

State of California
2025 – 2029 Federal Consolidated Plan
Annual Action Plan
One Year Use of Funds Fiscal Year 2026-2027



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DRAFT

February 10, 2026

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Executive Summary

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

Introduction

The 2026–2027 Annual Action Plan (AAP) is the second year of implementation under California’s 2025–2029 five-year Consolidated Plan (Con Plan). This AAP outlines the State’s planned use of federal housing and community development resources for the program year beginning July 1, 2026, and ending June 30, 2027.

The California Department of Housing and Community Development (HCD), as the lead agency, administers the following U.S. Department of Housing and Urban Development (HUD) programs for non-entitlement jurisdictions:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Program (HOME)
- National Housing Trust Fund (NHTF)
- Emergency Solutions Grants (ESG)

Additionally, while HUD includes the Housing Opportunities for Persons with AIDS (HOPWA) allocation in its annual allocation to HCD (along with the programs listed above), the HOPWA program is administered by the California Department of Public Health (CDPH), which reports directly to HUD. HCD does not have any programmatic or administrative requirements for the HOPWA program other than to incorporate components about HOPWA into the Con Plan, CAPER and AAP on their behalf.

This AAP reflects the priorities and goals identified in the Con Plan and details the specific activities, funding allocations, and expected outcomes for the 2026–2027 program year. It reflects HCD’s commitment to addressing the housing and community development needs of California’s non-entitlement communities, with a continued focus on serving under resourced and high poverty communities, increasing resilience, and cross-sector collaboration for improved benefit to California communities.

Per the Con Plan, HCD administers its CDBG, HOME, NHTF and ESG programs to meet the following priorities:

1. Increase Supply and Preserve Affordable Housing

- Activities: New construction and rehabilitation of rental and ownership housing
- Estimated Investment: \$61.4 million (HOME and NHTF)

2. Improve Access to Affordable Housing

- Activities: Down payment assistance, rental subsidies, tenant-based

rental assistance

- Estimated Investment: \$6.4 million (HOME)

3. Address the Homelessness Crisis

- Activities: Emergency shelter, rapid rehousing, outreach, and prevention services
- Estimated Investment: \$24.8 million (ESG and HOPWA)

4. Invest in Community and Public Infrastructure and Facilities

- Activities: Water, wastewater, streets, parks, and community centers
- Estimated Investment: \$36.1 million (CDBG)

5. Provide Community-Based Public Services

- Activities: Food banks, senior services, after-school care, emergency rental assistance
- Estimated Investment: \$0 million – See explanation below

6. Increase Economic Development Opportunities

- Activities: Business loans and grants to support job creation and retention
- Estimated Investment: \$0 million – See explanation below

These investments are expected to result in measurable outcomes, including the creation and rehabilitation of affordable housing units, improved access to housing for low-income households through down payment assistance and rental subsidies, and a reduction in homelessness supported by investment in emergency shelter, rapid rehousing, and outreach services. Additionally, funding will enhance community infrastructure such as water and wastewater systems, streets, parks, and public facilities. No new FY 2026–2027 CDBG funds are allocated to community-based public services or economic development goal areas. HCD is streamlining the program and prioritizing housing and infrastructure projects in response to community need and to maximize expenditure rates. Public services and economic development remain Consolidated Plan priorities and will resume in future NOFAs (anticipated FY 2028). In the interim, prior-year resources will continue to support these activities, ensuring continuity of services and alignment with long-term goals.

Summarize the objectives and outcomes identified in the plan

The 2026–2027 Annual Action Plan is the second year of implementation under California’s 2025–2029 Consolidated Plan. The Con Plan identified six priority needs that guide the use of federal housing and community development resources in non-entitlement areas:

- Increase supply and preservation of affordable housing
- Improve access to affordable housing
- Address the homelessness crisis
- Invest in community and public infrastructure and facilities
- Provide community-based public services
- Support economic development opportunities

For this program year, objectives and outcomes reflect finalized priorities and funding allocations detailed in AP-20 and AP-38.

Expected outcomes include construction and rehabilitation of affordable rental and ownership units, assistance to homebuyers and renters, homelessness prevention and rehousing for thousands of individuals, and infrastructure improvements benefiting tens of thousands of residents. Outcomes will be measured using HUD Goal Outcome Indicators (GOIs) such as housing units created or rehabilitated, households assisted, and persons served through infrastructure and homelessness programs.

Stakeholder input was incorporated through program-level consultations, office hours, and technical assistance sessions with Continuums of Care, local jurisdictions, Tribal entities, and service providers. These engagements informed strategies to address persistent obstacles such as high development costs, limited infrastructure capacity, and broadband gaps, particularly in rural and underserved communities.

Evaluation of past performance

The State of California made significant progress in meeting its housing and community development goals during the 2024–2025 program year. According to the Consolidated Annual Performance and Evaluation Report (CAPER), HCD and its partners achieved the following outcomes:

- **Affordable Housing Development and Preservation**
 - 101 new affordable rental units constructed (HOME: 28; NHTF: 73)
 - 29 owner-occupied homes rehabilitated (CDBG: 23; HOME: 6)
 - 24 households received down payment assistance (CDBG: 13; HOME: 11)
- **Rental Assistance and Homelessness Services**
 - 2,834 households received tenant-based rental assistance or rapid rehousing (HOME: 401; ESG: 2,399; HOPWA: 34)
 - 8,651 individuals received emergency shelter services
 - 9,485 individuals engaged through street outreach

- 856 individuals received homelessness prevention assistance (ESG: 211; HOPWA: 645)
- **Public Services and Infrastructure**
 - 37,835 individuals benefited from CDBG-funded public services
 - 165,676 individuals benefited from public facilities and infrastructure improvements
- **Economic Development**
 - 69 businesses assisted
 - 279 jobs created or retained

These accomplishments reflect strong alignment with the State’s strategic priorities and demonstrate effective use of federal resources. While some production goals for new housing and rehabilitation fell short due to market constraints (e.g., high interest rates, labor shortages), HCD anticipates improved outcomes in future years as pipeline projects advance.

Summary of citizen participation process and consultation process

To support the development of the 2026–2027 Annual Action Plan (AAP), HCD engaged stakeholders through ongoing program-level consultations. Program teams coordinated with Continuums of Care (CoCs), non-entitlement jurisdictions, Tribal entities, affordable housing developers and homelessness service providers through listening sessions, regular office hours, technical assistance, and individual informal feedback conversations at conferences and during the course of grant management. These engagements throughout calendar year 2025 focused on refining program strategies, addressing emerging needs, and improving coordination across housing and community development systems.

Key consultation activities included:

- **ESG Program:** Monthly office hours and webinars with CoCs and subrecipients to review program design, funding allocations, and performance standards. Regular standing meetings with grantees to discuss performance challenges, monthly peer sharing meetings with ESG-RUSH grantees, HUD and HUD TA provider.
- **HOME and HTF Programs:** Direct outreach to applicants and developers during NOFA planning, with emphasis on readiness, rural housing needs, and Tribal priorities, individual informal feedback gathered at conferences attended by DFFA staff and grantee staff.

- **CDBG Program:** Quarterly Office Hours, technical assistance and discussions with local jurisdictions on infrastructure priorities, engagement with the County of Imperial regarding the needs in its colonias, and consultation with grantees on strategies to overcome capacity challenges, individual informal feedback gathered at conferences attended by DFFA staff and grantee staff.
- **HOPWA Program:** Coordination with CDPH/OA and project sponsors to align housing assistance and supportive services for persons living with HIV/AIDS.

The public comment period for the draft AAP will run from **February 28, 2026**, to **March 30, 2026**. In accordance with the State’s Citizen Participation Plan (CPP), HCD will publish the draft AAP on its website and distribute it electronically to stakeholders and interested parties. The summary will describe the contents and purpose of the AAP and provide instructions for accessing the full document.

Draft copies of the AAP will be available online and in print upon request. HCD will host one public hearing during the comment period to solicit public input. All written and oral comments received will be considered in the preparation of the final plan. A summary of comments and responses will be included as an attachment to the final AAP.

Summary of public comments

To be completed upon conclusion of the public comment period.

Summary of comments or views not accepted and the reasons for not accepting them

To be completed upon conclusion of the public comment period.

Summary

The 2026–2027 AAP advances the State’s priorities to increase, preserve and improve access to affordable housing, reduce and prevent homelessness, and strengthen critical community infrastructure, with investments and outcomes measured, reported, and continuously improved through engagement with community partners and ongoing process improvements.

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

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

The following are the agencies/entities responsible for preparing the Annual Action Plan (AAP) 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 Community Development (HCD)
CDBG and CDBG-DR Administrator	CALIFORNIA	HCD – Division of Federal Financial Assistance (DFFA)
HOME and HOME-ARP Administrator	CALIFORNIA	HCD – Division of Federal Financial Assistance (DFFA)
ESG Administrator	CALIFORNIA	HCD – Division of Federal Financial Assistance (DFFA)
NHTF Administrator	CALIFORNIA	HCD – Division of Federal Financial Assistance (DFFA)
HOPWA Administrator	CALIFORNIA	Department of Public Health, Division (Office) of AIDS

Table 1 – Responsible Agencies

Narrative

The California Department of Housing and Community Development is the lead agency for federally funded Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and National Housing Trust Fund (NHTF) programs operated on HUD's behalf in the State of California. HCD's Division of Federal Financial Assistance is the primary division responsible for administering the federal funding programs for non-entitlement and eligible jurisdictions statewide. In addition to these programs, HCD is also the lead agency that administers CDBG Disaster Recovery (CDBG-DR), disaster relief funds, when available and awarded to the State.

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 overseen by CDPH/OA to ensure that all HIV service programs, including housing assistance, are coordinated at state and local levels. Both departments coordinate the development of the Con Plan.

Consolidated Plan Public Contact Information

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

Introduction

As part of the development of the 2026–2027 Annual Action Plan (AAP), the California Department of Housing and Community Development (HCD) consulted with key stakeholders to inform program priorities, identify emerging needs, and improve coordination across housing and community development systems. This consultation builds on ongoing engagement efforts and is focused on refining implementation strategies for the second year of the 2025–2029 Consolidated Plan.

HCD’s consultation process for the AAP included multiple touchpoints throughout the previous program year and continuous engagement with Continuums of Care (CoCs), non-entitlement jurisdictions, colonias, Tribal entities, service providers, affordable housing developers and state and federal agencies.

These efforts were designed to ensure that the AAP reflects current conditions, stakeholder capacity and needs, and takes advantage of opportunities for collaboration to better serve communities.

For CDBG, which is proposing significant changes to its method of distribution for 2026, staff conducted a listening session following completion of the 2024 NOFA cycle; reviewed data from closeouts of grants from program year 2018 to present, including performance data; and evaluated grantee capacity based on frequent technical assistance and grant management checkpoints. This collected data and engagement supported the decision to change the method of distribution for 2026 and possibly 2027 to fund community facility and infrastructure projects only. CDBG will return to the other eligible activity types including Housing and Economic Development Programs, Public Services and Planning in the 2028 program year.

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))

HCD continues to coordinate with public housing authorities, affordable housing developers, and health and service agencies through regular program implementation activities, including funding rounds, technical assistance, and guideline development.

HCD maintains strong working relationships with local governments, in particular through the CDBG program. Following completion of each NOFA cycle, CDBG staff hold a listening session to collect feedback for the next cycle. The CDBG team provides both live and recorded webinars to guide applicants on the components involved in applying for funds and complying once awarded.

California Department of Public Health, which administers HOPWA, engaged current project sponsors throughout the year, facilitating office hours, providing technical assistance for program implementation, and offering formal training on topics such as budgeting, invoicing, and reporting. HOPWA staff attended the California Planning Group Fall Meeting and the Ending the Syndemic Symposium IV during which they were able to engage with community partners to discuss policy goals and work on strategic planning.

HCD program staff meets regularly with the Department of Corrections and Rehabilitation to strategize on best ways to meet the needs of justice-involved individuals.

HCD also has regular programmatic interactions with the California Office of Emergency Services (CalOES) to collaborate on disaster response and long-term projects that build resilient communities, as well as to coordinate the provision of immediate services following a disaster.

HCD participates in a quarterly multi-agency tribal workgroup to which more than 100 federally and non-federally recognized tribes are invited. State Departments involved include CalHFA, Strategic Growth Council, Department of Corrections and Rehabilitation, Department of Social Services, Business, Consumer Services, & Housing Agency, and Department of Health Services. In October, HCD participated in a Tribal Housing Roundtable which gathered both federal and non-federally recognized tribes, state agencies and non-profit, and tribal housing developers. Staff engaged with non-federally recognized tribes to discuss funding opportunities for housing rehabilitation projects. Division of Federal Financial Assistance leadership visited with members of Big Valley Rancheria Tribe in Lakeport, CA to discuss tribal housing needs and obstacles to accessing resources.

HCD also engages with the California Department of Technology and other agencies to address broadband access needs in underserved communities.

HCD maintains partnerships with national organizations to stay abreast of regulatory changes, to share best practices, and to receive technical assistance. HCD regularly participates in conferences offered by the Council of State Community Development Agencies (COSFDA) which has membership from most U.S. States. In the last year, HCD gave presentations on community engagement best practices and on leveraging homeless preferences to expand housing options at COSFDA conferences. HCD has membership on the COSFDA board and various committees. HCD also participates in the annual conference of the Housing Assistance Council and of the National Alliance to End Homelessness. HCD coordinates closely with its HUD field office, with the HUD SNAPS office, and with SWONAP and ONAP. HCD frequently partners with USDA on local infrastructure projects.

These partnerships support alignment of housing and community development resources, particularly for tribal governments, rural communities and for housing for special populations.

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

All HUD-defined Colonias in California are located in Imperial County. HCD maintains regular communication with Imperial County and its partner jurisdictions to ensure access to the 5 percent CDBG Colonias set-aside. HCD provides technical assistance, supports project development, and ensures that Colonias communities are included in outreach and funding opportunities. The County often administers CDBG funds on behalf of smaller Colonias communities that lack administrative capacity.

In collaboration with the County of Imperial, HCD has awarded funds for projects that have significant impacts on the communities within the Colonias. A few examples of projects funded are water well replacements and cooling center improvements including new HVAC systems. In Seeley colonia, HCD funded the construction of a new fire station. This increases capacity to serve the colonia and surrounding rural community. The fire station includes a cooling center which is critical in this region which experiences extreme heat through much of the summer and where many households cannot afford to properly cool their homes. In Niland colonia, HCD recently funded the reconstruction of 5 homes lost in a wildfire. HCD connected the County with a non-profit developer to complete the housing units. HCD also co-funded with USDA the improvement of a wastewater treatment plant. The plant improvements will give the colonia sufficient capacity to add much needed homes, businesses and public facilities. HCD makes available subject matter experts who have helped leverage other federal, state, and local resources to successfully complete these projects.

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 participates in interagency efforts such as the California Interagency Council on Homelessness (Cal ICH), which includes representatives from the Department of Health Care Services (DHCS), Department of Social Services (CDSS), and Department of Public Health (CDPH), among others. HCD leadership team members sit on a multi-agency workgroup on homelessness. Other participating state agencies include: Department of Corrections and Rehabilitation, Department of Aging, Department of

Public Health, Department of Health Care Services, Department of Real Estate, Department of Social Services, and Department of Veterans Affairs (CalVet).

HCD coordinates with CoCs through the following:

- **Monthly Office Hours:** Training for ESG subrecipients, CoCs, and service providers on program administration, compliance, and updates.
- **Webinars:** The ESG team provides updates to interested parties, including the CoCs, on Notice of Funding Availability (NOFA) releases, applications, federal regulation changes, and state ESG program guidelines.
- **Targeted Technical Assistance:** Ongoing support via email, meetings, and policy guidance; quarterly performance and spending updates; annual reporting coordination.
- **ESG-RUSH Peer Meetings:** Monthly sessions co-hosted with Los Angeles County Development Authority (LACDA) for grantees, HUD TA providers, and HUD SNAPS staff to share updates, best practices, and problem-solve challenges.

Through the HOME-ARP funded Housing Plus Support Program (HPSP), staff conducted ongoing engagement with HPSP grantees through multiple trainings, meetings, and technical assistance activities throughout 2025. Engagements included training sessions and weekly office hours to provide ongoing technical assistance related to implementation, reporting, HMIS coordination, and compliance, reimbursement procedures and documentation requirements, monthly reporting, and income calculations. In addition, the HPSP team provided frequent one-on-one technical assistance meetings with HPSP grantees on an ongoing, as-needed basis throughout the year to address reporting, budgeting, case staffing, HMIS coordination, and general program implementation questions.

HCD meets monthly with the HUD TA Provider (ICF) to receive technical assistance on ESG Program operation. HUD SNAPS office meets with HCD leadership monthly to coordinate across California Interagency Council on Homelessness, HCD's state funded programs focused on ending homelessness: Encampment Resolution Funding (ERF) and Homeless Housing, Assistance and Prevention (HHAP), CoCs and ESG.

