National Sanitation Foundation (NSF) 61 requirements. The California Energy Code outlines hot water piping insulation requirements in section 180.2.

(7) Valves. The main water line shall have an accessible service shut-off valve, as defined in Section 203 of the 2022 California Plumbing Code for each building or Unit, as applicable. All hot and cold-water supply lines feeding all Plumbing Fixtures shall be equipped with functional and accessible shut-off valves. Access panels for tub/shower enclosures must be provided for access to valves and maintenance, if possible with

wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access. All valves shall be tested and must not leak.

5.3 Sanitary Drainage

a. General Requirements and Minimum Standard Conditions

The sanitary drainage system consists of the pipes designed to provide adequate circulation of air, exhaust of sewer gasses, prevent loss of water seals in traps and provide for wastewater flowing out of the home and into an approved sewage disposal system. All fixtures shall be connected to an approved sewage disposal system and free of leaks. New sewage disposal systems shall comply with Cal-EPA and State of California and local jurisdiction requirements.

b. Substandard Conditions

(1) Unapproved Private Systems. Unapproved systems include pit privies, cesspools, ponds, lakes, streams and rivers. If any of these systems are in use, they must be abandoned and the building must be connected to an approved sewer disposal system.

(2) On-Site Sewage Facilities (OSSF). Prior to conducting Rehabilitation, all OSSF systems shall be inspected by a licensed OSSF inspector. If not performing as intended, an existing OSSF system must be repaired, replaced, or abandoned as provided below:

(A) Repair or Replacement. If repair is suitable, the tank shall be drained and all components tested and repaired or replaced. Special attention must be given to the drainage field; tree cutting and site clearing of the field may be required and replacement made. The drainage field must be designed for the existing soil conditions and the water table at the site and installed by a licensed installer.

(B) Abandonment. If, in accordance with requirements in the California Plumbing Code section 713.4, a public system is available to connect to, and the existing OSSF system has reached the end of its Useful Life, abandonment is required. The existing tank shall be pumped, collapsed, and filled. A licensed plumber shall connect the housing to a public system and include a clean out close to the home. (See also California Plumbing Code Appendix H, section 1101.0 for requirements for plugging and capping building sewers or portions thereof.)

(C) Other Requirements/Conditions

(1)Traps. Bell traps, “S” traps, and drum traps are prohibited. If any of these exist, they shall be replaced with a “P” trap. All fixtures shall be trapped and conform to the requirements in (A)-(F):

(A) All waste lines shall be trapped by a water seal trap as near to the fixture

as possible but in no case more than 24” from the fixture;

(B) All traps shall be set level with respect to their water seals and sink traps shall be protected from contact and damage if sinks are made accessible for individuals using wheelchairs or other mobility device(s);

(C) Trap size. Refer to California Plumbing Code Table 702.1 for minimum trap sizes.

(D) No trap shall be larger than the drainage pipe coming from a fixture;

(E) Access panels shall be provided to enclosed traps and concealed connections, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access; and

(F) Wall and ceiling openings for plumbing shall be air sealed with caulk (gap less than 1⁄4”) or expanding foam (gaps more than 1⁄4”).

(2)Vents. Plumbing Systems shall be designed to prevent sewer gasses from entering the living unit(s), allow waste to adequately drain into an approved sewer system, and shall be vented to the exterior so that water released from fixtures may draw in air to allow for smooth and even drainage. All vents must also meet or exceed the following requirements:

(A) All Plumbing Systems shall have vent stacks and number of fixtures in accordance with California Plumbing Code Table 703.2;

(B) Plumbing vent systems shall only be used for the purpose of venting the system;

(C) New and Existing vents shall conform with California Plumbing Code section 906.1; and

(D) All vent stacks terminating in an attic shall be extended or replaced. No vent stacks shall terminate near any window or door or under soffits.

5.4 Minimum Standards for Plumbing Fixtures

a. General Requirements for Minimum Standard Conditions

All Plumbing Fixtures shall be free of leaks or defects which interfere with their ability to perform as intended. Existing fixtures in good and safe working order are generally not required to be repaired or replaced.

b. Other Requirements/Conditions

Any and all replacement plumbing fixtures and appliances must be installed per the manufacturer's installation instructions, including water sealing, and must be completed in accordance with all applicable requirements provided below:

- All replacement fixtures shall meet or exceed the requirements of WaterSense qualified or equivalent products.
- All replacement plumbing appliances must meet or exceed the requirements of Energy Star, or equivalent, qualified products.
- All replacement shower fixtures shall use anti-scald control devices. Access panels shall be provided to these valves, if possible, with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access.
- All fixtures shall be supported and securely attached in a manner consistent with normal installation methods and installed level.
- All faucets shall have the hot water line on the left side of the faucet. Existing supply lines that are reversed shall be changed.
- If existing garbage disposals are not performing as intended or are not hardwired to the electrical system, they shall be removed, repaired, or replaced. New garbage disposals shall be hard wired and switched in an accessible location as close as possible to the kitchen sink.
- All repaired or replacement fixtures and appliances shall be tested for leaks and proper operation.

5.5 Minimum Standards for Domestic Water Heaters (DWH)

a. General Requirements and Minimum Standard Conditions

All DWHs, with the exception of tankless water heaters, shall, at a minimum, meet local jurisdictions' gallon storage capacity that can supply a continuous flow of hot water that is at least 102 degrees F, with gas or electric shut-off valves as well as cold water supply shut-off valves, all installed and functioning as intended. Larger capacity DWHs may be

installed if necessary to serve larger households. Replacement DWHs shall meet or exceed the requirements of Energy Star qualified, or equivalent, products.

(1) Temperature and Pressure Release Valve (TPRV). Each unit shall be equipped with a TPRV and must be capable of releasing pressure at 150 psi or 210 degrees Fahrenheit. Water release shall extend to the exterior of the housing, if possible, with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access.

(2) DWH Enclosure. Each DWH shall be enclosed in a sealed closet designed for this purpose, with gas DWHs having combustion air drawn from outside the conditioned space. Gas DWHs inside conditioned spaces must be in separate closets that are not in the same room as a clothes dryer or any type of exhaust vent. All DWHs installed in a garage must be installed at a minimum 18” AFF with primary drainage draining to the exterior. DWHs in other locations shall be supported by a minimum three-foot concrete base, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to install a concrete base.

6. Electrical Systems

6.1 General Electrical Service

a. <u>General Requirements and Minimum Standard Conditions</u>

Electrical systems must provide a safe and adequate supply of electrical current that meets the needs of the residents. Accordingly, Electrical Systems must meet or exceed the safety and efficiency requirements provided below, which require that the system is:

- Properly grounded and free of hazards with all components properly secured and covered to prevent contact or electric shock.
- In good condition, with all electrical components up to date, lacking deterioration, and free of shorts.
- Sufficiently providing adequate, consistent, and appropriate current and voltage levels at each outlet, fixture, and piece of equipment, as per its intended use.
- Equipped with conductors, fixtures, boxes, and equipment that are properly sized and rated for their intended use.
- Adequate for its current use considering resident behavior and lifestyle.