For the ESG program, HCD consults with CoCs on funding allocations, performance standards, and program design. HCD also participates in regional CoC roundtables and collaborates with Cal ICH on statewide homelessness strategies. Internally, HCD coordinates with state funding programs including ERF and Homeless Housing, Assistance and Prevention Grant Program (HHAP).

In FY 2026–2027, HCD will continue to support CoCs through ESG funding, including the ESG RUSH set-aside for disaster-impacted areas. CoCs funded by HCD participate in the Cal ICH administered, Homeless Data Integration System (HDIS), which supports performance evaluation and data-driven decision-making.

Describe consultation with the Continuums of Care that serve the state in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies, and procedures for the administration of HMIS.

HCD consults with CoCs through surveys, office hours, and listening sessions to inform ESG program design. ESG funds are allocated using a formula allocation and/or performance outcomes derived from HMIS data via HDIS, which includes, but is not limited to, “exits to permanent housing.”

Performance standards and HMIS policies are developed in collaboration with CoCs based on HUD requirements and guidance and are detailed in the ESG program guidelines and the AP-30 Method of Distribution. HCD provides training and technical assistance to ensure compliance with HMIS data standards and reporting requirements.

HCD program staff also meet regularly with Cal ICH to prepare and report on the statewide strategic planning efforts around homelessness.

Describe agencies, groups, organizations and others who participated in the process and describe the state’s consultations with housing, social service agencies, and other entities.

1	Agency/Group/Organization	California Housing and Finance Agency (CalHFA)
	Agency/Group/Organization Type	Housing Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public and Assisted Housing, Homeless Needs Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email, Phone call, and Shared committee participation and conference attendance. Improved coordination in affordable housing development, voucher administration, and housing applications.

2	Agency/Group/Organization	California Business, Consumer Services and Housing Agency
	Agency/Group/Organization Type	Housing Other government - state Business Leaders
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Homeless, Non-Housing Community Development Needs, Homeless facilities
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email, Phone call, and Shared committee participation and conference attendance. Increased collaboration in implementing state housing priorities policy goals.
3	Agency/Group/Organization	California Housing Partnership Corporation
	Agency/Group/Organization Type	Housing Non-profit
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Community Development, Cost of Housing, Affordable Housing
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email, Phone call, and Shared participation in conferences. Improved coordination to increase housing access and affordability in California.
4	Agency/Group/Organization	California Coalition for Rural Housing
	Agency/Group/Organization Type	Housing – Non Profit Organizations Serving Colonias
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Colonias Set-aside Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email, Phone call, and Shared participation in conferences. Facilitation of conference workshops on “Changing Federal Landscape”. Improved availability of funding for affordable housing and community development in CA Rural Communities and Tribal Nations. Engaged with member organizations including MidPenn, Coachella Valley Housing Coalition, and others.
5	Agency/Group/Organization	California Department of Public Health
	Agency/Group/Organization Type	Services-Health Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Priority needs.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared committee participation. Improved coordination with a focus on health and housing. Data sharing between service providers and housing agencies. Expanding permanent supportive housing.
6	Agency/Group/Organization	California Department of Health Care Services
	Agency/Group/Organization Type	Services-Health Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Strategic Plan, HOPWA Goals
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared committee participation. Improved coordination in tracking the change in financial cost to high-cost health users once they enter Permanent Supportive Housing.
7	Agency/Group/Organization	California Department of Health and Human Services Agency
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Health Other government - state

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Homelessness, Housing units, cost of housing
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared committee participation. Improve coordination of federal funds to support services that assist low-income Californians.
8	Agency/Group/Organization	California Civil Rights Department
	Agency/Group/Organization Type	Service Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Affordable housing.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared office space and agency oversight, frequent interaction at leadership level and with HCD Housing Policy Division Fair Housing Unit. Improved coordination in ensuring that organizations that work with HCD are following state and federal housing laws.
9	Agency/Group/Organization	Fair Housing Advocates of Northern California
	Agency/Group/Organization Type	Services
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Affordable housing, Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email and Phone call. Improved coordination on how to enforce federal and state law especially for developments/sponsors who have received HCD funding.
10	Agency/Group/Organization	California Department of Social Services
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-homeless Other government - state

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness, housing problems, housing cost burdens, homelessness, HOPWA goals.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared committee participation, Direct email, and Phone call. Improved coordination on how to enforce federal and state law and promote the economic and social well-being of families, children, individuals, and communities.
11	Agency/Group/Organization	California Department of Aging
	Agency/Group/Organization Type	Services-Elderly Persons Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness, Facilities and service, and housing cost burdens
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared Committee participation, Direct email, and Phone call. CDA coordinates with supportive agencies to support the needs of and develop strategies for housing. Anticipated outcome is to improve affordable housing and assist with social service needs.
12	Agency/Group/Organization	California Department of Developmental Services (DDS)
	Agency/Group/Organization Type	Services- Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Homeless needs, Facilities and services, other needs and activities.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared Committee participation, Direct email, and Phone call. Assist with access to stable, affordable housing and affordable health services and mental health services. Improve funding for housing development, renovation, and rental subsidies. Increase collaboration with multi-family housing developers.
13	Agency/Group/Organization	Healthy Housing Foundation (HHF)
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS Non-Profit

	What section of the Plan was addressed by Consultation?	Market Analysis Needs Assessment-non-housing special needs, non-housing community development needs, HOPWA goals.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email and Phone call. Improve coordination with HOPWA groups in addressing population needs. Healthy Housing Foundation provides decent housing units at an affordable cost to low-income people. HHF will offer priority placement to individuals with chronic health conditions, including HIV/AIDS.
14	Agency/Group/Organization	California Department of Public Health
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS Services-Health Other government - state
	What section of the Plan was addressed by Consultation?	Market Analysis Annual Action Plan-HOPWA goals.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared Committee participation, Direct email, and Phone call. Improve coordination with HOPWA group with housing assistance and supportive services designed to reduce or prevent homelessness for persons living with HIV (PLWH). Seek to increase the availability of decent, safe, and affordable housing for low-income PLWH.
15	Agency/Group/Organization	Governor's Office of Emergency Services
	Agency/Group/Organization Type	Agency - Emergency Management Other government - state
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Non-homeless Special Needs, Market Analysis-Hazard Mitigation.
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared Committee participation, Joint project design, Direct email, Phone call, and help with the state Disaster Recovery Program specifically dedicated to housing recovery. Permanent housing solutions and poverty alleviation.
16	Agency/Group/Organization	California Department of Corrections and Rehabilitation
	Agency/Group/Organization Type	Services-Education Other government - state

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Homeless needs, Homeless facilities, Community Revitalization Strategies
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared Committee participation. Joint program and project design. Direct email and Phone call. Working to increase funding in health care services such as medical, dental and mental health.
17	Agency/Group/Organization	Rural Community Assistance Corporation
	Agency/Group/Organization Type	Services - Broadband Internet Service Providers Non-Profit Serving Colonias Community Development Financial Institution
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Non-Homeless Special Needs Market Analysis Colonias Set-aside Strategy Broadband Needs of Housing
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared participation at community workshops and conferences. Delivered online resource sharing at CDBG Office Hours. Direct email and Phone call. Coordinate with nonprofit organizations to provide training, technical and financial assistance for rural and tribal communities.
18	Agency/Group/Organization	Leadership Council for Justice and Accountability
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct email, and informal conversation at shared conferences. HCD worked closely with LCJA during the Consolidated Plan engagement process and continues to engage with staff and community residents. Increased focus of funding options in rural communities, particularly unincorporated communities with significant development needs.

19	Agency/Group/Organization	California Tax Credit Allocation Committee
	Agency/Group/Organization Type	Other government- state Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Shared panel presentations at conferences. Close collaboration around legislative mandate to work toward a consolidated multi-family affordable housing funding application. HCD's Director serves on the CTCAC board and is actively engaged with them as a primary funding partner.
20	Agency/Group/Organization	California Human Development
	Agency/Group/Organization Type	Housing Regional Organization Other- Non-Profit Civic Leaders
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct e-mail and Phone call. Continued participation in future activities and expanded engagement in other areas of Northern California that CHD serves.
21	Agency/Group/Organization	Housing California
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders Other- Nonprofit
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Homeless Needs- Chronically homeless Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	HCD regularly engages with Housing California and its members on key housing policy issues including legislative effort for a consolidated multi-family affordable housing funding application to streamline funding delivery. Staff regularly attend the Housing CA annual Conference. Engagement with member organizations includes Eden Housing, Jamboree Housing, Housing Authority of Santa

		Barbara, Mercy Housing, Big Valley Rancheria, Coalition for Responsible Community Development
22	Agency/Group/Organization	Southern California Association of Governments
	Agency/Group/Organization Type	Regional Organization Housing Civic Leaders
	What section of the Plan was addressed by Consultation?	Housing Civic Leaders
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Engaged with County of Riverside, Orange County Port Authority and other entities. Local government challenges and needs were discussed.
23	Agency/Group/Organization	Sacramento Housing Alliance
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders Other- Non-Profit
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Homelessness Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Conference attendance and participation. Engaged with member organizations on housing needs and challenges including: HealthNet, Mercy Housing California, Sacramento Continuum of Care Board, Sacramento Steps Forward, Sacramento Investment without Displacement, Sacramento Community Land Trust, City of Elk Grove, City of Citrus Heights, City of Rancho Cordova, City of Folsom, and County of Sacramento
24	Agency/Group/Organization	San Joaquin Valley Housing Collaborative
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders Other- Non-Profit
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Homelessness Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the	Conference attendance and participation. Engaged with member organizations on housing needs and challenges including Self-Help Enterprises, regional non-profit organizations, multiple cities and counties in the San

	consultation or areas for improved coordination?	Joaquin Valley, Fresno Interdenominational Refugee Ministries, and Upholdings, LLC.
25	Agency/Group/Organization	Southern California Association of Non-Profit Housing (SCANPH)
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders Other- Non-Profit
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Homelessness Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Conference attendance and participation. Engaged with member organizations on housing needs and challenges.
26	Agency/Group/Organization	Northern California Non-Profit Housing Association (NPH)
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders Other- Non-Profit
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Homelessness Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Conference attendance and participation. Engaged with member organizations on housing needs and challenges.
27	Agency/Group/Organization	San Diego Housing Federation (SDHF)
	Agency/Group/Organization Type	Housing Regional Organization Civic Leaders Other- Non-Profit
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Homelessness Needs
	How was the Agency/Group/Organization consulted and what are the	Conference attendance and participation. Engaged with member organizations on housing needs and challenges.

	anticipated outcomes of the consultation or areas for improved coordination?	
28	Agency/Group/Organization	Rural LISC
	Agency/Group/Organization Type	Regional Organization Housing Civic Leaders Community Development Financial Institution
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Non-housing Community Development Strategy Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct e-mail and Phone call HCD met with Rural LISC Director and discussed continuing to collaborate, particularly around tribal finance and rural infrastructure.
29	Agency/Group/Organization	Self-Help Enterprises
	Agency/Group/Organization Type	Housing Regional Organization
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Anti-poverty Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct e-mail, Phone call, Focus Group, Frequent interaction regarding program design, and Shared attendance at housing conferences. Improvements in program design to best serve small rural communities in the San Joaquin Valley
30	Agency/Group/Organization	California Department of Technology
	Agency/Group/Organization Type	Other government- state
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Other- Broadband Non-housing Community Development Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	HCD is a part of the statewide planning group with CDT that prepared a statewide digital plan in 2024.
31	Agency/Group/Organization	California Department of Water Resources
	Agency/Group/Organization Type	Other government- state

		Other- Agency whose responsibility includes the management of flood prone areas, public land, or water resources
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Direct e-mail and Phone call. Increased opportunities to leverage funding and loans to improve water infrastructure in rural communities.
32	Agency/Group/Organization	California Governor's Office
	Agency/Group/Organization Type	Other government- state
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Civic Leaders
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Ongoing meetings. Increased fund leveraging resources across departments to improve outcomes for housing, and infrastructure.
33	Agency/Group/Organization	CAL FIRE
	Agency/Group/Organization Type	Other government- State Agency - Emergency Management
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Ongoing meetings. Increased leveraging of funding opportunities and project planning to improve disaster strategies of mostly rural communities.

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

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuums of Care Planning Process	N/A (local/regional CoCs; statewide coordination via Cal ICH/HUD SNAPS)	CoC goals statewide align with HCD Strategic Plan’s homelessness goals, prevention, rapid rehousing, shelter, and permanent housing placements, through coordinated entry, HMIS performance management, and ESG alignment. (ongoing)
California Statewide Housing Plan	California Department of Housing & Community Development (HCD)	Sets a statewide housing vision and production/affordability strategies; overlaps with HUD funding goals to increase supply, preserve affordability, and affirmatively further fair housing. (released 2022; ongoing)
Action Plan for Preventing and Ending Homelessness (2025-2027)	California Interagency Council on Homelessness (Cal ICH)	A three-year roadmap with five measurable goals to reduce unsheltered homelessness, increase housing exits, prevent returns, and expand housing supply; directly supports HCD AAP goals on preventing and addressing homelessness and data-driven ESG allocations.
Health in All Policies (HiAP) Task Force	California Strategic Growth Council; California Department of Public Health	Cross-agency framework to integrate health into policies; support HCD investment in healthy and resilient communities via housing, infrastructure, active transportation, and public facilities. (ongoing)
California Master Plan for Aging (2021-2030)	California Health & Human Services Agency; California Department of Aging	Ten-year blueprint (5 bold goals) to advance housing stability, health access, caregiving, and economic security for older Californians; aligns with HCD goals on public services, homelessness prevention, and accessible housing.
Master Plan for Developmental Services (released Mar 28, 2025)	California Health & Human Services Agency; Department of Developmental Services (DDS)	Community-driven plan to reduce service obstacles, expand housing and support, and strengthen the DDS workforce; supports HCD goals to connect the developmental services system to housing and improve supportive housing pathways.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
California's Water Supply Strategy (Aug 2022)	California Natural Resources Agency; State Water Resources Control Board; DWR (multi-agency)	Strategy to adapt water systems to hotter, drier conditions via storage, recycling, stormwater capture, and desalination; aligns with HCD infrastructure goals (water/wastewater resilience) benefiting low-income and rural communities.
Broadband for All - State Broadband Action Plan (Dec 2020; ongoing)	California Broadband Council	Framework to close the digital divide through availability, affordability, devices, and digital skills; supports HCD infrastructure and public services goals, including rural and low-income broadband access.
California State Digital Strategy / Envision 2026 (2024-2026)	California Department of Technology (CDT)	State digital strategy and IT plan to advance digital services for all, secure tech investments, and strengthen workforces; support HCD goals on access, program efficiency, and digital access in grant delivery.
2023 State of California Hazard Mitigation Plan (SHMP) (expires Aug 29, 2028)	California Governor's Office of Emergency Services (Cal OES)	Enhanced SHMP guiding statewide mitigation & resilience across hazards; overlaps with HCD infrastructure and facility investments (e.g., flood, fire, seismic) and reducing risk while serving households most negatively impacted by disasters.
California Unified Strategic Workforce Development Plan (2024-2027)	California Workforce Development Board (CWDB)	Workforce system framework emphasizing high-road jobs, sector strategies, and career pathways; supports HCD economic development and public service goals in rural & underserved areas.

Table – Other local / regional / federal planning efforts

Narrative

No additional information to provide.

AP-12 Participation - 91.115, 91.300(c)

Summary of citizen participation process/Efforts made to broaden citizen participation. Summarize citizen participation process and how it impacted goal-setting

The goal of HCD's citizen participation process is to assess community-level affordable housing, homelessness, community development, 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. Accordingly, during the development of the Consolidated Plan, HCD conducted extensive outreach to the public consistent with 24 CFR 91 and the State's Citizen Participation Plan (CPP). HCD encouraged members of the public to participate in the development of the Plan, especially low and moderate-income persons, particularly those living in areas where CDBG and other HUD funds are proposed for use; residents of predominantly low and moderate-income neighborhoods, persons living in Colonias and persons with disabilities. Additional detail on this outreach is found in the PR-15 section of the 2025-2029 Consolidated Plan.

HCD will conduct a **30-day public comment period from February 26, 2026, to March 28, 2026**, to solicit additional public feedback during which the draft AAP will be made available online and in print upon request. A public hearing will be held during this period to solicit feedback from residents, stakeholders, and interested parties.

To broaden participation, HCD will:

- Post a summary of the draft AAP on its website in both English and Spanish
- Distribute the summary electronically to stakeholders and interested parties via email lists
- Provide translation and interpretation services upon request
- Make the full draft AAP available on HCD's website and in print upon request

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

All HUD-defined Colonias in California are located in Imperial County. HCD maintains regular engagement with Imperial County and its partner jurisdictions to ensure that Colonias residents have access to the 5 percent CDBG set-aside and are included in the planning process.

Efforts to broaden participation in Colonias include:

- Ongoing technical assistance to Imperial County staff

- Coordination with local administrators to support project development
- Ensuring that Colonias-specific needs are considered in funding decisions

During development of the 2025-2029 Consolidated Plan, HCD held a workshop in the Colonia of Niland in October 2024 and conducted interviews with a local community advocate, a business owner and with firefighters. One of the primary goals of the workshop and interviews was to solicit direct feedback from the community of Niland.

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	Website Posting;	General Public	To be posted on HCD website.	Will be updated following public comment period.	N/A	TBD
2	Electronic Distribution	Stakeholders and Interested Parties	To be distributed via email lists.	Will be updated following public comment period.	N/A	N/A
3	Public Hearing	Residents and Stakeholders	To be held during comment period.	Will be updated following public comment period.	N/A	N/A
4	Public Comment Period	General Public	Draft to be distributed electronically, posted on the website, and made available in physical and/or accessible formats upon request.	Will be updated following public comment period.	N/A	N/A

Table 3 – Citizen Participation Outreach

Expected Resources

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

Introduction

HCD receives funds on an annual basis for HUD programs including: CDBG, HOME, ESG, National Housing Trust Fund and HOPWA (administered by California Department of Public Health) to address the identified different needs across the state as determined by the goals and allocation priorities of the 2025-2029 Consolidated Plan. The anticipated resources for the second year of the Con Plan, FY 2026-2027, and the remaining three years of the five-year Con Plan cycle are provided in the table below and include administrative costs. Administration costs are excluded from the aligned table of AP-20, and AP-35/38.

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

The Program Income (PI) estimates are based on PI generated by state-held loan portfolios and from locally held state recipient loan portfolios during FY 2024. Total CDBG State Program Income (PI) available for FY24 was \$11,780,617.10. HOME Program Income and Recaptured funds received in FY24 were \$6,000,000 received by HOME state recipients and \$487,000 received by HCD.

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

Anticipated Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 2				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,	29,749,000	11,780,617	4,000,000	45,529,617	77,345,927	2026 HUD Anticipated Award Allocation, Available PI Balance, Prior Year CDBG Resources
HOME	Public Federal	Acquisition, Homebuyer Assistance, Homeowner Rehabilitation, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, New Construction for Ownership, Tenant-Based Rental Assistance	37,693,000	6,487,000	0	44,180,000	98,002,191	2026 HUD Anticipated Award Allocation, Available PI Balance, Prior Year HOME Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	Public Federal	Permanent Housing Facilities (PHP), Short-Term or Transitional Housing Facilities (STRMU), Supportive Services, Tenant-Based Rental Assistance	5,265,574	0	4,718,624	9,984,198	13,690,492	2026 HUD HOPWA Award Allocation
ESG	Public Federal	Conversion and Rehabilitation for Transitional Housing, Financial Assistance, Overnight Shelter, Rapid Re-Housing (Rental Assistance), Rental Assistance Services, Transitional Housing	12,278,000	0	1,111,200	13,389,200	31,921,410	2026 HUD Anticipated Award Allocation, Prior Year Resources

Program	Source of Funds	Use of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
NHTF	Public Federal	Acquisition, Administration and Planning, Homebuyer Assistance, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, New Construction for Ownership	21,104,000	0	0	21,104,000	63,312,000	2026 HUD Anticipated Award Allocation
ESG RUSH	Public Federal	Street Outreach Emergency Shelter, Rapid Re-Housing, Homelessness Prevention, Admin, HMIS Activities	N/A	0	2,441,724	2,441,724	0	A set-aside of ESG funds in the amount of \$3,000,000 was awarded to HCD under ESG RUSH funds via contract to eligible subrecipients in the disaster declared areas under DR-4856, for performance of eligible activities as defined in the

Program	Source of Funds	Use of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
								RUSH Notice: FR-6315-N-01
CDBG-DR 2017 Unmet Needs	Public Federal	Owner Occupied Rehab; Multifamily Housing; Homebuyer Assistance	0	0	18,090,302	18,090,302	0	2017 HUD DR Award "Grants: 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	102,826,141	102,826,141	0	2018 HUD DR Award
CDBG-DR Mitigation	Public Federal	Public Services and Planning, Various Resilient Infrastructure	0	0	33,505,374	33,505,374	0	2017-18 MIT HUD Award "Grants: B-18-DP-06-0002 B-19-DT-06-0001"

Program	Source of Funds	Use of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDB G-NDR	Public Federal	Biomass Facility, Community Resilience Center, Forest, and Watershed Health	0	0	615,015	615,015	0	2013 HUD Award: B-13-DS-06-0001
CDB G-DR Unmet Needs	Public Federal	Multifamily Housing, Infrastructure, Owner-Occupied Rehabilitation	0	0	54,416,843	54,416,843	0	2020-21 HUD Award: B-21-DZ-06-0001 B-21-DF-06-0001 B-22-DF-06-0001
CDB G-DR 2023 Unmet Needs	Public Federal	Multifamily Rental New Construction, Manufactured Housing Unit Replacement & Elevation Community Resiliency Centers	0	0	128,140,612	128,140,612	0	"2023 HUD DR Award Grants: B-23-DG-06-0001 B-25-DG-06-0001"

Program	Source of Funds	Use of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDB G-DR 2024	Public Federal	Multifamily Rental Housing New Construction, Infrastructure, Homebuyer Assistance, Regional & Local Planning, Insurance Resilience Planning, and Mitigation.	0	0	416,597,000	416,597,000	0	HUD 2023-24 DR Award Grant: B-25-DU-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.

Because federal programs like HOME, NHTF and CDBG typically cover only part of the cost, leveraging additional funding is essential, especially for large housing and infrastructure projects. Rising housing costs make partnerships and creative financing critical for success.

To meet matching requirements for HOME, local governments often contribute through in-kind services, grant administration, gas tax funds, public works funds, and waivers for permits and fees. Private partners provide mortgage loans, grants, staff time, and discounts on services such as title and appraisal. Banks support affordable housing through conventional loans, Community Reinvestment Act (CRA) loans, and mortgages paired with first-time homebuyer programs.

Additional leveraged resources include:

- State and federal housing tax credits
- Private bank loans
- Local funds
- Federal Home Loan Bank Affordable Housing Program
- Other federal programs (USDA, EPA)
- State programs (Department of Water Resources, Caltrans)
- State housing initiatives (Homekey, Multifamily Housing Program)

This combined approach ensures projects can move forward despite limited federal funding.

CDBG- Match required for administrative costs after the first \$100,000. Funds available are often insufficient to fully support most Community Development or Economic Development projects and programs, so CDBG is generally used as gap financing in conjunction with other federal, state and local funds.

HOME - 25 percent Match Requirement. HCD uses HCD state funds and other state and local resource contributions to housing pursuant to the HOME matching requirements at 24 CFR 92.220.

ESG - 100 percent Match Requirement. HCD encourages the use of state homeless funds, such as from the California Homeless Housing, Assistance and Prevention (HHAP) Grant Program to help meet the match requirement. Grantees use CoC funds and local resource or private foundation funds to provide match as well. HCD has worked with the state government to develop flexible funding sources to address homelessness. Match requirements do not apply to ESG RUSH program funds.

NHTF - No match required.

HOPWA: There is no federal matching requirement for State HOPWA, however, State HOPWA project sponsors report leveraged funds. CDPH/OA anticipates approximately \$3.5 million in annual leveraged funds by HOPWA project sponsors from other federal, state, local, and private

resources for the provision of HIV/AIDS housing and services to HOPWA clients based on the FY 2024-2025 CAPER and prior year data. Annual leveraged funds include:

- The HIV Care Program (HCP), which is funded through the Health Resources and Services Administration's (HRSA) Ryan White AIDS/HIV Program (Part B), provides primary medical care and essential support services for eligible PLWH who are low-income and uninsured or underinsured.
- The AIDS Drug Assistance Program (ADAP), also funded through HRSA, helps ensure that eligible PLWH who are uninsured or underinsured have access to HIV-related medication, by paying their prescription costs. ADAP can also pay for health insurance premiums, employer-based insurance premiums, Part D and Medigap insurance premiums, and medical out-of-pocket costs for ADAP clients.
- The Medi-Cal Waiver Program, funded through the Centers for Medicare and Medicaid Services (CMS), provides comprehensive case management and direct care services to eligible PLWH as an alternative to care provided in skilled nursing facilities or hospital.

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 leveraging its publicly owned land. The Department of General Services (DGS) and HCD have followed Governor Newsom's Executive Order N-06-19 to identify and prioritize excess state-owned property and aggressively pursue 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 used to prioritize these parcels. HCD maintains a website dedicated to providing resources to developers interested in developing currently available sites, which includes an interactive mapping tool.

Further, the Surplus Land Act (SLA) (Gov. Code 54220-54234) aims to make local public land that is no longer needed for government purposes available for building affordable homes. HCD maintains a webpage that hosts a surplus land portal, dashboard, and technical assistance and resources for local agencies and developers.

Discussion

The anticipated resources for FY 2026–2027 reflect updated program allocations, program income, and prior-year balances that HCD expects to expend. AP-15 totals include administration, while AP-20 and AP-38 exclude it. Estimates assume a 10 percent reduction from prior-year allocations and will be updated upon HUD's final awards. Program income projections are based on recent receipts. NHTF allocations may fluctuate due to changes in mortgage market activity, which affects its funding source. Leveraging state, local, and private

resources, including surplus lands, remains critical to address housing and infrastructure needs, especially in rural and underserved communities.

For ESG, the \$1,111,200 in prior year resources from FY2023 will be made available upon HUD's approval of a remediation plan to expend FY2023 funds remaining after the original performance period ended. In the remediation plan, HCD is proposing to offer the remaining unexpended FY2023 funds to grantees with a recent history of good performance and timely expenditure. If the remediation plan is approved by HUD, the funds will be added into grantee's current standard agreements and will be expended by July 2027.

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

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
1	Increase Supply of Affordable Housing	Development of new rental and homeownership housing opportunities to increase the supply of affordable housing	2026	2027	Affordable Housing	Statewide	Increased Supply and Preservation of Affordable Housing	HOME: \$26,248,159 HTF: \$17,094,240	Rental units constructed: 167 Household Housing Units Homeowner Housing Added: 14 Housing Units
2	Preserve Existing Affordable Housing	Rehabilitation of existing units in order to preserve viability and affordability of existing housing stock.	2026	2027	Affordable Housing	Statewide	Increased Supply and Preservation of Affordable Housing	CDBG: \$8,481,058 HOME: \$7,696,829 HTF: \$1,899,360	Rental Units Rehabilitated: 32 Housing Units Homeowner Housing Rehabilitated: 107 Housing Units
3	Improve Access to Affordable Housing	Rental and homebuyer assistance programs operated by grantees and subrecipients, including security and utility deposits, monthly rental assistance. NOTE: While no new investment of CDBG funding in FY 2026, this remains an important Con Plan goal and was funded in FY 2025 and anticipated to be funded in FY 2028. Goal Outcome Indicators are estimated based on past CDBG awards	2026	2027	Affordable Housing	Statewide	Improved Access to Affordable Housing	CDBG: \$0 HOME: \$6,465,712	Direct Financial Assistance to Homebuyers: 65 Homebuyers Assisted Tenant-Based Rental Assistance: 171 Homebuyers Assisted

Sort Order	Goal Name	Description	Start Year	End Year	Category	GeographicArea	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
		for activities anticipated to be completed in FY 2026.							
4	Prevent Homelessness	<p>Address the needs of those at risk of homelessness through prevention activities. Includes homeless prevention activities through the ESG and HOPWA programs.</p> <p>Provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas.</p>	2026	2027	Homeless	Statewide	<p>Address the Homelessness Crisis</p>	<p>ESG: \$629,557</p> <p>HOPWA: \$6,161,047</p>	Homeless Prevention: 794 Persons Assisted
5	Address Homelessness	<p>Address the increasing number of individuals and families experiencing homelessness by providing assistance to households currently experiencing homelessness. Includes HOPWA-tenant-based rental assistance, ESG rapid re-housing, shelter and street outreach activities.</p> <p>Provide short-term disaster response assistance for the needs of persons who are experiencing homelessness</p>	2026	2027	Homeless	Statewide	<p>Address the Homelessness Crisis</p>	<p>HOPWA: \$3,665,184</p> <p>ESG: \$11,961,574</p> <p>ESG-RUSH \$2,441,724</p>	<p>TBRA/Rapid Rehousing: 2,353</p> <p>Homeless Person Overnight Shelter: 12,880 Persons Assisted</p> <p>HIV/AIDS Housing Operations: 7 Household Housing Units</p> <p>Public Service Activities other than Low/Moderate-Income Housing Benefit: 600 Persons Assisted</p>

Sort Order	Goal Name	Description	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
		or at-risk of homelessness residing in disaster areas.							
6	Invest in Community and Public Infrastructure and Facilities	Provide support for public facilities and infrastructure, particularly in rural areas, with the goal of supporting low- and moderate-income households in these communities.	2026	2027	Non-Housing Community Development	Statewide	Neighborhood Stability	CDBG: \$36,156,089	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 37,900 Persons Assisted Includes Colonias set-aside
7	Provide Community-Based Public Services	Provide support for public services, particularly in rural areas, with the goal of supporting low and moderate-income households and special needs populations in these communities. NOTE: While no new investment of CDBG funding in FY 2026, this remains an important Con Plan goal and was funded in FY 2025 and anticipated to be funded in FY 2028. Goal Outcome Indicators are estimated based on past CDBG awards for activities anticipated to be completed in FY 2026.	2026	2027	Non-Housing Community Development	Statewide	Community-Based Public Services	CDBG: \$0	Public service activities other than Low/Moderate Income Housing Benefit: 13351 Persons Assisted

Sort Order	Goal Name	Description	Start Year	End Year	Category	GeographicArea	Needs Addressed	Funding	Goal Outcome Indicator (Cumulative of all programs)
8	Increase Economic Development Opportunities	Economic development includes investment in businesses and projects in support of job creation and retention activities primarily benefiting low-to-moderate income persons in order to encourage community revitalization, and the provision of neighborhood serving businesses to improve access to jobs, goods and services, and grow the local economy. NOTE: While no new investment of CDBG funding in FY 2026, this remains an important Con Plan goal and was funded in FY 2025 and anticipated to be funded in FY 2028. Goal Outcome Indicators are estimated based on past CDBG awards for activities anticipated to be completed in FY 2026.	2026	2027	Non-Housing Community Development	Statewide	Economic Development	CDBG: \$0	Businesses Assisted: 40 Jobs Created/Retained: 188

Table 5 - Goals Summary

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

See estimates in AP-20 table under Goal 1 Increase Supply of Affordable Housing.

AP-25 Allocation Priorities – 91.320(d)a

Introduction

The percentages below are based on the expected amount of funds that will be awarded, less administration, by each program for Program Year 2026-2027 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.

Allocation Priorities Table

	Increase Supply of Affordable Housing (%)	Preserve Existing Affordable Housing (%)	Improve Access to Affordable Housing (%)	Prevent Homelessness (%)	Address Homelessness (%)	Invest in Community and Public Infrastructure (%)	Provide Community Based Public Services (%)	Increase Economic Development Opportunities (%)	Colonias Set-Aside (%)	Total (%)
CDBG	0	19	0			76	0	0	5	100
HOME	72	12	16							100
HOPWA				63	37					100
ESG				5	95					100
HTF	90	10								100

Table 6 – Funding Allocation Priorities

Reason for Allocation Priorities

Community Development Block Grant (CDBG):

CDBG sets aside 5 percent of its annual allocation for Colonias and 1.25 percent for non-federally recognized Native American communities.

CDBG minimums and caps include state statutes that require at least 30 percent of activity dollars be used for economic development and at least 51 percent for housing-related activities and federal regulation that requires less than 20 percent be used for administration, less than 15 percent be used for public services, and at least 70 percent for activities benefiting low/moderate individuals.

To address grantee performance and needs, CDBG method of distribution makes some significant changes in FY 2026. Activity types are limited to infrastructure, community facilities and housing projects. Housing rehab, homeownership, and economic development programs; public service activities; and planning activities are excluded from the FY 2026 NOFA to allow grantees to spend existing awards. These activities will resume in future action plans. This streamlined approach aims to improve outcomes and customer service. State statute continues to be met by demonstrated nexus at the project level to housing and economic development required minimum allocations.

HOME Investment Partnerships Program (HOME): HOME funding allocation priorities are based on demand by program applicants. HOME funding is used for program activities, including First-Time Homebuyer (FTHB) mortgage assistance, Owner-Occupied Rehabilitation (OOR), and Tenant-Based Rental Assistance (TBRA). Additionally, HOME funds are used for project activities, including multifamily rental projects, FTHB projects, which includes FTHB new construction or rehabilitation/conversion activities. Each allocation also includes a financial target to fund Tribal applications and the federally mandated 15 percent CHDO set-aside which may be through program or project activities.