- Equipped with an adequate quantity of appropriately located lighting, receptacles, and switches.
- Maintained, repaired, or otherwise replaced primarily in accordance with Principles of Safety, Capacity, and Convenience.

b. Substandard Conditions

At a minimum, repair or replacement is required if any of the following conditions exist:

- Inadequate capacity (e.g. excessive use of power strips and/or multiple outlet adaptors).
- Two-wire systems (lacking grounding).
- Wiring or components missing, broken, disconnected, loose, burnt or melted, unsupported, corroded, cracked, or split.
- Panel boxes that show evidence of water intrusion or infestation. Frayed or burnt wiring or wire insulation.
- Circuits, switches, receptacles, or wiring is not compatible with the amperage or other characteristics of the electricity in use.
- Flexible cords used as permanent wiring (unless Non-Metallic (NM) cable(s) otherwise installed in accordance with local building codes).
- Exposed wiring on interior walls or the exterior that are not protected in conduit or raceways (unless Non-Metallic (NM) cable(s) otherwise installed in accordance with local building codes).
- Receptacles in bathrooms and kitchens within 6’ of a water source and exterior receptacles that are not ground fault circuit interrupter (GFCI) protected.
- Reverse polarity.
- Unlabeled circuits.
- Missing cover plates.
- Components not securely attached to the structure.
- Inadequate lighting in rooms and outside of entry doors.
- Any other condition reasonably characterized as meeting the definition of a Hazardous or Substandard Condition.

c. Other Requirements/Conditions

Additions, alterations, renovations, and repairs to electrical systems and equipment must be conducted in accordance with the applicable requirements of new electrical

systems and equipment by appropriately licensed electricians. Any and all additions, alterations,

and repairs MUST NOT cause existing electrical systems or equipment to become unsafe, hazardous, or overloaded.

6.2 Existing Wiring and Fixtures

a. General Requirements and Minimum Standard Conditions

Existing electrical service and components must be safe, efficient, and in good working condition for its intended use. Moreover, the capacity of the system must meet the demand of the residents. Replacement is not mandatory for existing service and components that meet or exceed these Standard Conditions, unless otherwise required by code or local ordinance. Voluntary replacement may be permitted to meet the needs of the community more efficiently and cost-effectively and the current or intended demands of the residents.

b. Substandard Conditions

Overloaded circuits are not permitted and must be addressed by separating the load and adding an adequate number of circuits necessary to carry the load safely and efficiently.

c. Other Requirements/Conditions.

(1) Secure Fastening of Fixtures and Equipment. All components shall be securely fastened to framing members by mechanical means. No fixture or socket shall hang by unsupported wiring. All existing receptacles, switches, and junction boxes shall contain a proper cover plate. In no case shall the structural integrity of the building be compromised.

(2) New Wiring. New wiring shall be installed in a neat and workmanlike manner with all wiring runs inside of walls. If wall or ceiling cavities are not accessible, wiring shall be run in properly sized and rated raceway or wire mold, secured along the walls with proper fasteners, flush to the surface and straight.

(3) Aluminum Wiring: All aluminum wiring in housing to be rehabilitated shall be replaced with a 3-wire system and in accordance with current code requirements.

(4) Knob and Tube Wiring. Knob and tube wiring shall be replaced with a 3-wire system and in accordance with these Standards.

6.3 Sizing of Service and All Electrical Homes

a. General Requirements and Minimum Standard Conditions

The service entrance cable shall have the same rating (amperage) as the meter base and service equipment. Replacement of a service entrance shall require calculation of

the usage or load within the building to assist in determining the appropriate size. The service entrance must be properly sized for its intended post-Rehabilitation capacity. Room-by- room specifications noting electrical outlets and fixtures shall be included in the scope of work. Nameplate ratings of all appliances must be reviewed for actual VA ratings.

b. Other Requirements/Conditions

Main Service Panel. Panels shall be in proper working condition with no evidence of overheating, arcing, corrosion, or failure. The panel shall bear the UL label and shall be marked as suitable for service equipment. Any panels (or installed breakers) identified as substandard by the U.S. Consumer Product Safety Commission shall be replaced. Panels with evidence of malfunction or deterioration shall be replaced.

6.4 Material and Equipment Installation

a. General Requirements and Minimum Standard Conditions

All materials, components, and equipment shall be listed or labeled by a qualified electrical products testing laboratory (e.g. “UL” or “CSA”). Listed materials, components, and equipment must be installed per the intended use, with location determined in accordance with the manufacturer’s installation instructions.

6.5 Minimum Standards for Grounding

a. General Requirements and Minimum Standard Conditions

All electrical systems shall consist of a single phase 3-wire grounded neutral service entrance and shall provide system grounding and equipment grounding protection. The service panel shall be connected to the grounding electrode system and an eight foot (8’) galvanized or copper clad steel ground rod. All electrical panels shall meet or exceed the bonding requirements of the National Electrical Code (NEC). If present, metal water pipes shall be bonded to the grounding electrode systems as a means to ground the Plumbing System and prevent pipes and fixtures from becoming energized and hazardous. All wiring and equipment shall be grounded in accordance with the grounding requirements of the NEC.

6.6 Overcurrent Protection

a. General Requirements and Minimum Standard Conditions

The number of circuits installed shall not exceed the rating on the panel. The selection of a panel shall provide room for future expansion. All circuits shall be clearly, accurately, and permanently labeled with tags provided. All unused openings shall be properly plugged, capped or sealed with listed materials.

b. Substandard Conditions

Tandem breakers shall only be used in panels designed for them. Any service

equipment containing fuse overcurrent protection shall be replaced with properly rated circuit breaker type overcurrent protection devices.

c. Other Requirements/Conditions

Panel board overcurrent devices shall be properly sized and located at the exterior in a subpanel if the main service panel is in the interior. All existing circuits shall be load tested for tripping.

6.7 Service Panel and Sub-Panel Connections

a. General Requirements and Minimum Standard Conditions

All existing or new service panels shall be securely fastened to the building. All panel boxes shall be listed and used in accordance with that listing. Conductors entering the service shall have proper connectors and shall be securely and neatly attached at terminals. All circuits shall be marked and identified inside the panel box and any sub-panels.

b. Substandard Conditions

Wires shall not have any obvious nicks in the insulation and shall be properly bonded. When replacement is necessary, the design and location of the service panel shall be considered in conjunction with the relevant needs and desires of the residents.

c. Other Requirements/Conditions

(1) Panel Boxes. If replacement is required, new panel boxes and subpanels must be installed in conformance with applicable State and local codes.

(2) Weather head(s). Weather heads shall be at least 12’ above the finished grade.

(3) Sub-panels. Sub-panels, add-on boxes, or disconnects to existing services for additional circuits shall be allowed only if the existing service equipment is listed and designed for such extension and the installation is in compliance with the NEC. Sub-panels are allowed if the existing service panel has adequate capacity but no available expansion slots.

(4) Service Disconnect. The main disconnect shall be accessible and clearly marked as a service disconnect.

6.8 Branch Circuits

a. General Requirements and Minimum Standard Conditions

Protection against physical damage of exposed electrical equipment shall be provided throughout Rehabilitation.

b. Other Requirements/Conditions

(1) Dedicated Circuits. Circuits shall be provided in accordance with the California Electrical Code (CEC) 210.52.(B) and section 210.52(D). The number of small appliances used by the occupants shall be taken into consideration when planning the circuit loads and placement of receptacles to avoid overloading a circuit and to eliminate the use of extension cords or multiplex outlets. Additional circuits may be necessary and are allowed. If applicable, and as sized in accordance with manufacturer's instructions, dedicated circuits are required for at least the following appliances listed below:

- Refrigerators
- Separate freezers
- Electric range or cooktop
- Electric oven
- Clothes dryer
- Electric water heater
- Electric furnace/air handler
- Microwave oven
- Air conditioner
- Sump pumps and water wells
- Septic system aerators
- Electrical vehicle chargers (see also 2022 CALGreen electrical vehicle charging infrastructure requirements for alterations or addition to parking facilities in section

  4.106.4.3 if applicable); and
- Any other major electric appliance.