National Housing Trust Fund (NHTF):

NHTF is administered in accordance with Title 24 Code of Federal Regulations, §93.250, and California's AB 816. NHTF funds are used to create housing affordable to extremely low-income households, including people experiencing homelessness. NHTF also funds Capitalized Operating Subsidy Reserves, which is funding to cover operating gaps, so the extremely low-income housing units stay financially feasible over the NHTF affordability period.

Emergency Solutions Grants (ESG): HCD uses a formula-based method of distribution for local Continuums of Care (CoCs) Service Areas (SAs), 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).

With the implementation of the state's ESG Guidelines, the ESG annual funding is distributed by a formula allocation and/or performance outcomes that access Homeless Management Information System (HMIS) data via the state Homeless Data Integration System (HDIS). Eligible uses are limited to Homelessness Prevention, Street Outreach, Rapid Rehousing, Emergency Shelter Operations and Homeless Management Information Systems.

Housing Opportunities for Persons With Aids (HOPWA): HOPWA's goal is to prevent or alleviate homelessness among people living with HIV (PLWH). State funds are allocated to project sponsors using a formula based on reported HIV cases by county, Federal Poverty Level (FPL), and Fair Market Rent (FMR). This ensures funding reaches all non-Eligible Metropolitan Statistical Areas (EMSA) and prioritizes communities most impacted by HIV/AIDS, poverty, and high housing costs. To encourage housing assistance, CDPH/OA limits supportive services to 20 percent of a sponsor's allocation. Sponsors needing more may request a waiver during budget submission; waivers are granted as needed.

Community Development Block Grant-Disaster Recovery (CDBG-DR): CDBG-DR funding supports recovery assistance for natural disasters. 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) identified six priority needs, associated eight goals with these needs, and associated specific objectives known as Goal Outcome Indicators (GOIs) with these goals.

1. Priority Need: Increased supply and Preservation of Affordable Housing
 - Goal: Increase Supply of Affordable Housing
 - Goal: Preservation of Existing Affordable Housing
 - GOIs: Rental Units Constructed; Rental Units Rehabilitated; Household Housing Units; Homeowner Housing Added; Homeowner Housing Rehabilitated
2. Priority Need: Improved Access to Affordable Housing
 - Goal: Improve Access to Affordable Housing
 - GOIs: Direct Financial Assistance to Homebuyers; Households Assisted; Tenant-Based Rental Assistance/ Rapid Rehousing; Households Assisted
3. Priority Need: Address the Homelessness Crisis
 - Goal: Prevent Homelessness
 - Goal: Address Homelessness
 - GOIs: Tenant-Based Rental Assistance/ Rapid Rehousing; Households Assisted; Homelessness Prevention Persons Assisted; Homeless Person Overnight Shelter Persons Assisted; Homeless Person Street Outreach Persons Assisted; HIV/AIDS Housing Operations
4. Priority Need: Investment in Community and Public Infrastructure and Facilities
 - Goal: Maintain or Improve Public Facilities and Infrastructure
 - GOIs: Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit – Persons Assisted; Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit – Households Assisted
5. Priority Need: Community-Based Public Services
 - Goal: Maintain or Improve Access to Public Services
 - GOIs: Public service activities other than Low/Moderate Income Housing Benefit – Persons Assisted

6. Priority Need: Increased Economic Development Opportunities

- Goal: Economic Development
- GOIs: Jobs Created/Retained; Businesses Assisted

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

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

Introduction

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

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

Distribution Methods Table

1	State Program Name:	CDBG Over-the-Counter (OTC)
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	<p>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.</p> <p>CDBG eligible activities under the 2026 NOFA will only include housing and non-housing (infrastructure and public facilities) projects, referred to collectively as “projects”. What is considered an eligible activity is further defined in an appendix to the NOFA. Further restrictions on eligible activities may be defined in the relevant NOFA and MOD.</p>

	<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The 2026 NOFA offers only OTC applications for eligible activities. The total number of applications allowed per jurisdiction shall not exceed one (1).</p> <p>Application criteria will focus on need, readiness, capacity, and past performance. Grantees who have not been awarded recently will be prioritized. The CDBG Guidelines are in the process of being updated to apply the “50 Percent Rule” to Over-the-Counter applications to reward fast spenders and ensure that grantees who have not spent down their existing awards continue to focus on expenditures rather than applying for new awards before they are ready. Specific details about the criteria and their relative importance will be published in the 2026 NOFA which will be located here: Community Development Block Grant Program (CDBG) California Department of Housing and Community Development</p> <p>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 requiring a federal response, e.g., pandemic or economic recession. Applications for such allocations may be in addition to other applications submitted, will be independently evaluated, and won’t be included in the per-jurisdiction grant award maximums.</p> <p>Unallocated or uncommitted current or prior year CDBG funds can be used in the following circumstances:</p> <ul style="list-style-type: none"> • To increase awarded allocations to grantees that demonstrate fast spending and need additional resources. • To meet unforeseen emergency needs, including but not limited to activities qualifying under the Urgent Need National Objective. • For other eligible activities for which applications were submitted to the state that allow funds to be spent by regulatory deadlines. <p>Funding awarded in these circumstances won’t require issuance of a separate NOFA but may have a supplementary application that will be</p>
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		reviewed expeditiously to meet needs.
	<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describe the application criteria? (CDBG only)</p>	<p>Generally, for HCD CDBG NOFAs, the specific scoring breakdowns and threshold criteria 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.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>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.</p> <p>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, 2026, may be subject to recapture. This will not include PI receipts received after January 1, 2026, but will include all PI receipts received prior to January 1, 2026.</p> <p>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 2026 NOFA.</p> <p>Public service activities will not be funded under the 2026 MOD but will be funded in future years and will not exceed 15 percent of the CDBG annual expenditures, pursuant to federal regulation.</p> <p>Planning activities will not be funded under the 2026 MOD but will be funded in future years and will not exceed 10 percent of the CDBG annual expenditures, pursuant to federal regulation.</p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>Applicants must meet the state and federal CDBG regulation threshold requirements at the time of application submittal. These threshold requirements will be detailed in the 2026 NOFA</p>

		<p>and in the application.</p> <p>Grant size limits: Under the CDBG 2026 NOFA, the maximum total grant award for all activities combined per jurisdiction shall not exceed \$5,000,000. The limit per project application shall not exceed \$5,000,000.</p> <p>These maximums do 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 except that PI may not be used for public services or planning activities.</p> <p>Per jurisdiction application and award amount limits do not include Colonia and Native American set-asides.</p> <p>Exceptions for applications approved outside of the NOFA process to meet urgent need and to respond to unforeseen emergencies or events as determined by HCD will not be subject to these application or award amount limitations.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>With the FY26 awarded funds, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed services, while improving and creating economic opportunities. The specific goals and goal outcome indicators associated with CDBG funded activities are:</p> <p>Increase supply of affordable housing and preservation of existing affordable housing (Goal Outcome Indicators: Rental Units Rehabilitated)</p> <p>Maintain or improve public facilities and infrastructure (Goal Outcome Indicators: Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit; Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit)</p>
2	<p>State Program Name:</p>	<p>CDBG Colonias Set-aside</p>
	<p>Funding Sources:</p>	<p><i>*See AP-48 for this Method of Distribution</i></p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>*</p>

	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?	*
3	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.	<p>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.</p> <p>The state CDBG program uses a NOFA application process in which eligible cities and counties apply for funding awards for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities. These cities and counties are eligible to apply on behalf of non-federally recognized Native American communities or Tribes.</p>
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>The criteria for the non-federally recognized Tribe's set-aside applications are the same as the criteria for the state CDBG applications. Grantees who have not been awarded recently will be prioritized. For specific details about the criteria, view the NOFA, available here: Community Development Block Grant Program (CDBG) California Department of Housing and Community</p>

		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 application 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 permitted under the relevant NOFA and MOD. Applicants applying for this set-aside shall be eligible to apply for housing, public facilities, infrastructure projects, as well as housing programs, economic development programs, public services and planning, unlike applications under the OTC MOD, which will only be eligible to apply for housing, public facility and infrastructure projects.
	Describe the threshold factors and grant size limits.	<p>Applications must be submitted by an eligible jurisdiction. Applications submitted under this section will be independently evaluated. Applications for these allocations are not included in the per-jurisdiction application and/or grant award maximums.</p> <p>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.</p> <p>Grant size limits: The following grant limits apply to the Tribal set-aside only:</p> <p>The FY26 NOFA maximum application limit for Tribal funding will be no less than 1.25 percent of the CDBG allocation. Tribal applications may</p>

		apply for the full amount of set-aside for any eligible activities. If a Tribal applicant wishes to apply for more than the set-aside, the applicant should apply under the OTC funding for evaluation along with all other applicants.
	What are the outcome measures expected as a result of the method of distribution?	<p>With the FY26 Tribal set-aside, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed housing, public facilities, and infrastructure projects and services, while improving economic opportunities.</p> <p>The specific goals and goal outcome indicators associated with CDBG activities are:</p> <p>Increase supply of affordable housing and preservation of existing affordable housing (Goal Outcome Indicators: Homeowner Housing Added; Rental Units Rehabilitated); Homeowner Housing Rehabilitated)</p> <p>Improve access to housing (Goal Outcome Indicators: Direct Financial Assistance to Homebuyers)</p> <p>Maintain or improve public facilities and infrastructure (Goal Outcome Indicators: Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit; Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit)</p> <p>Maintain or improve access to public services (Goal Outcome Indicators: Public Service Activities other than Low/Moderate Income Housing Benefit; Public Service Activities for Low/Moderate Income Housing Benefit)</p> <p>Economic Development (Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted)</p>
4	State Program Name:	Emergency Solutions Grants Program (ESG) 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

		<p>(HEARTH) Act, 100 percent of ESG-funded activities must address homelessness.</p> <p>The ESG program aims to do the following:</p> <ul style="list-style-type: none"> • 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. <p>Pursuant to current state guidelines, eligible applicants are local governments and nonprofit corporations. Federal ESG funding will continue to be directed towards non-entitlement areas throughout the state; however, under the program, funding can be used in entitlement areas.</p> <p>HCD's ESG program is currently distributed in accordance with the Emergency Solutions Grants Program State Guidelines.</p> <p>The amount of funds available to Continuum of Care (CoC) Service Areas will be based on the amount of ESG funds available in any given year using the following formula allocation factors, with the most recent data available.</p> <p>(1) The Point-in-Time count published by HUD, which includes both sheltered and unsheltered homeless persons prorated to reflect the total population of the ESG non-entitlement areas within each CoC Service Area, as published by the Census Bureau.</p> <p>(2) The number of extremely low-income renter households within the ESG non-entitlement areas of each CoC Service Area that are paying more than 50 percent of their income for rent using HUD's Comprehensive Housing Affordability Strategy dataset.</p> <p>(3) The number of persons below the federal poverty line within the ESG non-entitlement areas of each CoC Service Area divided by the total population within the ESG non-entitlement areas of each CoC Service Area. This factor will be double-weighted. Data for these factors will be</p>
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		<p>obtained from the Census Bureau.</p> <p>(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 weighing of the formula will be proposed in the Annual Action Plan.</p> <p>Special allocations made under the ESG Program, such as ESG RUSH funding, may be awarded to existing subrecipients in good standing with HCD. ESG RUSH funding is geographically restricted for use within disaster declared areas. Therefore, Section 200 of the State Guidelines which describes the Allocation Formula does not apply to ESG RUSH. esg-final-guidelines.pdf</p>
	<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applications will be evaluated using criteria set in state guidelines at Article 2, § 206.</p> <p>An Eligible Applicant/organization means a Private Nonprofit Organization or a Unit of General Purpose Local Government that provides or contracts with Private Nonprofit Organizations to provide Eligible Activities, 24 CFR 576.2. The Applicant shall meet the following requirements when its application is submitted:</p> <ul style="list-style-type: none"> • The Applicant must show to the satisfaction of the Department that it is in compliance with the Single Audit requirements of 2 CFR 200.50. • The Applicant must be in good standing with the Department, as defined in the NOFA, and in compliance with all applicable law; and • Applicants must provide a Certificate of Good Standing from the California Secretary of State's office and a copy of their most recent filed Internal Revenue Service Form 990. <p>Applicant Selection</p> <ul style="list-style-type: none"> • The Continuum of Care may select up to two Eligible Applicants to apply for funding in any given year. The selection

		<p>process used by the Continuum of Care must include, at a minimum, the following:</p> <ul style="list-style-type: none"> ○ In making this selection, the Continuum of Care shall use a process which is fair, open and avoids conflicts of interest in project selection, implementation, and administration of funds ○ Incorporate reasonable performance standards as set forth in the AAP based on HUD requirements and guidance. If the Applicant has not implemented the proposed activity or similar activity within the past three years, the Continuum of Care shall work with the funded Applicant to ensure it meets reasonable performance standards specified in the AAP in the contract year ○ The Applicant and/or Service Provider must develop complete policies and procedures that meet HUD's, HCD's, and the CoC's requirements. The CoC must review and approve the policies and procedures before the Contractors and/or Service Provider can begin administering any ESG Eligible Activity. ○ Comply with federal regulations and the state Guidelines. <p>HCD reserves the right to approve Applicants the Continuum of Care has recommended. If HCD does not approve an Applicant, HCD must communicate to the Continuum of Care the reason for the denial in writing within 15 business days from the closing date of the application period.</p> <p>Criteria for denial of an Applicant:</p> <ul style="list-style-type: none"> ● Applicants are not in good standing with HCD ● Applicant has unresolved findings with HCD, HUD or a Single Audit ● Applicants have not met Expenditure Milestones in the prior two Annual
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		<p>Funding Cycles; or</p> <ul style="list-style-type: none"> • Applicant has an outstanding financial obligation to HCD and is not meeting repayment terms, if applicable. <p>Selection criteria are not applicable for ESG RUSH funding directly awarded to existing ESG subrecipients in the declared disaster area, however HCD will review the prior performance of existing subrecipients prior to making an award recommendation.</p> <p>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 requiring a federal response, e.g., pandemic, natural disaster or economic recession. Applications for such allocations may be in addition to other applications submitted and will be independently evaluated.</p> <p>Unallocated or uncommitted current or prior year ESG funds can be used in the following circumstances:</p> <ul style="list-style-type: none"> • To increase awarded allocations to grantees that demonstrate fast spending and need additional resources. • To meet unforeseen emergency needs, as defined by HCD. • For other eligible activities for which applications were submitted to the state that allow funds to be spent by regulatory deadlines. <p>Funding awarded in these circumstances won't require issuance of a separate NOFA but may have a supplementary application that will be reviewed expeditiously to meet needs.</p>
	<p>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)</p>	<ul style="list-style-type: none"> • A NOFA will be issued every third Annual Funding Cycle. This means that each NOFA and subsequent awards will be encumbered and evidenced by a multiple year Standard Agreement, where Applicants may apply for more funds in the third year. • Funding will be based on the actual amount of ESG funds made available to HCD through a

		<p>grant agreement from HUD in any given year using the formula allocation set forth in Section 200 of these Guidelines.</p> <ul style="list-style-type: none"> • The Department reserves the right to issue one or more NOFAs as needed, and to subsequently amend, supplement, or rescind any such NOFA in its discretion. • The Department will notify all eligible Applicants of the anticipated level of funding for the program in the AAP and will provide them with a schedule of filing applications as indicated in the NOFA. • The NOFA will specify, among other things, the amount of funds available, eligible components and activities, the time frame for submittal of applications, the application requirements pursuant to Section 203 of the state Guidelines, formula allocation and/or performance outcomes pursuant to the AAP, the matching contribution requirements pursuant to Section 209 of the state Guidelines, any prohibitions of use of funds, the availability of administrative funds, and the general terms and conditions of funding allocations. • Applications must be received by the closing date and time identified in the NOFA. In order to comply with any set-aside or special allocation established by HUD or the Department, the Department may do one or more of the following: <ul style="list-style-type: none"> ○ Issue a special NOFA. ○ Specify in each NOFA the reservation of a portion of the funds for various set-asides or special allocations. ○ Specify in each NOFA any waivers to requirements granted by HUD or the Department in connection with the funds. ○ Deadline for filing of applications to be reviewed and approved by the Department, timeframes for review and funding of all applications. ○ General terms and conditions of funding allocations set forth in 24 CFR 91.320. 14
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		<ul style="list-style-type: none"> • For funding years when a NOFA is not issued, a new application will not be required. The Department will notify the Contractor with active contracts in good standing: <ul style="list-style-type: none"> ○ Their annual funding allocation amount ○ Request a Budget Revision ○ Request a signed certification from the Authorized Signor identified in the Resolution of any changes, ○ Issue an award letter ○ Amend the Standard Agreement to reflect the adjusted funding. <p>In addition, HCD will provide special allocations, such as ESG RUSH funding, disencumbered funds, or expired funds being awarded under a remediation plan, as direct awards to existing subrecipients who are in good standing in their existing ESG award.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>Use ESG funds, including special allocations, for five program components: Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Rehousing, and Homeless Management Information System (HMIS), as well as Administrative Activities. Eligible Activities that may be funded under each component are set forth in 24 C.F.R. § 576.101 through 24 C.F.R. § 576.107.</p> <ul style="list-style-type: none"> • A minimum of 40 percent of all Contractor's awarded contract/budget must include the Rapid Rehousing component. • Homelessness Prevention will be limited to no more than 10 percent of any awarded contract/budget and will not be awarded as a standalone activity. • ESG Shelter Operations funds may be used for maintenance activities that do not materially add to the value of the building/property; do not appreciably prolong the useful life of the building/property; and do not adapt the building/property to new uses. Examples of maintenance activities could include

		<p>activities such as replacing a few shingles on a leaky roof; patching leaking pipes or plumbing; replacing a broken window; fixing a crack in a sidewalk; and filling potholes in a parking lot. <u>Please note, the requirements of the Build America, Buy America Act (BABA) may apply to minor repairs.</u></p> <ul style="list-style-type: none"> • Rental assistance payments provided as part of an RRH or HP activity under 24 C.F.R. § 576.106 <u>cannot</u> exceed HUD’s Fair Market Rent (FMR) as provided under 24 C.F.R. Part 888 unless a waiver is granted by HUD and must comply with HUD’s standard for rent reasonableness as established under 24 C.F.R. § 982.507. <ul style="list-style-type: none"> ○ HUD approved a waiver of 2025 FMR and HCD has started to notify awarded applicants that the waiver was granted. It is HCD’s intent to utilize this waiver each year if there continues to be a distinct difference between FMR and average rents in California’s Continuum of Care service areas. ○ Eligible Administrative Activities are set forth in 24 C.F.R. § 576.108. The Department will share one percent (1 percent) of federal funds for all those awarded for direct administrative costs.
	<p>Describe the threshold factors and grant size limits.</p>	<p>An application must meet the following threshold requirements to be eligible for funding:</p> <ul style="list-style-type: none"> • Applicant must follow instructions in both the ESG Program Guidelines, the NOFA, and the online application. Failure to follow instructions will result in disqualification. • The ESG application and all required attachments must be submitted to the Department through the eCivis Portal located at https://portal.ecivis.com/#/login. Applications must include all required information to be submitted.