(2) Circuit Load Distribution. All circuit wiring shall be properly sized to serve the load.

(3) Two-wire Systems. All 2-wire, ungrounded wiring shall be replaced with 3-wire, grounded wiring.

(4) Unused Switches, Receptacles, Fixtures, Conductors and Openings. Unused switches, receptacles, fixtures, and conductors that are obtainable or otherwise within reach shall be removed. All unused openings in outlets, devices, junction boxes, conduit bodies and fittings, raceways, cabinets, and equipment cases or housings shall be effectively closed with knockout seals to prevent vermin, insects, and building materials from coming into contact with wiring.

(5) Wire Splices. All splices shall be placed in accessible and listed junction boxes that are properly covered.

(6) AFCI Protected Circuits. All newly installed branch circuits that supply 15- and 20-amp receptacles installed in family rooms, dining rooms, living rooms, parlors, libraries, dens, sunrooms, recreational rooms, closets, hallways and similar rooms or areas shall be protected by an approved circuit interrupter installed to provide protection of the branch circuit.

6.9 Receptacles

a. General Requirements and Minimum Standard Conditions

All replacement receptacles must be tamper-resistant and shall be listed/labeled and installed per manufacturer's instructions. Boxes must be specifically designed for its intended purpose, properly sized (rated for the size of the circuit), and mechanically fastened with attached cover plates installed. Receptacles located in damp or wet areas must be weatherproof and the wiring shall be run in boxes, conduit(s) and fittings that are listed for wet locations.

(1) Receptacle Locations

(A) All Rooms. All habitable spaces must have receptacles. In each family room, dining room, living room, parlor, library, den, sunroom, bedroom, recreation room, or similar room or area, receptacles shall be installed so that at a minimum each wall has at least one receptacle. Receptacles shall be spaced so that at no point along the perimeter of the floor is more than 6' from a receptacle. Other rooms that are not regularly used by residents/occupants are permitted to have only a minimum of one receptacle per room. Receptacles should not be located lower than 15" above the finished floor, or to code where the standard has been updated.

(B) Bathrooms. All bathrooms must have at least one dedicated 20 amp receptacle outlet that is GFCI protected and located within 3' from the outside edge of the sink The receptacle shall be located not lower than 30" and not higher than 48" above the finished floor. Receptacles shall not be located within or directly over a bathtub or shower stall, and shall be at least 12" from the outer edge of the bathtub or shower opening.

(C) Kitchens. The kitchen shall have GFCI protected duplex receptacles in accordance with California Electrical Code section 210.52(B) and 210.52(C)(1).

(D) Other Exterior(s). Exterior receptacles shall be GFCI protected and enclosed in a listed or labeled weatherproof box in accordance with California Electrical Code 210.8(A) and 210.52.

(2) GFCI Protection. GFCI receptacles in locations other than bathrooms and kitchens (for example, but not limited to, garage, laundry rooms, within 6' of a sink) shall meet the requirements of the California Electrical Code 210.8.

6.10 Lighting

a. General Requirements and Minimum Standard Conditions

Every habitable room and all living spaces (e.g., bathroom, toilet room, laundry room, furnace or utility room, and hallways) shall be provided adequate natural or artificial lighting, as applicable.

(1) Natural lighting. Natural lighting must be provided by exterior glazed openings that generally open directly onto a public way, yard, or court. The net glazed area must meet applicable code standards for sizing and emergency egress requirements in the California Building Code Section 1031.2 or as otherwise required for rehabilitation of older properties.

(2) Artificial lighting. In accordance with California Building Code Section 1204.4 artificial lighting must provide an average illumination of 10 footcandles (107 lux) over an area of the room at a height of 30 inches above the floor level.

(3) Safety lighting. All stairways (e.g. interior within dwelling unit and exterior serving dwelling unit(s)) must be illuminated by at least one artificial light fixture controlled by a remote wall switch located at the top and bottom of the stairway.

6.11 Fixtures and Switches

a. General Requirements and Minimum Standard Conditions

All replacement fixtures shall be listed or labeled, Energy Star qualified or equivalent, and must be installed in accordance with the manufacturer's installation instructions. If existing fixtures are in a good and safe condition, securely fastened to framing members, replacement is not required. (NOTE: Please see the California Energy Commission's Appliance Efficiency Program for the types of appliances required to be certified for Appliance Efficiency.)

b. Substandard Conditions

No fixture or receptacle shall hang from a base by unsupported wiring.

c. Other Requirements/Conditions

(1) Fixture and Switch Locations. At a minimum, a permanently installed lighting fixture controlled by a wall switch is required in each room of the structure. Switches shall not be located in tub/shower areas or behind the swing of a door. All new wall switches must be located in a convenient and accessible location.

(2) Closet Fixtures. All light fixtures installed in closets shall be surface mounted or

recessed can lights. Recessed can lights shall be Insulation Contact Air Tight (ICAT) rated or its equivalent. Closet fixtures shall be a minimum 6” away from any storage, clothing, or other items, and have a protective cover over the bulb.

(3) Lamps (Light Bulbs). All replacement lamps must meet or surpass the industry standards for Energy Star qualified or equivalent Light Emitting Diodes (LEDs) or Compact Fluorescent Lamps (CFLs).

6.12 Smoke and Carbon Monoxide Detection

a. General Requirements and Minimum Standard Conditions

Each dwelling shall have listed or labeled smoke detectors installed in each bedroom and in the hallway immediately adjacent to bedrooms and on every floor regardless of whether or not there is a bedroom on that floor. Smoke detectors shall draw their primary power from the electrical system, with battery backup, and without interruption except for over current protection or current NFPA standard as required by California Health and Safety Code Sections 13114 and 13263 and delineated in the Office of the State Fire Marshal’s Building Materials Listing Law and Regulations.

b. Other Requirements/Conditions

In dwellings with attached garages and/or fuel-fired appliances, carbon monoxide detectors shall be installed. CO detectors shall be listed as complying with UL 2075 and installed within 10 feet of each room lawfully used for sleeping purposes.

All smoke and carbon monoxide detection products need to be listed by the Office of the State Fire Marshal. California Building Code Section 915 recognizes both UL 2034 and 2075 for single and multiple station carbon monoxide alarms and combination smoke/carbon monoxide alarms.

7. Heating, Ventilation, and Air Conditioning (HVAC)

7.1 HVAC Systems

a. General Requirements and Minimum Standard Conditions

In conjunction with other systems, the HVAC system of a housing unit must effectively maintain a comfortable living environment for the residents/occupants. At a minimum, all HVAC systems must:

- Provide a reliable source of heated or cooled air, as applicable, and at a comfortable temperature for all habitable rooms in conformance with California Building Code section 1203.1 and the 1997 Uniform Housing Code;
- Control ventilation and indoor air quality; and
- Be free of contaminants that negatively affect indoor air quality.

b. Substandard Conditions

Repair or replacement is required if any hazardous condition exists, which includes, but is not limited to, the following:

- Lack of a steady and dependable source of heating to all living areas.
- Lack of dependable source of cooling where the Department of Housing and Urban Development has listed the area as AC eligible.
- Gas-fired air handler inside the conditioned space which draws; combustion air from the interior.
- Combustion gasses not venting to the exterior.
- Leaking, damaged, rusted or cracked heat exchanger.
- Leaking, corroded or damaged gas supply pipe.
- Missing gas shut-off at each appliance.
- Lack of a functioning pilot or electric start.
- Inadequate duct system that does not supply necessary conditioned air to all living areas.
- Leaking ducts or returns.
- Mismatched or poorly repaired equipment.
- Deficiencies are too numerous to justify repair expenses.
- Unvented gas-fired wall heaters in enclosed rooms. If existing, the wall unit shall be removed and the gas line capped Gas-fired kitchen stoves and/or ovens without ventilation to the exterior.

- Lack of a functioning carbon-monoxide detector in homes with gas-fired appliances or equipment.

c. Other Requirements/Conditions

(1) Sizing and Selecting a New System. Replacement heating equipment shall meet the California Building Efficiency Standards. Cooling equipment shall be sized in accordance with the current version of the Air Conditioning Contractors of America (ACCA) 16 Manual J or other approved methodology. Equipment selection shall comply with the current version of ACCA Manual S or other approved methodology. Data for heating and cooling loads shall be calculated in accordance with required post-rehabilitation conditions. Residential Duct Systems will comply with ACCA 1 Manual D.

(2) Installation. Installation of new systems shall comply with the manufacturer's installation instructions, as appropriate for the fuel source. All replacement equipment shall have a permanent electrical receptacle, switch, light fixture near the equipment, and installed in an accessible manner so that future inspecting, maintaining, and repairing the system can be completed.

(3) Programmable Thermostat. A programmable thermostat shall be installed when a new heating and cooling system is installed. Upon installation, the temperature settings shall be done by the contractor, the occupants shall be educated on using the thermostat and the instructions and warranty shall be provided to the occupants. The location of the thermostat shall be in a central location and not within 3' of doors, windows, appliances, or televisions and installed not higher than 48" AFF, measured from the center of the thermostat.

(4) Specific Requirements for Cooling Equipment.

(A) Climate Zones. Cooling equipment shall meet SEER/12 Energy Efficiency Ratio (EER) Energy Star Qualified, or its equivalent for the applicable climate zone, or, alternatively, shall be a heat pump.

(B) Indoor Air Handler. If the indoor air handler is being replaced, the outdoor coil shall also be replaced and it shall be matched to the indoor air handler, unless the outdoor coil is in good working condition and is compatible and properly sized to the new indoor air handler.

(5) Specific Requirements for Heating Equipment.

(A) Climate Zones. Heating equipment shall meet AFUE % for gas furnace or equivalent for the appropriate California Energy Code climate zone; greater than or equal to the SEER/EER for air source heat pump, Energy Star qualified with

electric backup (or equivalent), or, alternatively, shall be a ground-source

heat pump, Energy Star qualified (or its equivalent) for the appropriate climate zone.

7.2 Distribution Systems

a. General Requirements and Minimum Standard Conditions

The distribution system (e.g. ductwork) must provide an adequate supply of conditioned air to each habitable room, as well as an adequate amount of return air from each habitable room. Existing distribution systems must be inspected to determine whether the system is operating efficiently, properly balanced, and adequately supplying conditioned air for all habitable rooms. For more on ventilation requirements, see California Mechanical Code, Chapter 4.

b. Other Requirements/Conditions

(1) Duct Cleaning. If the distribution system is dirty, but is otherwise operating effectively, duct cleaning is required. This requires complete duct sealing by mechanical means and with duct mastic (so as to adequately eliminate the source of dirt and debris entering the system).

(2) Replacement and Relocation. Replacement shall ensure all newly installed distribution systems are sized per the current version of the ACCA Manual D (or other HCD-approved methodology). Every effort should be made to relocate the replacement distribution system to the conditioned space through the installation of dropped soffits. If this is not possible, locating the distribution system in the attic shall require mechanical fastening, sealed with duct mastic, and insulation to the appropriate R-standard. Distribution systems shall not be located at the exterior of the home exposing the system to the elements.

(3) Installation. Connections and routing of new ductwork shall be completed without kinks or sharp bends and without excessive coiled or looped flexible ductwork. All connections shall be mechanically fastened, sealed with mastic, and properly supported. Runs shall be insulated to the appropriate R-standard when installed in unconditioned space.

(4) Room Pressurization. Room pressure balancing systems are recommended. Unbalanced distribution systems require transfer grills or jumper ducts to be installed to provide balance with rooms when doors are closed (with respect to the rest of the housing unit). Undercutting doors is prohibited.

7.3 Ventilation and Indoor Air Quality

a. General Requirements and Minimum Standard Conditions

At a minimum, sufficient ventilation must be provided so as to ensure adequate, continuous, non-contaminated air circulation throughout the Development.

b. Additional Requirements/Conditions

(1) Exhaust fans. Exhaust fans shall comply with or exceed the applicable requirements and must be at least Energy Star qualified (or its equivalent). All bathroom, toilet rooms, and kitchen fans shall exhaust to the exterior (either through the roof or a gable wall), be mechanically fastened, sealed with duct mastic, insulated to the appropriate R-standard, and have a mechanical damper. Flashing shall be installed to provide a positive drainage plain. Flex duct terminating at a gable vent is prohibited.

(A) Bathroom and Toilet Room Exhaust Fans. All bathrooms and toilet rooms must be ventilated by exhaust fans (vented to the outside) in accordance with CALGreen standards at section 4.506.1. Bathroom exhaust fans shall be installed on a dedicated GFCI protected circuit. Combustion appliances venting to the exterior shall not be located in bathrooms.

(B) Kitchen Exhaust Fans. Kitchens require mechanical exhaust fan(s) (e.g. kitchen range hoods) be installed unless adequately ventilated by an existing and operational exhaust fan (vented to the outside) in accordance with California Mechanical Code section 405.4.

(2) Supply Air. The following conditions apply if supply air is installed and connected to the return plenum:

- Supply air inlets must be located as required by the California Mechanical Code section 311.3;
- Spark prevention, rodent and insect screens must be installed in accordance with California Mechanical Code section 402.4;
- Ventilation must come directly from the outdoors and not from adjacent dwelling units, garages, crawlspaces, or attics and must conform to California Mechanical Code section 311.4; and
- The duct must be mechanically fastened, sealed with duct mastic as outlined in California Mechanical Code 603.10. See also California Mechanical Code sections 605 and 606 for requirements for requirements on dampers, smoke dampers, ventilating ceilings. For types of ducting and support, see CMC 603.

Appendix E: HOME Resale and Recapture Policy

First-Time Homebuyer Program

PURPOSE AND GOALS

To meet the needs of low-income Californians, the State of California's Department of Housing and Community Development ("Department") as a Participating Jurisdiction ("PJ") has authorized State Recipients, Subrecipients (hereinafter known as the "grantee" or "Grantee"), Community Housing Development Organizations ("CHDOs"), and Developers to operate local HOME-funded First-Time Homebuyer ("FTHB") programs and/or develop FTHB projects as eligible HOME activities for eligible areas in accordance with the regulations from the U.S. Department of Housing and Urban Development ("HUD").

These programs and projects are designed to assist grantees with meeting housing goals, including:

- Providing low-income households with the opportunity to become homeowners;
- Increasing affordable housing opportunities in California; and
- Facilitating increased housing options and availability within the state.

Eligible Applicants and Availability of programs and projects will be determined through the Department through the regular Notice of Funding Availability ("NOFA") process.