		<ul style="list-style-type: none"> • The application must be completed and received by the deadline specified in the NOFA. • The Applicant is eligible as described in the ESG Program Guidelines and the NOFA. • Proposed Activities are eligible pursuant to the ESG Program Guidelines and the NOFA. • For any application proposing an ES Activity as set forth in 24 C.F.R. § 576.408, Applicants must have adequate and documented site control (as defined in the ESG Program Guidelines). • The application must include a completed Authorizing Resolution (AR) on an acceptable Department-approved resolution template and approved by the Applicant's governing board as described in Section V of the NOFA. Failure to provide this complete Authorizing Resolution on an acceptable Department-approved resolution template by the application due date will result in the immediate disqualification of the application. • All Applicants must demonstrate to the satisfaction of the Department that it is following the financial management requirements of 2 C.F.R. Part 200. If applicable, the Applicant must provide the Department with its most recent single audit (as submitted to the State Controller's Office), as well as the most recent year's Form 990. If the Applicant has any open single audit findings and does not have a plan or an agreement to remediate those findings, the Applicant will be deemed ineligible for funding through the state ESG program until the findings are resolved or a remediation plan or agreement is established. • Pursuant to 24 C.F.R. § 576.201, Applicants must have identified dollar-for-dollar match for the federal ESG funding
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		<p>with funds from other public or private sources.</p> <ul style="list-style-type: none"> • Pursuant to the NOFA, Applicants must submit written Policies and Procedures (P&Ps) at the time of application submission. <ul style="list-style-type: none"> ○ An application may be deemed ineligible if the application does not meet the threshold requirements, if the application is incomplete, or if the Department cannot determine compliance with the threshold requirements.
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The specific goal and Goal Outcome Indicators associated with ESG activities in the Strategic Plan are to prevent and address homelessness (Goal Outcome Indicators: Rapid Re-housing; Tenant-Based Rental Assistance/Rapid Rehousing; Homeless Person/ Overnight Shelter).</p>

5	State Program Name:	HOME Investment Partnerships Program (HOME) Competitive
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	<p>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.</p> <p>Types of HOME activities vary by applicant type. Developers, cities, counties, CHDOs, and Native American Entities may apply for development of multifamily housing, rental new construction and/or rehabilitation, with or without acquisition. CHDOs and federally recognized Native American Entities, as developers, may apply for First-Time Homebuyer (FTHB) projects. Cities, counties, CHDOs, and federally recognized Native American Entities may apply for Infill New Construction (INC) programs. Cities, counties, and federally recognized Native American Entities may apply for all types of HOME program activities.</p> <p>As described in the respective Methods of Distribution (MOD), the state HOME program directs 20 percent of the funding allocation to Tribal Entities and has a 15 percent set-aside for CHDOs. For all activities, the state HOME regulations require that a minimum of 50 percent of funds awarded are for projects and programs located in rural census tracts.</p> <p>HCD will choose the most appropriate MOD or MODs to distribute funds for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities for every funding cycle.</p> <p>One MOD used for the state HOME program is a Notice of Funding Availability (NOFA) competitive application process or similar alternate process as part of a joint funding application with state-funded programs and/or tax credits/bonds. Developers, cities, counties, CHDOs and Native American Entities are eligible to apply under the terms set forth in the competitive NOFA or alternate process.</p> <p>Project and program priorities and/or limitations for special needs populations, including persons with mobility, sensory, mental health, and intellectual disabilities, may be approved by HCD, consistent with federal and state regulations and laws, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5. In addition, tribal projects and programs with Indian Housing Block Grant funding (IHBG) may provide preference or</p>

	<p>limit occupancy to tribal members in accordance with IHBG rules and HOME regulations at 24 CFR 92.253(d)(3)(i).</p> <p>Note: In a federally-, state-, or locally declared emergency, the state may utilize an alternate MOD for uncommitted funds and Program Income (PI) on hand to serve impacted areas.</p> <p>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.</p>
<p>Describe all the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Below is a summary of the HOME scoring criteria to be used when funds are awarded competitively through a NOFA or similar alternate application process such as joint federal-state funding applications. 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 developing HOME Program Guidelines intended to replace the State HOME Program Regulations, which may modify the application requirements and selection criteria described in this section. Beginning on the effective date of the new HOME Program Guidelines, HCD will apply the application requirements and selection criteria set forth in the Guidelines and the applicable NOFA or alternate application process in effect at the time applications are solicited and awards are made.</p> <p>Scoring Factors:</p> <ol style="list-style-type: none"> 1) Housing element compliance, as applicable. Information regarding housing element compliance can be found on the HCD public website at the following link: https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report 2) Direct HOME allocation declined. 3) Rural activities. 4) State objectives. 5) Applications that provide deeper affordability. 6) Applications that demonstrate expeditious or efficient use of HOME funds. 7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities. 8) Applications that serve special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal

		<p>and state laws, and HOME requirements.</p> <p>9) Applications that serve victims of locally, state, or federally declared disasters.</p> <p>10) Applications that address special housing needs.</p> <p>11) Activities that complement other state or federal programs or policy objectives.</p> <p>12) Applications that address homelessness.</p> <p>13) Applications that provide access to resources.</p> <p>Further information and guidance on the specific state objective factors utilized will be in the NOFA or alternate application process.</p> <p>Additional scoring factors for program activities applications include:</p> <p>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.</p> <p>2) Community need: Examines data, such as availability of affordable housing stock, poverty rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality.</p> <p>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.</p> <p>Additional scoring factors for project applications include:</p> <p>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:</p> <p>1a) Missing HOME performance deadlines in the last five years.</p> <p>1b) Failure to submit required reports in a timely manner.</p> <p>1c) Material misrepresentations of facts which jeopardize the HOME investment or put HCD at risk of a serious</p>
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		<p>monitoring finding.</p> <p>1d) Failure to cooperate with monitoring requirements identified by HCD in the last five years.</p> <p>2) Community need: Examines data, such as availability of affordable housing stock, poverty rates, vacancy rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality.</p> <p>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, unless UMR's are waived in the NOFA or alternate application process. 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.</p> <p>4) Readiness: Examines the project development plan, as well as the status of local government approvals, design progress, and financing commitments.</p> <p>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 events requiring a federal response.</p> <p>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.</p> <p>To ensure HCD meets HUD's statutory commitment deadline and/or regulatory 8-year expenditure deadline and avoids having to return funds to HUD, HCD may choose to only take applications from projects that have previous funding awards from HCD but have not progressed to construction due to funding gaps.</p> <p>When HCD distributes funds to projects that were previously scored and awarded by HCD under a previous NOFA, HCD may use any combination of these additional criteria:</p> <ul style="list-style-type: none"> • Priority may be given to projects where the additional funding award is sufficient to cover the gap in financing without the need for the applicant to seek additional funding sources. • Priority may be given to projects with the highest level of
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		<p>project readiness.</p> <ul style="list-style-type: none"> • Priority may be given to projects with the oldest dated award letter. • Priority may be given to the project with the highest original scoring application, if applicable. • Priority may be given to the project that fulfills another goal or objective of HCD's.
	<p>Describe how resources will be allocated among funding categories.</p>	<p>Pursuant to state HOME regulations, 40 percent of the annual allocation received from HUD will be used to support awards to program activities applications, consisting of First-Time Homebuyer Downpayment Assistance (FTHB), Owner-Occupied Rehabilitation (OOR), and/or Tenant-Based Rental Assistance (TBRA) activities); 5 percent will be available to fund FTHB projects applications, and 55 percent (exceeding the minimum 40 percent requirement in the state HOME regulations) of funds are typically available for rental project new construction or rehabilitation projects for an annual allocation. Additionally, 20 percent of the allocation will be used to fund applications submitted by Native American Entities as permitted under federal and state laws, and HOME requirements.</p> <p>Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program Guidelines would first be adopted and used, to determine how resources are allocated among funding categories.</p> <p>Should the pool of applicants not fully subscribe to funds for any target or set-aside, those funds will revert to the general pool of funds for HOME projects or programs.</p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>Pursuant to state HOME regulations 25 CCR section 8212, the following threshold criteria must be met to be considered for funding:</p> <ol style="list-style-type: none"> 1) Applications shall not be considered for funding unless the application is received within the timeframe specified in the NOFA or alternate application process , and demonstrates that all the following conditions exist: <ol style="list-style-type: none"> 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

		<p>administration and activity-specific costs does not exceed the funding allocation limit, which is stated in the NOFA or alternate application process, and any allowed increase to this limit, pursuant to Section 8127.</p> <p>3) Applicants may be held out of 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.</p> <p>4) Applicants for program activity funds with one or more current state HOME program activities contracts must have expended at least 50 percent of the aggregate total of program funds originally awarded under these contracts to be eligible to apply for additional program activity funds.</p> <p>5) Applicants for projects that miss three project deadlines are currently ineligible to apply for funds in the next NOFA or alternate application process. 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.</p> <p>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</p> <p>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:</p> <p style="padding-left: 40px;">7a) site control pursuant to Section 8303.</p> <p style="padding-left: 40px;">7b) that there are no pending lawsuits that will prevent implementation of the project, as proposed.</p> <p>8)</p> <p>Maximum grant size limit for rental projects and programs will be established in the NOFA, Project Solicitation, Public Notice, or alternate application process.</p> <p>A competitive NOFA or alternate application process that distributes funds to projects with a previous HOME award may increase the maximum funding limits established by the NOFA under which the applicant originally applied.</p> <p>Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would first be adopted and used to determine threshold factors.</p>
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	What are the outcome measures expected as a result of the method of distribution?	The specific goals and goal outcome indicators associated with the entire HOME program year in the Strategic Plan are: 1) Increase supply of affordable housing, preservation of existing housing (Goal Outcome Indicators: Households Assisted, Housing Units Added)
6	State Program Name:	HOME Over The Counter (OTC)
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	<p>HCD's HOME program partners with rural and other cities and counties, Community Housing Development Organizations (CHDOs), developers, and Native American Entities to improve the lives of low- and moderate-income families through the creation and expansion of affordable housing options and opportunities. Types of HOME activities vary by applicant type. Developers, cities, counties, CHDOs and Native American Entities may apply for development of multifamily housing rental new construction and/or rehabilitation, with or without acquisition. CHDOs, cities, counties and federally recognized Native American Entities may apply for First-Time Homebuyer (FTHB) projects and Infill New Construction (INC) programs. Cities, counties, and federally recognized Native American Entities may apply for all types of HOME activities.</p> <p>As described in the respective MODs, the state HOME program directs 20 percent of the funding allocation for Tribal Entities applicants and sets aside 15 percent of funding for CHDOs. For all programs, the state HOME regulations require that a minimum of 50 percent of funds go to activities located in rural census tracts.</p> <p>HCD will choose the most appropriate MOD or MODs to distribute funds for a variety of programs and projects intended to align with the goals and priorities identified in the 2025-2029 Con Plan, as outlined in the AP-25 Allocation Priorities for every funding cycle.</p> <p>To distribute OTC funds, the state HOME program may use an OTC NOFA application process, a Project or Program Solicitation, Direct Funding or an alternate application process such as joint federal-state funding applications. Developers, cities, counties, CHDO's and Native American Entities are eligible to receive OTC funds.</p> <p>HCD may use these methods to award new projects or programs, or to provide additional funds to a project that was previously awarded funds from HCD and needs additional gap financing due to cost increases and lack of securing anticipated funding sources when originally applying, or to provide additional funding</p>

	<p>to programs with a previous HCD award that require additional funds to meet the objectives established by the Con Plan This is in part to ensure that HCD meets HUD’s statutory commitment deadline and/or regulatory 8-year expenditure deadline and avoids having to return funds to HUD.</p> <p>Project and program priorities and/or limitations for special needs populations, including persons with mobility, sensory, mental health, and intellectual disabilities, may be approved by HCD consistent with federal and state laws and regulations, as well as for households experiencing homelessness, chronic homelessness, or at risk of homelessness, as defined by 24 CFR 91.5. In addition, tribal projects and programs with Indian Housing Block Grant funding (IHBG) may provide priority or limit occupancy to tribal members in accordance with IHBG rules and HOME regulations at 24 CFR 92.253(d)(3)(i).</p> <p>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 or alternate application process and utilize PI on hand to serve impacted areas.</p> <p>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.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Utilization of this MOD will be announced in the NOFA, Project or Program Solicitation, Public Notice or alternate application process. Below is a summary of the HOME scoring criteria. For additional information, see section 8212 of the state HOME regulations at State-HOME-Regulations-eff-1-1-2017-FINAL.docx (live.com)</p> <p>Threshold Factors:</p> <p>See threshold factors in the response to the question “Describe the threshold factors and grant size limits.”</p> <p>Scoring Factors:</p> <p>OTC applications will be awarded on a first-come, first-served basis once it is determined the applicants meet the threshold factors and any minimum score requirements (possibly subject to an AB 1010 waiver) for the type of activity.</p> <p>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</p>

		<p>2) Direct HOME allocation declined</p> <p>3) Rural activities.</p> <p>4) State objectives.</p> <p>5) Applications that provide deeper affordability.</p> <p>6) Applications that demonstrate expeditious or efficient use of HOME funds.</p> <p>7) Applications that can be funded in a manner which promotes capacity building and continuity of housing activities.</p> <p>8) Applications that serve special needs populations, including the needs of persons with mobility, sensory, mental health, and intellectual disabilities, as permitted under federal and state laws and HOME requirements.</p> <p>9) Applications that serve victims of locally-, state-, or federally declared disasters.</p> <p>10) Applications that address special housing needs.</p> <p>11) Activities that complement other state or federal programs or policy objectives.</p> <p>12) Applications that address homelessness.</p> <p>13) Applications that provide access to resources.</p> <p>Further information and guidance on the specific state objective factors utilized will be included in the NOFA or alternate application process.</p> <p>Additional scoring factors for <u>program activities</u> applications include:</p> <p>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.</p> <p>2) Community need: Examines data, such as availability of affordable housing stock, poverty rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality.</p> <p>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</p>
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		<p>feasibility as reflected through need by census data, such as renter overpayment for housing.</p> <p>Additional scoring factors for <u>project</u> applications are outlined in the state HOME regulations and include these categories:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 1a) missing HOME performance deadlines in the last five years. 1b) failure to submit required reports in a timely manner. 1c) material misrepresentations of facts which jeopardize the HOME investment or put HCD at risk of a serious monitoring finding. 1d) failure to cooperate with monitoring requirements identified by HCD in the last five years. 2) Community need: Examines data, such as availability of affordable housing stock, poverty rates, vacancy rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. 3) Project feasibility: Both rental and FTHB projects earn points based on the percentage of HOME-assisted units. Rental projects must demonstrate compliance with HCD's UMRs and HOME requirements. FTHB projects must demonstrate the ability of the proposed project to meet HOME requirements, including demonstrating the adequacy of the proposed development budget, the market for the project, and the affordability of the project. 4) Readiness: Examines the project development plan, as well as the status of local government approvals, design progress, and financing commitments. <p>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 events requiring a federal response.</p> <p>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.</p> <p>To ensure HCD meets HUD's statutory commitment deadline and/or regulatory 8-year expenditure deadline and avoids having to return funds to HUD, HCD may choose to only take</p>
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		<p>applications from projects that have previous funding awards from HCD but have not progressed to construction due to funding gaps.</p> <p>When HCD distributes OTC funds to projects that were previously scored and awarded by HCD under a previous NOFA, HCD may award funds either on a first-come, first-serve basis, or use any combination of these additional criteria:</p> <ul style="list-style-type: none"> • Priority may be given to projects where the additional funding award is sufficient to cover the gap in financing without the need for the applicant to seek additional funding sources. • Priority may be given to projects with the highest level of project readiness. • Priority may be given to projects with the oldest dated HOME award letter. • Priority may be given to the project with the highest originally scoring application, if applicable. • Priority may be given to the project that fulfills another goal or objective of HCD's. <p>When HCD uses Program Solicitation to distribute funds to programs with previous awards, criteria will be established in the NOFA, Program Solicitation, Public Notice, or alternate application process that prioritize the objectives established in the Con Plan.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>Pursuant to state HOME regulations, the minimum of 40 percent of the annual allocation received from HUD will be used to support awards to program activities applications, consisting of First-Time Homebuyer Downpayment Assistance (FTHB), Owner-Occupied Rehabilitation (OOR), and Tenant-Based Rental Assistance (TBRA) activities; 5 percent will be available to fund FTHB projects applications, and 55 percent (exceeding the minimum 40 percent requirement in the state HOME regulations) of funds will typically be available for rental project new construction or rehabilitation projects for an annual allocation. Additionally, 20 percent of the allocation will be used to fund applications submitted by Tribal Entities. Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program Guidelines would first be adopted and used to determine how resources will be allocated among funding categories.</p> <p>Should the pool of applicants not fully subscribe to funds for any target or set-aside, those funds will revert to the general pool of funds for HOME projects or programs.</p>

<p>Describe the threshold factors and grant size limits.</p>	<p>Pursuant to state HOME regulations 25 CCR section 8212, the following threshold criteria must be met to be considered for funding:</p> <ol style="list-style-type: none"> 1) Applications shall not be considered for funding unless the application is received within the timeframe specified in the NOFA or alternate application process, and demonstrates that all the following conditions exist: <ol style="list-style-type: none"> 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 or alternate application process, and any allowed increase to this limit, pursuant to Section 8217. 3) Applicants may be held out from competition due to performance problems with current HOME contracts, such as failure to submit required single audit documentation to the State Controller's Office, or unresolved audit findings. 4) Applicants for program activities funds with one or more current state HOME program activities contracts must have expended at least 50 percent of the aggregate total of program funds originally awarded under these contracts to be eligible to apply for additional program activity funds. 5) Applicants for projects that miss three project deadlines are currently ineligible to apply for funds in the next NOFA or alternate application process. 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:
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		<p>7a) site control pursuant to Section 8303.</p> <p>8) There are no pending lawsuits that will prevent implementation of the project, as proposed.</p> <p>9)</p> <p>Maximum grant size limit for rental projects and programs will be established in the NOFA, Project Solicitation, Public Notice or alternate application process.</p> <p>An OTC NOFA or alternate application process Project or Program Solicitation, or Direct Funding award that distributes funds to projects with a previous HOME award may increase the maximum funding limits established by the NOFA under which the applicant originally applied.</p> <p>Should the state decide to waive, suspend, or eliminate the state HOME regulations, new program guidelines would first be adopted and used to determine threshold factors.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The specific goals and goal outcome indicators associated with the entire HOME program year in the Strategic Plan are:</p> <ul style="list-style-type: none"> • Increase supply of affordable housing, preservation of existing affordable housing, improve access to affordable housing (Goal Outcome Indicators: Rental Units Constructed; Homeowner Housing Added; Rental Units Rehabilitated; Homeowner Housing Rehabilitated; Direct Financial Assistance to Homebuyers; Tenant-Based Rental Assistance/Rapid Rehousing)
7	<p>State Program Name:</p>	<p>Housing Trust Fund (HTF) / National Housing Trust Fund (NHTF)</p>
	<p>Funding Sources:</p>	<p>HTF</p>
	<p>Describe the State program addressed by the Method of Distribution.</p>	<p>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.</p> <p>HCD will distribute NHTF funds to eligible multifamily rental projects in California through an application process, as specified in the Project Solicitation or alternate application process and/or direct funding to eligible multifamily rental projects outside of a 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. In the event a Recipient forfeits and/or cancels an award, any unused NHTF Program funds may be reallocated to existing</p>

		<p>NHTF projects needing additional funding by HCD or through an alternate application process.</p>
	<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>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:</p> <ol style="list-style-type: none"> 1) Meet the definition of a recipient under 24 C.F.R. § 93.2, specifically: <ol style="list-style-type: none"> 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 and manage the eligible activity and comply with all activity-specific requirements. 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, as described in the Project Solicitation, or alternate application process to apply to HCD for an award of NHTF funds, including but not limited to, demonstrating site control by one of the following: <ol style="list-style-type: none"> 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 in substantial compliance with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200 or implementing a corrective action plan. <p>Applications must meet the minimum requirements specified in</p>

		<p>the Project Solicitation or alternate application process, and funding will be made available on a first-come-first served basis or as specified in the alternate application process in accordance with NHTF regulations.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>NHTF funding will be available to all jurisdictions in California. In the Fiscal Year (FY) 26 NHTF Project Solicitation or alternate application process, 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 may award funds to projects previously awarded by HCD that need additional gap financing due to cost increases and lack of securing anticipated funding sources. Additionally, HCD may direct funding to eligible multifamily rental projects outside of a Project Solicitation or alternative application process, to ensure HCD meets HUD’s commitment and expenditure deadlines and avoids having to return NHTF funds to HUD. In the event a Recipient forfeits and/or cancels an award, any unused NHTF Program funds will be reallocated to existing NHTF projects needing additional funding by HCD or distributed through an alternate application process such as a joint federal and state application for funding.</p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>NHTF funding will be awarded through a Project Solicitation or alternate application process HCD may issue more than one Project Solicitation or alternate application process during a funding cycle and/or direct funding to eligible multifamily rental projects outside of a 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 or alternate application process shall specify the maximum amount of project funds available, including whether funds have been used for a specific purpose, any restrictions on uses of funds, general terms and conditions of funding allocations, threshold requirements, timeframe for submitting applications, application requirements, and rating metrics.</p> <p>An applicant must electronically submit its application in a format made available by HCD that requests the information required by the NHTF guidelines.</p> <p>An applicant must submit its application by the deadline specified in the Project Solicitation or alternate application process.</p> <p>Application requirements include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Project narrative/details, construction scope of work, and financing.

		<ul style="list-style-type: none"> • 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.
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The specific goals and goal outcome indicators associated with the entire NHTF program year in the Strategic Plan are:</p> <p>Increase supply of affordable housing, preservation of existing affordable housing (Goal Outcome Indicators: Rental Units Constructed; and Rental Units Rehabilitated.)</p>

HOPWA Program

1	State Program Name:	HOPWA												
	Funding Sources:	HOPWA												
	Describe the state program addressed by the Method of Distribution.	State HOPWA serves counties that do not qualify to receive HOPWA grant funds directly from HUD.												
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>Criteria for selection are as follows:</p> <table border="1"> <thead> <tr> <th>Criteria</th> <th>Points</th> </tr> </thead> <tbody> <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> </tbody> </table>	Criteria	Points	Program Description and Capacity	25	Implementation Plan	25	Budget Overview	25	Outcomes and Evaluation Plan	25	Total	100
Criteria	Points													
Program Description and Capacity	25													
Implementation Plan	25													
Budget Overview	25													
Outcomes and Evaluation Plan	25													
Total	100													
	Identify the method of selecting project sponsors (including providing full access to grassroots faith- based and other community- based organizations). (HOPWA only)	<p>CDPH/OA issued grants to 19 existing project sponsors through June 30, 2028, to provide housing assistance and supportive services programs to eligible PLWH throughout 40 non-EMSAs. Every project sponsor provides direct client services, and one subcontracts with a community-based organization to provide housing services. In December 2024, HUD asked CDPH/OA to take Sonoma County (City of Santa Rosa) back into our portfolio effective July 1, 2026. CDPH agreed to this request.</p> <p>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, community-based organizations, and governmental housing and health agencies in that jurisdiction. Project sponsors that subcontract with other agencies must also use a selection process that provides full access to all grassroots, faith- based, and community-based organizations.</p>												

	<p>Describe how resources will be allocated among funding categories.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>
		<p>CDHP/OA established the following caps to ensure prioritization of funds for direct client housing assistance:</p> <ul style="list-style-type: none"> • 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. <p>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 obstacles to housing stability.</p> <p>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.</p>

<p>Describe the threshold factors and grant size limits.</p>	<p>For FY26, 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.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>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.</p>

Discussion

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](#)

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](#)

AP-35 Projects – (Optional)

Introduction

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

1. Increase Supply of Affordable Housing
2. Preserve Existing Affordable Housing
3. Improve Access to Affordable Housing
4. Prevent Homelessness
5. Address Homelessness
6. Invest in Community and Public Infrastructure and Facilities
7. Provide Community-Based Public Services
8. Increase Economic Development Opportunities

Projects

#	Project Name
1	Increase Supply of Affordable Housing
2	Preserve Existing Affordable Housing
3	Improve Access to Affordable Housing
4-5	ESG25 California-Prevent Homelessness-Address Homelessness
6	Invest in Community and Public Infrastructure and Facilities
7	Provide Community-Based Public Services
8	Increase Economic Development Opportunities
9	State Operations
10	CDBG General Administrative Assistance

Table 7 – Project Information

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

CDBG funding allocation priorities are based on state priorities, input from current grantees and grantee performance. In 2026, funds will be awarded over the counter for housing, infrastructure or public facilities projects.

The HOME Investment Partnerships Program (HOME) funding allocation priorities correspond to the needs assessment in the 2025-2029 Consolidated plan and are in response to feedback from program applicants.

The National Housing Trust Fund allocation priorities are to increase and preserve affordable housing for extremely low-income households, in accordance with program regulations and needs identified in the Consolidated Plan.

ESG allocation priorities are governed by the ESG guidelines. Funds are allocated to each CoC with a non-entitlement area on a needs-based formula. In future allocations, performance metrics will also be taken into account. Funding for Homelessness Prevention is limited to 10 percent and shelter operations are limited to 40 percent of each grantee’s award.

The large scale of California’s socioeconomic and geographic diversity, it is imperative that HCD’s State funding program prioritizes maximum flexibility to meet community needs. Some obstacles that communities face are a lack of resources for planning and predevelopment costs in addition to limited capacity to seek leveraged resources. HCD works to overcome these obstacles by offering a robust technical assistance program which includes online resources, webinars, Office Hours and shared best practices. Additionally, HCD works to connect communities with other resources available within the state.

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 Supply of Affordable Housing
	Target Area	Statewide
	Goals Supported	Increase Supply of Affordable Housing
	Needs Addressed	Improved Access to Affordable Housing
	Funding	HOME: \$26,248,159 HTF: \$17,094,240
	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	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	180 families of extremely low-, low-, and moderate-income (133 HOME, 48 HTF)
	Location Description	
	Planned Activities	Multifamily Rental and New Construction, Homeowner Housing Added
2	Project Name	Preserve Existing Affordable Housing
	Target Area	Statewide
	Goals Supported	Increase Housing Affordability
	Needs Addressed	Affordable Housing
	Funding	CDBG: 8,481,058 HOME: \$7,696,829 HTF: \$1,899,360
	Description	Increased Supply and Preservation of Affordable Housing
	Target Date	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	139 families of extremely low-, low-, and moderate-income (5 HTF, 95 CDBG, 39 HOME)
	Location Description	
	Planned Activities	Rental units Rehabilitated, Homeowner Housing Rehabilitated
3	Project Name	Improve Access to Affordable Housing
	Target Area	Statewide
	Goals Supported	Improve Access to Affordable Housing
	Needs Addressed	Improved Access to Affordable Housing
	Funding	CDBG: \$0 HOME: \$6,465,712

	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	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	236 families of extremely low-, low-, and moderate-income (216 HOME, 20 CDBG)
	Location Description	
	Planned Activities	Direct Financial Assistance to Homebuyers, Tenant-Based Rental Assistance
4	Project Name	ESG25 California-Prevent Homelessness and Address Homelessness
	Target Area	Statewide
	Goals Supported	Prevent Homelessness and Address Homelessness
	Needs Addressed	Address the Homelessness Crisis
	Funding	ESG: \$12,591,130 ESG-RUSH: \$2,441,724 HOPWA: \$9,826,231
	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	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	Homeless Prevention Persons Assisted: 149 ESG, 570 HOPWA, 0 ESG RUSH Rapid Rehousing: 2,160 ESG, 163 ESG RUSH TBRA: 30 HOPWA Homeless Person Overnight Shelter: 12780 ESG, 100 HOPWA HIV/AIDS Housing Operations: 7 HOPWA Public Service Activities other than Low/Mod Income Housing Benefit: 600 HOPWA
	Location Description	

	Planned Activities	Short-Term Rent, Mortgage, and Utility Assistance, Homelessness Prevention. Homeless person-overnight shelter, Street Outreach, emergency shelter, Transitional housing beds added, HIV Aids, Tenant-Based Rental Assistance, Transportation, Permanent Housing Placement, Housing Information Services, Case Management, Supportive Services, provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas.
5	Project Name	Invest in Community and Public Infrastructure and Facilities
	Target Area	Statewide
	Goals Supported	Maintain or Improve Public Facilities and Infrastructure
	Needs Addressed	Neighborhood Stability
	Funding	CDBG: \$36,156,089
	Description	Provide support for public facilities and infrastructure, particularly in rural areas, with the goal of supporting low- to moderate-income households in these communities. Includes Colonias set aside activity.
	Target Date	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	Other than low- and moderate-income Housing Benefit: 37,900 Assisted For low- and moderate-income Housing Benefit: 0 Households Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services. The National Affordable Housing Act of 1990 established allocations to support Colonias in addressing deficiencies in housing, access to potable water, and sewer improvements.
6	Project Name	Provide Community-Based Public Services
	Target Area	Statewide
	Goals Supported	Maintain or Improve Access to Public Services
	Needs Addressed	Community-Based Public Service
	Funding	CDBG: \$0

	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	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	Other than low- and moderate-income Housing Benefit: 13,351 Persons Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development, Housing, Public Improvements, Public Services
7	Project Name	Increase Economic Development Opportunities
	Target Area	Statewide
	Goals Supported	Economic Development
	Needs Addressed	Increase Economic Development Opportunities
	Funding	CDBG: \$0
	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	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	188 jobs Created or Retained 40 Businesses Assisted
	Location Description	
	Planned Activities	Acquisition, Administration and Planning, Economic Development
8	Project Name	State Operations
	Target Area	Statewide
	Goals Supported	Increase Housing Affordability Preserve Existing Affordable Housing Improve Access to Affordable Housing Address and Prevent Homelessness Economic Development

		Maintain or Improve Public Facilities and Infrastructure Maintain or Improve Access to Public Services
	Needs Addressed	Increase Supply and Preservation of Affordable Housing Improved Access to Affordable Housing Homelessness Prevention and Assistance Neighborhood Stability Community-Based Public Services Increased Economic Development Opportunities
	Funding	CDBG: \$803,220 HOME: \$3,392,400 NHTF: \$2,110,400
	Description	State Operations for the 2026 CDBG, HOME, and NHTF programs for the State of California. This will include program administration and providing technical assistance to grantees. For CDBG, there is no corresponding national objective for state operations, though these efforts support the successful completion of all other projects and activities.
	Target Date	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	State Operations
9	Project Name	CDBG General Administrative Assistance
	Target Area	
	Goals Supported	Increase Housing Affordability Address and Prevent Homelessness Economic Development Maintain or Improve Public Facilities and Infrastructure Maintain or Improve Access to Public Services
	Needs Addressed	Improved access to Affordable Housing Homelessness Prevention and Assistance Neighborhood Stability Community-Based Public Services Increased Economic Development Opportunities Disaster Recovery
	Funding	CDBG: \$1,874,161

	Description	General Administrative Assistance to be awarded as part of local assistance for CDBG Grantees
	Target Date	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Local General Administration of CDBG Programs

Table 8 – Project Summary

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.