OVERVIEW

To achieve these goals and ensure that HOME program funds are expended in compliance with the HOME program's statutory and regulatory requirements, the Department's FTHB program consists of several interrelated policies and documents that, together, make up the HOME FTHB Program. These include:

- State of California HOME Program First-Time Homebuyer Policy;
- HOME FTHB Resale and Recapture Policy;
- Fair Housing Policy - HOME Affirmative Marketing and Prohibited Discrimination;
- Section 3 Policy (where it is applicable to development projects);
- State of California Loan Underwriting Guidelines;
- The State of California HOME Standard Agreement (between the Department and subrecipients/CHDOs/developers);
- The HOME written Agreement (between Lender and Mortgagee);
- State of California HOME Monitoring Policy and Procedures; and
- State of California Loan Servicing Procedures.

This Resale and Recapture Policy is for the use of Grantees and program staff tasked with HOME oversight and with monitoring of FTHB loan portfolios, whether for FTHB loan programs or projects. This Policy sets out requirements in the following areas:

1. Compliance with 24 Code of Federal Regulations (hereinafter “CFR”) Part 92 and, specifically, 24 CFR Section 92.254 and 24 CFR Section 92.504;
2. Compliance with Period of Affordability Requirements;
3. Compliance with required Recapture provisions for FTHB direct assistance programs;
4. Outlining allowable options for Grantees in program design and eligible recapture options for net proceeds; and
5. Outlining requirements for written agreements, loan documents, local program design and implementation, as well as for loan portfolio management.

BACKGROUND

HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act (HOME statute), as amended. The federal HOME regulations found in 24 CFR Part 92 dictate how the funds are to be used and the federal policies that must be met to utilize the funding as established in the HOME statute. The State of California receives a formula grant from HUD, to be used to expand the supply of decent, safe, sanitary, and affordable housing available to low-income and very low-income California residents. Eligible HOME-funded activities include the acquisition, construction, or rehabilitation of rental or homeownership housing, homebuyer assistance, and tenant-based rental assistance.

Programs to assist homebuyers may include acquisition, acquisition with rehabilitation of existing housing, or new construction of single-family for-sale housing to individual low-income homebuyers. HOME funds can be provided to the applicant and passed on to the homebuyer as deferred payment loans in a First-Time Homebuyer (FTHB) program/project. Funds can also be used in grantee FTHB programs as direct deferred payment loans to reduce the amount of cash contribution an eligible household needs to acquire an eligible property within the grantee’s jurisdiction.

Section 215 of the HOME statute (carried over in the federal HOME regulations) establishes specific requirements that all HOME-assisted homebuyer housing must meet to qualify as a HOME affordable housing activity. Specifically, all HOME-assisted homebuyer housing must meet the following:

- Be single-family, modest housing, as defined at 24 CFR Section 92.254(a)(2). Have an initial purchase price that does not exceed 95 percent of the median purchase price for the area;

- Be acquired by and the principal residence of an owner whose family qualifies as low-income at the time of purchase;
- Meet affordability requirements for a specific period as determined by the amount of assistance provided; and
- Be subject to either resale or recapture provisions.

The HOME statute states that resale provisions must limit subsequent purchase of the property to income-eligible families, provide the owner with a fair return on investment, including any improvements, and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. The HOME statute also specifies that recapture provisions must recapture the HOME investment from available net proceeds in order to assist additional HOME-eligible families. The federal regulations require that the Department, when undertaking HOME-assisted homebuyer activities, including any projects funded with HOME Program Income (PI), to establish its own resale and recapture provisions policy, subject to review by the Department of Housing and Urban Development (HUD) prior to engaging in FTHB activities.

Specifically, 24 CFR Sections 92.254 and 92.504(c)(1)(x) require that these provisions be set out in a written agreement between the program and the homebuyer (with the terms of the agreement being enforced via recorded deed restrictions and/or covenants running with the land). In conformance with the law, resale or recapture provisions are automatically triggered by any transfer of title, either voluntary or involuntary, during the established HOME Period of Affordability. The written resale and/or recapture provisions that the Department submits in its Annual Action Plan must clearly describe the terms of the resale and/or recapture provisions, the specific circumstances under which these provisions will be used (if more than one set of provisions is described), and how the State will enforce the provisions. HUD reviews and approves the provisions as part of the consolidated plan's Annual Action Plan process.

In accordance with these requirements, this document contains the State of California's HOME Program Resale and Recapture Policies for First-Time Homebuyer Programs.

DEFINITIONS

Appreciation: means the financial gain on resale attributable solely to the home's increase in value over time, and not attributable to government assistance. Total actual appreciation may be less where a FTHB program allows a reduction based on an objective standard due to capital improvements made by the homeowner prior to sale.

CHDO: In accordance with HOME regulations at 24 CFR Section 92.2, a Community Housing Development Organization (CHDO) is a private nonprofit, community-based organization organized under State or local laws that is not under the direction or control by individuals or entities seeking to derive profit or gain, is not a governmental entity or

controlled by a governmental entity and where a sponsoring for-profit or governmental entity cannot appoint more than one-third of the membership of the CHDO's governing body and where those so appointed cannot appoint the remaining two-thirds of the board members. The officers and employees of the sponsoring entity may not be officers or employees of the CHDO. The CHDO must be free to contract for goods and services from vendors of its own choosing. The CHDO must have among its purposes the "provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in is charter, articles of incorporation, resolutions, or by-laws". For a full definition of requirements, see 24 CFR Sections 92.2(1)–(10).

Lender: for purposes of this policy, Lender refers to either the State as the Participating Jurisdiction (PJ) when it makes a direct loan of HOME funds under this program, or to a State recipient of the PJ who is receiving an award of HOME funds to operate a First-Time Homebuyer program or project.

Net Proceeds: are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs. Net proceed calculations are used to determine total amount of funds available for recapture of HOME funds as a result of sale.

Program Income: In accordance with 24 CFR Section 92.2, Program Income means gross income received by the participating jurisdiction, State recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions. When Program Income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds used. For purposes of this Resale and Recapture Policy, Program Income includes, but is not limited to, the following:

1. Proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME funds or matching contributions;
2. Payments of principal and interest on loans made using HOME funds or matching contributions;
3. Proceeds from the sale of loans made with HOME funds or matching contributions;
4. Interest earned on Program Income pending its disposition; and
5. Any other interest or return on the investment of HOME funds or matching contributions permitted under 24 CFR Section 92.205(b).

PJ: means Participating Jurisdiction (PJ) that has been so designated by HUD in accordance with 24 CFR Section 92.105. For purposes of this policy, the PJ is the State of California as the PJ for areas and jurisdictions not under another PJ.

Project: means a site or sites together with any building (including a manufactured housing unit) or buildings on the site that are to be assisted with HOME funds as a

single undertaking under this program. The project includes all the activities associated with the site and buildings.

Recapture: Recaptured funds are HOME funds which are recouped by the PJ or subrecipient when a housing unit assisted by the HOME program does not continue to be the principal place of residence of the assisted homebuyer for the full Period of Affordability as required by federal statute.

Resale: means that a HOME-assisted property is sold to another low-income homebuyer who will use the property as their principal residence.

State recipient: In accordance with 24 CFR Section 92.201(b)(2), a State recipient is a unit of general local government designated by a State to receive HOME funds from a State (in this case, the State of California Department of Housing and Community Development as the PJ).

Subrecipient: means a public agency or nonprofit organization selected by the PJ to administer all or some of the PJ's HOME programs. For purposes of this policy, it is to provide down payment assistance or to produce affordable housing.