If yes, describe available grant amounts:

Available Grant Amounts The California Department of Housing and Community Development (HCD) has considered use of Section 108, but no projects that would support the federal Section 108 funding have not been identified at this time.

If yes, describe how the acceptance process will be of applications

There are none currently. The state has not 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.

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

Distribution Methods Table

1	State Program Name:	CDBG Colonias Set-Aside
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Section 916 of the National Affordable Housing Act of 1990 established allocations to support Colonias in addressing deficiencies in housing, access to potable water, and sewer improvements. HCD’s 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 2026-2027 (FY26).
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applicants applying under the Colonias set-aside will be able to apply for housing programs and planning activities in addition to all other eligible matrix codes eligible under the CDBG OTC MOD. For additional criteria see the general CDBG OTC MOD.
	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 other CDBG activities, please see the CDBG MOD. For FY26, 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 FY26. 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 This 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 MOD.

	<p>Describe the threshold factors and grant size limits.</p>	<p>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.</p> <p>Grant size limits: The following grant limits apply to the Colonia set-aside only:</p> <p>The FY26 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 any eligible activities.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>With the FY26 awarded funds, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed services, while improving and creating economic opportunities. The specific goals and goal outcome indicators associated with CDBG Colonias activities are:</p> <p>Increase supply of affordable housing and preservation of existing affordable housing (Goal Outcome Indicators: Rental Units Constructed; Homeowner Housing Added; Rental Units Rehabilitated; Homeowner Housing Rehabilitated)</p> <p>Improve access to housing (Goal Outcome Indicators: Direct Financial Assistance to Homebuyers)</p> <p>Maintain or improve public facilities and infrastructure (Goal Outcome Indicators: Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit; Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit)</p>

Discussion:

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

Colonia 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 2026 Notice of Funding Availability (NOFA) Jurisdictions in which Colonias are located may apply for the general Community Development Block Grant (CDBG) allocation, in addition to Colonia activity applications. The Colonia applications are subject to the Method of Distribution (MOD) identified above.

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 including rural areas of the state, and on Native American Entity trust or restricted land. 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 a strategic distribution of funds through geographic prioritization. These approaches may include rural set-asides, set-asides for Tribal communities, minimum allocations by geographic region and incentives for activities in areas providing access to opportunity. 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 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-EMSA only unless there is a compelling reason to assume oversight of a particular MSA's funding for a limited time period.

Currently, the California Department of Public Health Office of Aids (CDPH/OA) funds 40 counties. On July 1, 2026, CDPH/OA will add Sonoma County (City of Santa Rosa) to its portfolio. HUD requested this change as the City of Santa Rosa is losing their entitlement designation.

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.

Discussion:

Affordable Housing

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

Introduction

According to the California Housing Partnership’s 2025 State Housing Needs Report, California has more than doubled the number of new affordable homes funded in the past five years. However, the state is currently funding only 15 percent of what is needed to meet its affordable housing production goals.

Housing costs continue to rise across the state. Renters must now earn 2.8 times the state minimum wage, the equivalent of nearly three full-time minimum wage jobs, to afford the average market-rate rent for a two-bedroom apartment. Between 2023 and 2024, average asking rents increased by 3.5 percent. (Report available at https://chpc.net/wp-content/uploads/2025/03/CHP_State-Housing-Needs-Report-2025.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, experiencing homelessness, or being involuntarily displaced by natural disasters, has continued to grow in tandem with rising housing costs.

The California Department of Housing and Community Development (HCD) leads the state’s response to this housing crisis. 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. Many affordable development proposals receive a mix of federal and state funds to achieve financial feasibility. These programs are discussed in further detail in AP-65, Other Actions.

Housing costs for unregulated and market-rate housing continue to rise precipitously, largely due to decades of underproduction. As is the case nationally, wage growth in California lags behind housing cost escalation, resulting in a crisis among cost-burdened households, marked by housing insecurity and homelessness. HCD will continue to direct newly available funding, from both HUD and the State of California, toward this most at-risk population.

One Year Goals for the Number of Households to be Supported (by Population Type)

One Year Goals for the Number of Households to be Supported	
Homeless	2,160
Non-Homeless	551
Special-Needs	37
Total	2,748

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

One Year Goals for the Number of Households Supported Through (by Program Type)

Type of Affordable Housing Assistance	
Rental Assistance	2,361
Production of New Units	177
Rehabilitation of Existing Units	138
Acquisition of Existing Units	65
Total	2,741

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

Discussion

For FY 2026-27, the State anticipates supporting 2,748 households with affordable housing assistance: 2,160 homeless households (primarily through ESG rapid re-housing), 551 non-homeless households (HOME TBRA, homebuyer assistance, new unit production, and rehabilitation), and 37 special-needs households (HOPWA TBRA and housing operations).

By assistance type, the State will support 2,361 households with rental assistance, 177 households through production of new units, 138 households through rehabilitation, and 65 households through acquisition (homebuyer assistance), for a subtotal of 2,741 households.

The 7 household difference between population-type totals (2,748) and assistance-type totals (2,741) is due to HOPWA housing operations, which provide ongoing support but do not fit into AP-55 assistance categories. This variance is expected and consistent with HUD reporting guidance.

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

Public Housing Agencies (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

HCD does not provide direct funding to PHAs so does not track the status of whether PHAs are designated as troubled.

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 a broad portfolio of housing programs. HCD leverages federal programs such as the Emergency Solutions Grant (ESG) and Community Development Block Grant (CDBG), alongside state initiatives. ESG currently supports over 50 active contracts with local entities and funds outreach to individuals and families experiencing unsheltered homelessness; rapid rehousing; emergency shelter operations; and homelessness prevention for at-risk households as well as Homeless Management Information Systems (HMIS) data entry and administration. CDBG funding also enables local jurisdictions to provide services that reduce homelessness. Special ESG allocations, such as ESG RUSH, also serve people experiencing homelessness in disaster-declared areas.

Recognizing the severity of California’s homelessness crisis, state leadership has prioritized cross-agency coordination and partnerships through the California Interagency Council on Homelessness (Cal ICH). In 2021, Cal ICH adopted the Action Plan for Preventing and Ending Homelessness, which was updated in 2024 for implementation through 2027. The plan focuses on five strategic areas:

1. Strengthening systems to prevent and end homelessness
2. Addressing health and safety needs of unsheltered individuals
3. Expanding shelter and interim housing capacity
4. Increasing access to permanent housing
5. Preventing Californians from entering homelessness.

The latest update sets measurable goals, including permitting 1.5 million homes (with 710,000 for low-income households), increasing exits from unsheltered homelessness to shelter or housing from 42 percent to 70 percent, raising permanent housing placements from 18 percent to 60 percent, improving enrollment in Medi-Cal and CalWORKs, and ensuring that 95 percent of those rehoused remain housed for at least six months.

HCD plays a central role in implementing these strategies by providing financial and technical assistance to local governments, Continuums of Care, homeless service providers, Tribal entities, and housing developers. Key activities include:

- Offering technical support and training
- Implementing tribal-specific funding opportunities
- Directing state and federal resources toward shelter, interim housing, and permanent supportive housing development and operations

In addition to federally funded ESG, CDBG and HOME-ARP Homeless Housing, Assistance and Prevention (HHAP) program from Cal ICH to HCD, creating a dedicated unit and adding staff positions to oversee homelessness initiatives. Increased funding for HHAP and Encampment Resolution Funding (ERF) grants also introduced new accountability measures, including enhanced reporting and corrective action requirements.

Additional programs, such as the Housing Opportunities for Persons With AIDS (HOPWA) administered by CDPH/OA, integrate HIV health services with housing assistance. The HOPWA program coordinates the California Planning Group to recommend effective housing services and best practices for integrating HIV care, homelessness assistance, and housing providers.

Describe the jurisdiction's one-year goals and actions for reducing and ending homelessness including:

1. Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.

The ESG program funds Street Outreach (SO) programs, which provides outreach and 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 3.64 percent of the ESG awards will go toward SO activities for Fiscal Year 2026-2027 (FY26) and an estimated 6,390 persons will be served through Street Outreach assistance.

State HOPWA project sponsors provide Tenant Based Rental Assistance (TBRA), Short Term Rental, Mortgage, Utility (STRMU) assistance, Permanent housing placement assistance, and various supportive services to Persons Living with HIV/AIDS (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 find stable housing.

Project sponsors conduct outreach to key points of entry to increase awareness of HOPWA program, available services, and referral process. Key points of entry may

include, but are not limited to, local health departments, federally qualified health centers, RWHAP and MCWP providers, Continuum of Care (CoC) programs, correctional institutions, and substance use treatment programs.

2. Addressing the emergency shelter and transitional housing needs of homeless persons.

The ESG Program provides funding to improve the number and quality of Emergency Shelters (ES) for individuals and families experiencing homelessness by helping to operate these shelters and by providing essential services to shelter residents. The ESG program funds several ES programs across California communities, including domestic violence shelters, youth programs, and hotel/motel voucher 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 FY26, HCD anticipates that 30-50 percent of its awards will go toward ES programs, based on past ESG applicant demand and an estimated 6,390 persons will be served through Emergency Shelter services and assistance.

3. 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.

HCD and its community partners implement coordinated actions to support transitions from shelter and transitional housing to permanent housing. Through ESG Rapid Re-Housing (RRH) and Homelessness Prevention (HP), grantees provide short- and medium-term rental assistance with supportive services, housing navigation, landlord engagement, flexible move-in supports, and progressive case management to shorten the time households experience homelessness and stabilize tenancies. Using Coordinated Entry, placements are prioritized based on housing needs. For chronically homeless households, HCD and partners prioritize Permanent Supportive Housing (PSH). The HP activity prevents individuals and families from becoming homeless so they can also access and maintain affordable, suitable permanent housing. In FY26, HCD anticipates that approximately 40-50 percent of its awards will go towards RRH and HP projects, serving more than 2,300 households.

HOME-TBRA is also used to provide stable affordable housing for people experiencing homelessness and preventing homelessness for rent-burdened households at risk of homelessness. HOME-TBRA is anticipated to serve 171 households in FY 26.

Housing Trust Fund (referred to as NHTF by HCD), HOME, and HOME-ARP can all fund preservation, rehabilitation, and construction of multifamily rental housing. NHTF is primarily for households experiencing or at risk of homelessness, with a requirement to serve 100 percent extremely low-income households; if the national allocation of NHTF exceeds \$1 billion, up to 25 percent could serve very low-income households. HCD prioritizes projects use of NHTF for serving people experiencing homelessness per California's AB 816 (Health and Safety Code §50676). Guidelines took effect October 25, 2023, and were amended October 2, 2024.

HCD's HOME-ARP allocation of approximately \$155 million is being used to fund the development of affordable rental housing in non-entitlement areas (\$110 million) and housing plus supportive services programs (\$27 million). All program funding has been awarded in FY 2025.

HCD also administers state-funded programs that move people experiencing homelessness, especially chronically homeless households and veterans, into permanent housing. Core rental development and preservation programs include Affordable Housing and Sustainable Communities (AHSC), Infill Infrastructure Grant (IIG), Permanent Local Housing Allocation (PLHA), Portfolio Reinvestment Program (PRP), and Manufactured Housing Opportunity and Revitalization (MORE); service support includes Transitional Age Youth (TAY). Homelessness-focused programs include Homekey/Homekey+, Homelessness Housing, Assistance and Prevention (HHAP), and the Multifamily Finance Super NOFA (MFSN) (including the Multifamily Housing Program (MHP) and Veterans Housing and Homelessness Prevention (VHHP)), plus the Youth Transitional Housing Program (THP). Homekey has awarded nearly \$4B to 246 projects (15,000+ units). Homekey+ (Proposition 1) released ~\$2.145B in Nov 2024 and has announced 32 awards since May 2025 totaling \$540.4M for 1,545 homes (395 veteran homes). HHAP totals \$4.5B+ across seven rounds; Round 6 approvals are rolling and Round 7 begins FY 2026–27.

4. 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

State Housing Opportunities for Persons With AIDS (HOPWA): Project sponsors

provide Tenant-Based Rental Assistance (TBRA), Short-Term Rent, Mortgage, and Utility (STRMU) assistance, Permanent housing Placement assistance, and supportive services to PLWH who are homeless or at risk of experiencing homelessness.

Through the combination of detailed housing plans, coordination with local 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. The National AIDS Housing Coalition reports that housing assistance has been shown to decrease health challenges while reducing overall public expense and/or making better use of limited public resources.

Youth Transitional Housing Program (THP), Transitional Housing Program for Non-Minor Dependents (THP-NMD) and Transitional Housing Program-Plus (THP-Plus):

When left without support or resources, young adults aged 18 to 25 years (“transition age youth”) can face huge challenges to finding safe, affordable homes. As a result, many of these young people 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 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. In 2025, California passed **AB 1314**, which strengthens THP and THP-Plus by requiring counties to align contracts with state licensing standards, making it easier for eligible youth to access housing and supportive services. This law aims to reduce obstacles and expand housing options for foster youth and nonminor dependents

In February 2025, HCD partnered with the California Department of Corrections and Rehabilitation (CDCR) to make \$16 million from HOME-ARP available to organizations with extensive experience developing and operating transitional housing and permanent affordable housing for individuals exiting institutions who are at risk of entering homelessness. Reentry Housing Pilot Project (RHPP) funding can be used to acquire, rehabilitate, and/or construct permanent housing to assist this population.

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 Behavioral Health Bridge Housing Program, the Behavioral Health Continuum Infrastructure Program, the Bringing Families Home Program, the Home Safe Program, and the Housing Advocacy Program (administered by various departments under the Health and Human Services Agency). The Governor's Budget describes these programs in more detail.

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

HOPWA Goals Table

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	570
Tenant-based Rental Assistance	30
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)	107
Total	707

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

Introduction

Under the Statewide Housing Plan developed in 2022, the state laid out a vision to ensure every Californian has a safe, stable, and affordable home. The state is working toward three objectives to achieve this vision: keep Californians in their homes; produce more affordable and innovative-smart housing; continue to act with urgency to address homelessness and housing need.

In the last 50 years, there simply has not been enough housing created in California. According to the Statewide Housing Plan, “a combination of local permitting and zoning challenges, opposition to neighborhood change, segregation and exclusion, mounting construction costs, and a shortage of labor contribute to the insufficient number of housing units to meet California’s needs.” Further, “new construction of housing, both single family homes and apartments, continues to lag behind historical averages, and lags further behind the number of new units needed to meet housing demand.”

The state helps communities meet these goals through a combination of funding for housing planning and implementation activities, education, and technical assistance. While education and technical assistance is always the first step in the state’s accountability efforts, the state holds jurisdictions accountable for their housing obligations and compliance with state housing laws.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as challenges 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

Every eight years, under state law, HCD sets a target for the number of homes needed at each income level in each community. This is called the “Regional Housing Needs Assessment” or RHNA and cities and counties are legally obligated to plan for this new housing by developing a Housing Element for approval by HCD every five to eight years. The State Housing Plan (SHP) states, “to begin to address decades of undersupply, California must plan for more than 2.5 million homes over the next eight years, and no less than one million of these homes must meet the needs of lower-income households. This represents more than double the housing planned for in the last eight-year cycle.

The SHP (available at <https://statewide-housing-plan-cahcd.hub.arcgis.com>) identifies actions to mitigate the effects of public policies that create obstacles 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 administer programs that remove obstacles and accelerate 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) to accelerate housing production. The REAP program marks the first time the state has invested in regional housing planning and as a result, local governments have engaged in a variety of unique, innovative, and effective partnerships and planning activities. As of January 2026, all 18 eligible regions and an unprecedented majority of eligible jurisdictions in the state (564 out of 575) were awarded funding through these programs. The close to 100 percent participation included jurisdictions that rarely or have never applied for state funding that resulted in the entirety of California planning to remove obstacles and accelerate housing in preparation of the 6th cycle of the housing element. To date, essentially 100 percent of the REAP funds and over 90 percent of the LEAP funds have been expended.

The California 2019-2022 Budget Act provided for the establishment of the Prohousing Designation Program, which seeks to acknowledge and support jurisdictions that go above-and-beyond state housing law to accelerate housing production. Further, jurisdictions with a Prohousing designation may receive priority when applying for various funding programs and apply for the Prohousing Incentive Program (PIP), which rewards local governments with additional funding to accelerate affordable housing production and preservation. As of January 1, 2026, 61 communities in the state have been awarded the Prohousing Designation.

One of the ongoing challenges cited by HCD's partners is that developers must go to multiple agencies to secure funding. This adds time and cost to development. In the summer of 2025, the Governor announced a plan to create the California Housing and Homelessness Agency, so the housing functions and authorities are consolidated into a single agency. This is coupled with an effort underway under Assembly Bill 519, passed in the Fall of 2023, to create an Affordable Housing Finance Workgroup to create a consolidated application for affordable housing developers to use to access the various state housing funding programs and a coordinated review process for housing applications. Significant progress toward these consolidation efforts are anticipated in FY 2026.