HOME First-Time Homebuyer Resale and Recapture Policy

A. Resale Provisions

At this time and until further notice, resale provisions are not being utilized in State HOME FTHB direct-assistance activities. The State reserves the right to reconsider the use of resale provisions in the future during an overall program update and as a product of an inclusive planning process.

The State has chosen to use the recapture option in lieu of the resale for the following reasons:

a) the ability for first-time homebuyers to create wealth over time; and

b) for ease of administration for both the State and the State's grantee. Meet affordability requirements for a specific period as determined by the amount of assistance provided.

To achieve community development goals, this Policy allows grantees to choose among a variety of Recapture options, as outlined below, to best meet the needs of their community.

B. Recapture Provisions (24 CFR 92.254[a][5][ii])

1. Period of Affordability under Recapture Provisions (24 CFR 92.254[a][4])

For HOME-assisted homebuyer units under the recapture option, the Period of Affordability is based upon the ***direct HOME subsidy*** provided to the homebuyer that enabled the homebuyer to purchase the unit. Any HOME Program Income used to provide direct assistance to the homebuyer is included when determining the Period of Affordability. The following table outlines the required minimum Period of Affordability:

If the total HOME investment (resale) or direct subsidy (recapture) in the unit is:	**The Period of Affordability is:**
Under $15,000	5 years
Between $15,000 and $40,000	10 years
Over $40,000	15 years

2. HOME Recapture Provisions

HOME Recapture Provisions permit the original homebuyer to sell the property to any willing buyer during the Period of Affordability and the Lender (either the State, or the subrecipient), can recapture all or a portion of the HOME assistance provided to the original homebuyer. There are two key concepts in the recapture requirements that must be understood to determine the full amount of HOME assistance subject to recapture and the correct Period of Affordability.

These concepts are:

1) *direct subsidy to the homebuyer,* and

2) *net proceeds*

In compliance with federal HOME requirements, the State's recapture approach requires that all or a portion of the *direct subsidy* provided to the homebuyer be recaptured from the *net proceeds* of the sale.

a. ***Direct HOME Subsidy*** is the amount of HOME assistance, *including any Program Income*, that enabled the homebuyer to buy the home. The direct subsidy includes the down payment, closing costs, interest subsidies, or other HOME assistance provided directly to the homebuyer. In addition, direct subsidy includes any assistance that reduces the purchase price from fair market value to an affordable price. If HOME funds are used for the cost of developing a property and the unit is sold below fair market value, the difference between the fair market value and the purchase price is considered directly attributable to the HOME subsidy.

b. ***Net proceeds*** are defined as the sales price *minus* superior loan repayment (other than HOME funds) and any closing costs. Under no circumstances can the Lender recapture more than is available from the net proceeds of the sale.

c. ***Long-Term Affordability:*** Under recapture, there is no requirement that the original HOME-assisted homebuyer sell the unit to another low-income homebuyer. Instead, if the homebuyer transfers the property (either voluntarily or involuntarily) during the Period of Affordability, the State (or State grantee) recovers, from available net proceeds, all or a portion of the HOME assistance to the homebuyer.

NOTE: In accordance with CPD Notice 12-03, recapture provisions cannot be used when a project receives only a development subsidy and is sold at fair market value, without providing any HOME assistance to the homebuyer. In this scenario, no

additional funds would be provided by the State, resulting in no direct HOME subsidy to recapture from the homebuyer. Instead, resale provisions must be used.

Currently, the State does not provide HOME funds to homebuyer projects as development subsidies only; therefore, the need to use resale provisions is not applicable. If the State were to provide future HOME funds as development subsidies, it would amend this policy to include resale provisions in cases where a project would receive only a development subsidy and where the project is sold at fair market value.

3. Acceptable Recapture Models for the State of California's HOME Program

As outlined below, the State has adopted the following allowable recapture variations of the HOME final rule for grantees to utilize as described below. To conform to the State's program requirements, each grantee must incorporate their preferred variation within their approved program guidelines. The options presented address how the grantee, in conformance with HOME requirements, may share any appreciation in the value of HOME-assisted housing with the homebuyer, including:

a. Lender recaptures only the HOME direct subsidy provided at the time of purchase plus any interest due according to the terms of the HOME Promissory Note. (Recapture of entire direct subsidy described in "i");
b. Lender allows the homebuyer to recapture their cash contributions at the time of purchase prior to the Lender recapturing the HOME direct subsidy (Owner investment returned first described in "ii");
c. Lender shares appreciation with the homebuyer (Shared net proceeds) described in "iii" below.

i. Recaptures Entire Direct HOME Subsidy Option
Lender recaptures the entire amount of the direct HOME subsidy provided to the homebuyer, plus any interest due according to the terms of the HOME Promissory Note, before the homebuyer receives a return. The recapture amount is limited to the net proceeds available from the sale. In cases where there is appreciation, (see definition of Appreciation), the homebuyer would retain any net proceeds in excess of the direct HOME assistance plus interest due recaptured. See Example below:

Example: A homebuyer receives $10,000 of HOME down payment assistance to purchase a home. The direct HOME subsidy to the homebuyer is $10,000, which results in a five-year Period of Affordability. If the homebuyer sells the home after three years, the grantee or state would recapture, assuming that there are sufficient net proceeds, the entire $10,000 direct HOME subsidy plus any interest due according to the terms of the HOME Promissory Note. The homebuyer would receive any net proceeds in excess of that amount.

In some cases, such as in declining housing markets, net proceeds available at the time of sale may be insufficient to recapture the entire direct HOME subsidy plus interest due provided to the homebuyer. Since the HOME Final Rule limits recapture to available net proceeds, the Lender, can recapture only what is available from net proceeds. In a scenario where recapture provisions state that it will recapture the entire direct HOME subsidy plus interest and there are insufficient net proceeds available at sale, the PJ is not required to repay the difference between the total direct HOME subsidy and the amount available for recapture from net proceeds back to HUD.

ii. Owner Initial Investment Returned First

In this approach, the homebuyer recovers their entire down payment before recapture is calculated. Once the net proceeds from the sale are determined the homeowner's initial investment is then deducted from the remaining net proceeds available for recapture. The entire HOME subsidy plus interest is recaptured from the net proceeds. The homeowner retains the remaining net proceed Where net proceeds are insufficient to repay all or any of the homeowner's initial investment, the homebuyer will not receive the full amount of their initial investment. They will receive only what net proceeds are available. The Lender may not be able to recapture the full amount due under the recapture agreements from the net proceeds available. In such circumstances, the PJ (or the subrecipient) is not responsible for repaying to the account that provided original assistance the difference between the amount of direct HOME subsidy due and the recaptured amount available from net proceeds.

Example: A homebuyer receives $5,000 in HOME downpayment assistance and provides $5,000 of his or her own funds for down payment. After purchasing the home, the homebuyer invests $2,000 for capital improvements to the property. Two years into the 5 year Period of Affordability, the homebuyer decides to sell the home. The PJ's recapture provisions allow the HOME-assisted homebuyer to recover, from net proceeds, his or her entire investment in the property before the PJ recaptures any HOME subsidy. The net proceeds from the sale total $10,000. The homebuyer recovers his or her $7,000 investment (down payment plus capital improvements) from the net proceeds of the sale. The PJ is able to recapture, from the remaining net proceeds, only $3,000 of its original $5,000 investment. The PJ is not responsible for repaying the $2,000 difference between the recapture amount due and what is available from net proceeds.

iii. Shared Net Proceeds

In this option, the HOME Final Rule states that if net proceeds are not sufficient to recapture the entire HOME investment or a reduced amount as described above or enable the homebuyer to recover the amount of the down payment and **any** investment in the form of capital improvements made by the homebuyer since purchase, the Lender may share the net proceeds. Homebuyer must have documented evidence of the costs of any capital improvements made in order to include those costs in the shared net proceeds calculation.

To calculate the amount of net proceeds (or shared appreciation) to be returned to the Lender:

- Divide the direct HOME subsidy by the sum of the direct HOME subsidy and the homebuyer's investment, then without rounding the result,
- Multiply by the net proceeds to calculate the amount of HOME investment to return to the Lender.

To calculate the amount of net proceeds (or shared appreciation) available to the homebuyer:

- Divide the homebuyer's investment by the sum of the direct HOME subsidy and the homebuyer's investment, then without out rounding the result,

- Multiply by the net proceeds to calculate the amount of homebuyer investment to return to the homebuyer.

EXAMPLE: A homebuyer received $10,000 in HOME down payment assistance and provided $2,000 of her own funds for the down payment. She also invested another $3,000 on capital improvements to the property. She is selling the home after two years. The Lender , has structured its recapture policies to share the net proceeds between the HOME-assisted homebuyer and Lender. In this example, the net proceeds of the sale are $5,000. Using the two formulas set forth above, the amount of the net proceeds to be recaptured by the Lender is $3,333.

$$\$10{,}000 \quad X \quad \$5{,}000 = \$3{,}333$$
$$(\$10{,}000 + \$5{,}000)$$

The amount of the net proceeds to be recovered by the homebuyer is $1,667.

$$\$5{,}000 \quad X \quad \$5{,}000 = \$1{,}667$$
$$(\$10{,}000 + \$5{,}000)$$

4. **Imposing Recapture Provisions**

a. Requirements and Monitoring

The PJ is responsible for ensuring that homebuyers maintain the housing as their principal residence for the duration of the applicable Period of Affordability. The PJ requires that the State recipient/subrecipient, as the Lender, perform annual loan servicing on its portfolio and the PJ monitors for compliance.

If the home is sold during the Period of Affordability, the PJ must be notified of the sale. The Lender must notify the PJ to ensure that the applicable recapture provisions are employed.

To ensure HOME-assisted homebuyers, or HOME-assisted projects, continue to qualify as eligible affordable housing for the duration of the Period of Affordability, the PJ and subrecipient must have approved FTHB program guidelines, including procedures for monitoring its FTHB loan portfolio. The PJ, as the responsible entity, monitors State recipients/subrecipients for compliance.

b. Written Agreements

Regardless of what recapture variation option is used, a written HOME agreement, in addition to the HOME Promissory Note, recorded Deed of Trust, and any Rider, must be executed that accurately reflects the current recapture provisions with the homebuyer before or at the time of sale. A clear, detailed written agreement ensures that all parties are aware of the specific HOME requirements applicable to the home (i.e., period or affordability, principal residency requirement, terms, and conditions of the recapture requirement), and helps the Lender (or the Department) enforce the requirements. Lenders are required to utilize the Department's approved HOME FTHB written agreement template to ensure the agreement meets the regulatory requirements.

i. The recapture and resale parameters are embedded in the State's Annual Action Plan. In the future, if/when the State revises the recapture or resale provisions in its Annual Action Plan, the State must ensure that all FTHB approved written agreement templates are modified to reflect any changes. The executed written agreements create legal obligations for the State.

NOTE 1: HOME FTHB activities entered into before changes to the Annual Action Plan will be governed by the terms of the previously executed agreements.

NOTE 2: The terms and conditions in the executed written agreement and recorded documents govern the deal. Therefore, if the State modifies its recapture or resale provisions in the Annual Action Plan but does not make similar changes to its written agreement, the resale or recapture provisions in the executed written agreement would prevail.

NOTE 3: The HOME written agreement must be a separate legal document from any loan instrument and must, at a minimum, comply with the requirements at 24 CFR Section 92.504(c)(5) of the HOME Final Rule. This includes compliance with Section 92.504(c)(1), which requires provisions in the written agreement between the State and the subrecipient to comply with requirements established by the State; and with Section 92.504(c)(xi), which requires that before providing any funds, a subrecipient must have an executed written agreement with the entity that meets the eligibility requirement of the program, whether that is a for-profit owner, developer, nonprofit owner/developer, sponsor, homebuyer, or contractor who will be providing services to the subrecipient.

ii. If the State provides HOME funds to a CHDO or Developer to develop and sell affordable housing, the State must prepare and execute the agreement with the buyer or be a party to the agreement along with the entity it funded. In all instances, the State is responsible for ensuring that it can enforce the written agreement.

c. Enforcement Mechanism

The written agreement between the homebuyer and the State recipient/subrecipient (Lender), and/or the Department, as well as mortgage and lien documents which are typically used to impose the recapture requirements in HOME-assisted homebuyer projects under recapture provisions, constitutes the HOME program's enforcement mechanisms. The purpose of these enforcement mechanisms is to ensure that the grantee, or the State, recaptures the direct subsidy to the HOME-assisted homebuyer if the HOME-assisted property is sold, transferred, or used for an ineligible purpose.

d. Non-Compliance

Failure to comply with the State's recapture requirements occurs when:

1) the original HOME-assisted homebuyer no longer occupies the unit as his or her principal residence (i.e., unit is rented or vacant), or

2) the home was sold during the Period of Affordability and the applicable recapture provisions were not enforced.

If noncompliance occurs, the PJ or subrecipient, as the entity responsible for the day-to-day operations of its HOME program, must repay its HOME Investment Trust Fund with non-Federal funds. How much of the original HOME investment must be repaid is dependent on the PJ or subrecipient's program design and use of funds (depending on whether the Lender is the PJ or the subrecipient).

In such cases of noncompliance under the recapture provisions, the Lender (State or Grantee) must repay to the HOME Investment Trust Fund in accordance with 24 CFR Section 92.503(b), any *outstanding HOME funds* invested in the housing. In such circumstances, the subrecipient would repay the State as the PJ, and the PJ would repay HUD. The State, as the PJ, is responsible to HUD for repayment of any HOME funds that would be due.

The amount subject to repayment is the total amount of HOME funds invested in the housing (i.e., any HOME development subsidy to the developer plus any HOME down payment or other assistance, e.g., closing costs provided to the homebuyer) minus any HOME funds already repaid (i.e., payment of principal on a HOME loan). Any interest paid on the loan is considered Program Income and cannot be counted against the outstanding HOME investment amount.

EXAMPLE: A grantee provided a $20,000 HOME development subsidy as a grant to the developer, and the homebuyer received $5,000 in down payment assistance as a deferred loan. If the homebuyer rents the property in year 3, they would be in noncompliance with the HOME principal residency requirement. The State, or grantee, would be required to repay the entire $25,000 HOME investment – i.e., the $20,000 development subsidy *plus* the balance on the homebuyer's $5,000 loan.

Note 1: Noncompliance with principal residency requirements by a homebuyer under a recapture provision is not a transfer. Consequently, the amount the Lender must repay is not subject to prorated or other reductions included in its recapture provisions.

Note 2: The Lender must repay the HOME investment in accordance with 24 CFR Section 92.503(b)(3) whether or not it is able to recover any portion of the HOME investment from the noncompliant homebuyer. Therefore, it is crucial for the State as the PJ, and for its subrecipients, to have enforcement mechanisms in their written agreements and in their recordable instruments with homebuyers to protect their investment and minimize risk in HOME-assisted homebuyer projects in the event of noncompliance by the homebuyer.

5. Foreclosure, Transfer in Lieu of Foreclosure, or Assignment to HUD

In HOME-assisted homebuyer projects, the affordability restrictions imposed by deed restrictions, covenants running with the land, or other similar mechanisms, may terminate upon foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. The State or grantee may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure to preserve affordability. However,, in accordance with CPD Notice, issued January 2012 Section VII(d), the affordability restrictions must be revived according to the original terms if, during the original Period of Affordability, the owner of record before the termination event, obtains an ownership interest in the housing.

In addition, the termination of the affordability restrictions in the event of foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD, does not satisfy the requirement that the property remains qualified as affordable housing under 24 CFR Section 92.254 for the Period of Affordability. Consequently, the

following rules apply to HOME-assisted homebuyer projects in the event of foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD.

1. **Resale:** At this time, the resale option is not permitted with State HOME FTHB programs.
2. **Recapture:** Homebuyer housing with a recapture agreement is not subject to the affordability requirements after the State or grantee has recaptured the HOME funds in accordance with its written agreement. If the ownership of the housing is conveyed pursuant to a foreclosure or other involuntary sale, the State or grantee must attempt to recoup any net proceeds available through the foreclosure sale. Because all recapture provisions must be limited to net proceeds, the State or grantee's repayment obligation is limited to the amount of the HOME subsidy, if any, that it is able to recover.

6. Refinancing

The PJ as a direct lender, or a subrecipient operating a FTHB program, must have a State approved written policy included in their program guidelines regarding refinancing of senior debt when asked to subordinate its interest. A written refinancing policy should specify the conditions under which the grantee agrees to subordinate to new debt to protect its interests and the interests of the homebuyer, as well as how such requests will be processed.

Approved refinancing of senior debt will be limited by the State to circumstances in which the original homebuyer is securing more favorable terms that reduce monthly housing costs, or if sufficient equity exists, to take cash out for only items such as for immediate repairs to the property to correct identified health and safety violations.

Examples of circumstances that where the homeowner would benefit from a refinance transaction:

i. Where the original homebuyer is securing better terms to reduce monthly housing costs, without cashing out equity in the property;

ii. Where the original homebuyer has sufficient equity to take cash out for pre-approved and necessary property repairs to correct health and safety violations when other forms of funding do not exist.

iii. In i and ii cited above, where the original note has been paid off and the FTHB note has moved to first position, the State will subordinate its Note to a new mortgage in first position where the homebuyer is using the proceeds for pre-approved property repairs and rehabilitation.

7. Investment of Additional HOME Funds

The HOME Final Rule at 24 CFR Section 92.254(a)(9) provides the State, or the grantee, with the flexibility to invest additional HOME funds in homebuyer projects to preserve affordability. As noted above, when faced with foreclosure, the State at its sole discretion on a case-by-case basis, may use additional HOME funds to acquire the housing through a purchase option, right of first refusal, or other preemptive right to ensure affordability is preserved.

Rehabilitation: The State, or the grantee, may also use HOME funds to rehabilitate any housing acquired through foreclosure. If the State, or the grantee, charges such costs as eligible project costs in accordance with 24 CFR Section 92.206, the total amount of the original HOME investment, plus any additional HOME investment, cannot exceed the Per-Unit Subsidy Limit referenced in 24 CFR Section 92.250.

Acquisition, rehabilitation and holding costs: The State, or grantee, also has the option of charging acquisition, rehabilitation, and holding costs as a reasonable HOME administrative cost in accordance with 24 CFR Section 92.207 of the HOME Final rule. If the State, or grantee, charges these costs as reasonable administrative expenses, the investment of additional HOME funds is not subject to the maximum per-unit subsidy limit, and the grantee can reimburse its administrative account, in whole or in part, once the housing is sold to a new eligible homebuyer.

Assistance to another eligible homebuyer post Acquisition of foreclosed property: Additional HOME funds may also be used to provide assistance to another eligible homebuyer following either the State, or grantee's, *acquisition of a foreclosed HOME unit during the Period of Affordability*. If the State, or grantee, provides HOME assistance to another eligible homebuyer, the additional HOME investment must be treated as an amendment to the original project

Extension of Period of Affordability: Consequently, the additional HOME investment may extend the original Period of Affordability. For example, if the original HOME investment was $10,000 and resulted in a five-year Period of Affordability, the addition of another $10,000 to a subsequent homebuyer would extend the Period of Affordability to ten (10) years. As noted above, the original HOME investment plus any additional HOME investment cannot exceed the maximum per unit subsidy since the cost of assisting a subsequent homebuyer is a project-specific cost.

The State or the grantee must have written policies and procedures to invest additional HOME funds in a previously-assisted project. These can be a separate policy or incorporated into the grantee's guidelines.

For Homeownership Projects:

Acquisition and Holding Costs: In the event of potential default in a project where the State is the direct Lender, the State as PJ reserves the right to determine on a case-by-case basis whether to cure default and acquire the property. In such cases, the State will evaluate the public purpose and availability of funds in reaching its determination.

In accordance with 24 CFR 92.254(a)(9), the State, where sufficient uncommitted HOME funds are available and where it is in concert with federal HOME regulations, may invest additional HOME funds in a previously-assisted project . The State, in its sole discretion, may also determine, where HOME funds cannot be used or are not available, or to look at other eligible funds for such purposes where it is in the public good to do so to preserve affordability. See below for additional information under Extension of Period of Affordability.

Rehabilitation: Where the State, as Lender, cures default, the State/PJ, in accordance with federal regulations, will use HOME administrative funds for holding costs. Where rehabilitation is needed to keep the property viable and affordable, the State will use HOME funds as eligible and available to effect required rehabilitation in accordance with HOME program standards. The State, in its sole discretion, reserves the right to use other funds it may have for rehabilitation where it is in the best interest of the State to carry out the public purpose of preserving affordability and viability of the product.

Assistance to Another Qualified Buyer Post Acquisition: The State will use additional HOME funds, as allowed by the regulation, to provide assistance to another eligible homebuyer following the State's acquisition *of a foreclosed unit during the Period of Affordability*. In the case where the State provides HOME assistance to another eligible homebuyer, the additional HOME investment will be treated as an amendment to the original project. In all cases, whether or not the investment results in an extension of Period of Affordability (see immediately below), all such proposed additional HOME investment would be subject to the applicable HOME requirement NOT to exceed the applicable maximum per unit subsidy limits.

Extension of Period of Affordability: The State recognizes that, in such cases, the State shall extend the Period of Affordability where the amount of additional subsidy changes the Period of Affordability in accordance with the HOME requirements (see Section B: **Period of Affordability under Recapture Provisions (24 CFR Section 92.254[a][4]).**

ONGOING MONITORING

For HOME-assisted homebuyer projects under recapture agreements, the Lender (either the State for PJ CHDO Development Program, or the subrecipient), must perform annual ongoing monitoring of the principal residency requirement during the Period of Affordability. Ultimately, it is the State's responsibility to ensure that the HOME-assisted housing qualifies as affordable housing under 24 CFR Section 92.254 during the Period of Affordability. The lender must annually monitor its homebuyer loan portfolio for compliance with the following requirements regardless of whether or not the HOME assistance loan has been repaid: 1. The home is the current residence of the original borrower 2. Property taxes and Insurance premiums are paid and current. For programs operated directly by the State, please refer to State of California Loan Servicing Procedures. For subrecipient monitoring, please refer to State of California HOME FTHB Monitoring Policy and Procedures.