For further updates on HCD's planned activities to address challenges to affordable housing, please refer to the statewide Housing Plan landing page (<https://statewide-housing-plan-cahcd.hub.arcgis.com/>).

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: Alamorio, 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

Historic underinvestment and a limited ability to generate local tax dollars are major obstacles 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.

HCD assigns a CDBG subject matter expert (SME) to work directly with the County of Imperial. The CDBG SME provides a high level of technical assistance and assists the County CDBG eligible activities that meet the needs of their communities. The assigned SME meets with County of Imperial staff as frequently to aid in project progress and discuss anticipated future projects. The SME also helps the County leverage other resources such as USDA Rural Development funding to successfully complete projects.

The County of Imperial will soon begin a project to outfit accessible community centers with generators and upgraded HVAC systems to serve as cooling centers that will help residents escape the extreme heat events that occur frequently in the Imperial Valley

which is part of the Sonoran Desert. Having cooling centers in a network throughout the County ensures that residents without adequate cooling systems in their homes have a nearby escape from potentially deadly extreme heat.

HCD is also working with the County to finalize an update to its Colonias Master Plan updates. The Plan will identify the County's most urgent needs and assist with prioritizing limited resources. In the future, HCD also aims to assist the County with securing funding for critical wastewater treatment plant upgrades in the Winterhaven Colonia.

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 quality of life for the residents. The safe environment and stable housing provide improved wealth building opportunities and allow families to focus on other areas such as education and entrepreneurship, where there is potential to improve their incomes and reduce poverty.

HCD has funded many housing projects and programs in the County of Imperial which will help reduce the number of poverty-level families. Under the CDBG-CV program, the County is using \$2.6 million to reconstruct five homes that were lost in the 2020 Niland Fire. Reconstruction of these homes will allow the families impacted to return to their community and contribute to its economy. The new homes will serve to diminish blight left in the wake of the fire and begin the rebuilding process.

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. The County of Imperial is assigned a CDBG subject matter expert that continues to provide ongoing intensive technical assistance and support.

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.

HCD recently helped connect the County of Imperial with the Coachella Valley Housing Coalition (CVHC). The County will work with CVHC to reconstruct five homes in Niland that were lost during the 2020 Niland Fire. Further, HCD recently awarded the County of Imperial an additional \$2 million of CDBG-CV funding to help complete the Niland Wastewater Treatment Plant Improvements Project which faced significant additional costs due to the age of the original infrastructure which was built in the 1940s. The completion of this project is necessary to service the community of Niland since the current infrastructure could not support all of the homes in Niland once reconstruction is complete. The partnership has been very successful and may lead to future collaborations between the two entities since there are still 25 homes that need to be reconstructed.

Discussion

The state has worked closely with Imperial County throughout the planning, application, and implementation process to allow the county to successfully access and use CDBG funding for necessary improvements 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

This section describes specific obstacles to meeting underserved needs of low-to-moderate income Californians and the actions being taken to address them.

Obstacles include high cost of housing, limited resources to build affordable housing, challenges for individuals to qualify for assistance, lack of permanent supportive housing, and a lack of infrastructure support for building new housing.

In response, HCD offers a variety of funding programs as well as policy oversight and technical assistance for local governments and development partners.

Actions planned to address obstacles to meeting underserved needs

The 2025-2029 Consolidated Plan (Con Plan) identified the priority needs for housing, infrastructure, service, and community development and obstacles in communities eligible for the Housing and Community Development programs. Primary obstacles identified in the Con Plan and the actions HCD and other entities plan to take in the upcoming years to address these obstacles are:

- Income limitations, high housing prices and high cost of living overall: All HCD's programs aim to address the lack of affordable housing across the state, either by increasing the number of affordable units, supporting economic development to boost households' incomes, or supporting other forms of development (such as developing housing close to public transit) that reduces households' other costs.
- Limitations on housing program funding amounts and how it can be used: HCD will expand its responsibilities for programs such as the Homelessness Housing, Assistance and Prevention Program (HHAP) that provide more flexibility in how funding can be used, to further support households who receive traditional rent assistance or subsidized housing. Even in a constrained budget environment, the state will continue to provide additional funding to augment the support available for non-entitlement jurisdictions in the Community Planning and Development (CPD) programs.
- Difficulties in meeting housing program eligibility and qualification requirements: Select programs including Emergency Solutions Grants (ESG), Housing Opportunities for Persons With AIDS (HOPWA), HHAP, HOME-ARP and Youth Transitional Housing (THP) programs provide funding for housing navigation services to assist very low-income households in finding affordable housing.

- Lack of permanent housing with supportive services for formerly homeless persons: HCD and other state departments plan to fund numerous programs (including HHAP and Homekey+) that will focus on persons exiting homelessness. These needs include transitional and permanent housing with intensive supportive services (particularly substance use treatment, mental health and substance use counseling, and housing case management).
- Neighborhood infrastructure needs: Community Development Block Grant (CDBG) allows communities to use funding for public infrastructure and services, including, developing senior and community services facilities, and improving roadways, water services, and parks.

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

- 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 and walkable transfers to transit). 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 other 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 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 and technical assistance to agencies and local governments implementing programs funded by the U.S. Department of Housing and Urban Development (HUD). HCD holds office hours and numerous workshops throughout the year to assist applicants and grantees with preparing applications and administering grants in accordance with federal requirements. HCD will encourage its funded entities to leverage other private or public funds to complete projects or provide services to a greater number of eligible beneficiaries.

Actions planned to foster and maintain affordable housing

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 Portfolio Reinvestment Program (PRP) or 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.

Actions planned to reduce lead-based paint hazards

The Lead Renovation, Repair, and Painting (RRP) Rule (contained in 40 CFR Part 745) 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).

Per federal program regulations, all HCD grantees that receive federal funds (CDBG, HOME, NHTF and other HUD programs) are required to follow the regulations and statutes pertaining to lead-based paint hazards including, but not limited to, 24 CFR Part 35. 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. Grantees may also be subject to other state and federal regulations pertaining to lead-based paint. Section SP-65 of the Consolidated Plan, Lead-based Paint Hazards, provides details on these requirements and the corresponding regulations.

Actions planned to reduce the number of poverty-level families

In addition to CDBG's economic development activities, many HCD programs serving households experiencing homelessness fund case management services that help individuals and families in poverty access education and employment opportunities which lead to increasing their income.

Other HCD affordable housing programs aim to reduce the housing cost burden on families who are extremely low-income, who 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 and HOME-ARP programs specifically target households at 30 percent of AMI or below. Other programs such as HOME, MHP, Affordable Housing and 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) includes prioritization for communities that experience high levels of poverty. This prioritization assists 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 communities reporting that non-entitlement areas and rural areas have fewer health, education, employment, and transportation services available to assist their low-income populations generally, and especially households that are at risk-of or experiencing homelessness. HCD will continue to prioritize support for and collaboration with housing and service delivery organizations to build institutional structure.

In the upcoming year 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, and federal labor compliance. 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.

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

Through the ESG, HOME-ARP, Section 811 PRA and Homekey+ 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:

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 challenges such as potentially identifying more low-income housing for their service area. In addition, collaboration with local RWHAP (Part B) in leveraging funding sources to provide supportive services will address some of the other challenges such as mental health and substance use.

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 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 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.

Discussion

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 Grants Network, which will be moved over to the new HCD-wide online grants management system upon its adoption (bound by a Standard Agreement). Grantees may also use PI in conjunction with annual funds bound by a Standard Agreement that includes both funding types. See Appendix B for a local entity PI chart.

HOME Investment Partnerships Program (HOME):

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

Preferences: At this point, the state does not plan to require subgrantees or subrecipients to limit the beneficiaries of HOME assistance or to give preferences to a particular segment of the low-income population for HOME assistance. However, subgrantees and subrecipients may establish a priority for households that live or work within the jurisdiction or with special needs in their projects or programs, in accordance with 24 CFR 92.209 and 24 CFR 92.253. In the future, the state may give priority to a particular segment of the low-income population in response to an unforeseen or emergency need in HOME-eligible communities.

Projects funded with HOME dollars may (but are not required to) limit occupancy or provide priority to certain populations. However, any limitation must not violate the nondiscrimination requirements in the HOME regulations at 24 CFR 92.350, and the applicant must have marketing requirements that apply in the context of tenant eligibility for the project.

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

Use of HOME Funds for Homebuyer Assistance and Owner-Occupied

Rehabilitation: The State of California intends to use HOME funds for homebuyer assistance and the rehabilitation of owner-occupied housing. For HOME homebuyer activities, the purchase price and/or after-rehabilitation value of the HOME-assisted property must qualify as modest housing and must not exceed the applicable HOME Homeownership Value Limit, consistent with 24 CFR 92.254(a)(2). HCD will use the HOME Homeownership Value Limits published by HUD (as periodically updated) and will apply the limits in effect at the time HOME funds are committed and/or the assisted home is acquired, as applicable. HCD will make current value limits available through HCD program guidance, and compliance will be documented in the project file (e.g., appraisal and underwriting documentation). Where local market conditions demonstrate the HUD-published limits are insufficient, HCD may request HUD approval for temporary increases for specific areas.

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.	\$11,780,617.10
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 grant funds returned to the line of	\$0

credit for which the planned use has not been included in a prior statement or plan.	
5. The amount of income from float- funded activities.	\$0
Total PI:	\$11,780,617.10.
<i>Other CDBG Requirements</i>	
The amount of urgent need activities	\$0
The estimated percentage of CDBG funds that will be used for activities that benefit persons of low- and moderate-income.	70%
<i>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 Annual Action plan.</i>	

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

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

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

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

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

- a) **Recaptured loans:** All local jurisdictions and the Community Housing Development Organizations (CHDOs) must follow the HOME Resale Recapture Policy, approved by HUD July 2023. They may select an approved recapture method described in the policy to recapture the HOME assistance provided to the homebuyer. The assistance provided to the homebuyer may include down-payment assistance, closing costs, and/or the difference between the appraised home sales price and the amount of the first mortgage for which the low-income homebuyer can qualify, plus closing costs. 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 shared provisions on the appreciation in home value proportionate to the share of the HOME assistance provided, less the homeowner investment in the property. This would only apply if the sales price were sufficient to repay the HOME loan and the loan is not assumed by another HOME-eligible purchaser.

The captured appreciation may also be reduced, proportionate to the number of years during which the homebuyer has owned the home. The captured appreciation may 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 time during construction, if applicable, and documented value of capital improvements from the gross appreciation amount.

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

appreciation.

HCD will use the HOME Homeownership Value Limits published by HUD for the applicable area. If HCD intends to use a limit higher than HUD's published limit, HCD will only do so if it is supported by a 95 percent of median calculation under 24 CFR 92.254(a)(2) or through HUD-approved higher limits for specified areas/time periods. Current HUD-issued limits effective September 1, 2024, 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, 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 guidelines 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.
- 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 Service Areas funded by ESG in a given year must meet HUD requirements in 24 CFR 576.400(d).

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

This requirement does not apply to states.

5. Describe performance standards for evaluating ESG.

Performance standards and outcomes are evaluated by accessing Homeless Management Information System (HMIS) data via the State Homeless Data Integration System (HDIS), including, but not limited to:

- Percentage of people remaining in Rapid Re-Housing (RRH),
- Reduction in average and median length of stay in Emergency Shelter (ES),
- ES Exits to a positive housing destination,
- RRH exits to a positive housing destination,
- Percentage of people who return to homelessness (ES, Street Outreach (SO)),
- Percentage of those that obtain a positive housing destination from a SO program, and
- Percentage of people that enter the homeless service system (ES, SO) after receiving Homelessness Prevention (HP) financial assistance.

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

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.

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

N/A.

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

- 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.

- 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; and
 3. Satisfy all legal requirements and obligations in connection with the project
- 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
- 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.
- Have site control of the project subject to the NHTF funding award as described in the NOFA and/or Project Solicitation, 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
- 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.
- Are not debarred or suspended from participation in federal or state housing or community development projects or programs.
- 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

- 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.
- 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..
- 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.
 1. 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 as shown below: 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.; 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); (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:
 - Adopt a written nondiscrimination policy.
 - 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.

- Projects on Native American Land with Indian Housing Block Grant funding from HUD will be subject to the tenancy, eviction and termination using their duly adopted Tribal Admissions and Occupancy Standard (TAOS), provided the TAOS complies with the nondiscrimination requirements under 24 C.F.R. 1000.12. The TAOS will govern tenancy, eviction, and termination for Projects located on Native American Land instead of a management plan. If the Native American Entity exercising jurisdiction over the Indian Housing Block Grant funded Project has not adopted a TAOS, then the management and maintenance requirements of this Section must be applicable provided the Native American Entity may implement a tribal priority for tenant selection and occupancy and complies with the nondiscrimination requirements under 24 C.F.R. 1000.12.
- 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.
- Develop and implement a marketing plan that is consistent with 24 C.F.R. § 93.350(b).
- Must make the project comply with the HUD and HCD application minimum requirements in the NHTF guidelines.

3.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 a competitive or 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 used 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 two-year commitment deadline and regulatory five-year expenditure deadline and avoids having to return NHTF to HUD. In the event a Recipient forfeits and/or cancels an award, any unused NHTF Program funds will be reallocated to existing HCD funded projects needing additional funding by HCD.

- 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 NOFA and/or 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 further fair housing. 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 furthers fair housing by providing a complete narrative in the application workbook in response to questions associated with 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.

3.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) geography (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.

- Applicants may submit only one application per project in response to a Project Solicitation, unless the NOFA and/or Project Solicitation specifies otherwise.

3.d. Describe the grantee’s required priority for funding based on geography (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.

3.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 two years prior to the NHTF application deadline specified in the NOFA and/or Project Solicitation.

3.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, Sponsor-based Rental Assistance (SRA) or any other rental subsidies. Other mechanisms that ensure affordability for extremely low-income households, such as cross-subsidization or operating cost assistance reserves, will also be considered by HCD.

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

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

3.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 housing that includes new development features, or housing that includes building and development features). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A.”

HCD may include objective points for its housing and community development priorities. Further information and guidance on these additional state objective factors will be included in the NOFA and/or Project Solicitation.

3.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

- 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

- 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

- 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.**

HCD establishes its maximum per-unit development subsidy limits for the Housing Trust Fund (HTF) in accordance with 24 CFR 93.300(a). Consistent with HUD guidance allowing states to use existing per-unit cost limits from other federal programs (e.g., LIHTC cost limits), HCD uses the California Tax Credit Allocation Committee (CTCAC) Threshold Basis Limits as the HTF maximum per-unit development subsidy limits. The applicable limits are adjusted by county and bedroom size and are the CTCAC Threshold Basis Limits in effect for the year of the HTF award (e.g., FY24 awards use the 2024 limits; FY25 awards use the 2025 limits). Current CTCAC Threshold Basis Limits are published by CTCAC and incorporated by reference for HTF underwriting and award processing.

- 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; 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, which 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 priorities 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 priorities 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 priorities 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 priority as appropriate.

Note: Tribal projects with Indian Housing Block Grant funding (IHBG) may operate in accordance with IHBG rules and NHTF regulations at 24 CFR 93.303(d)(3)(i).

However, any limitation or preference must not violate the nondiscrimination requirements in the NHTF interim rule at 24 CFR 93.350, and the applicant must have marketing procedures and requirements that apply in the context of the limited/preferred tenant eligibility for the project. Priorities 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: 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	Email Address	25/26 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	jdart@cityofarcata.org	\$74,277.47	X		X	X			X
Anderson, City of	Liz Cottrell	Lcottrell@ci.anderson.ca.us	\$128,183.00			X				X
Atwater, City of	Christina Thurman	cthurman@atwater.org	\$0							
Auburn, City of	Jonathan Wright	jwright@auburn.ca.gov	\$82,887.00	X						X
Avenal, City of	Kao Yang	kyang@cityofavenal.us	\$548,102.12		X			X		X
Benicia, City of	Alan Shear	Comdev@ci.benicia.ca.gov	\$15,000.00	X	X	X				X
Biggs, City of	Josh Cook	Office@biggs-ca.gov	\$290,660.84			X				X

Jurisdiction	Contact Name	Email Address	25/26 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	
Bishop, City of	Anastasiia Budnyk	abudnyk@cityofbishop.com	\$0.00							
Blue Lake, City of	Paula Mushrush	bluelakegrants@gmail.com	\$208,516.05			X				X
Brawley, City of	Eva Madueno	Emadueno@brawley-ca.gov	\$160,705.66	X		X		X		X
Butte, County of	Jaclyn Thompson	CommunityDevelopment@buttecounty.net	\$201,009.13	X		X				X
Calimesa, City of	Bonnie Johnson	Bjohnson@cityofcalimesa.net	\$0.00							
Calaveras, County of	Kris Redman	kredman@co.calaveras.ca.us	\$365,443.74			X				X
Calipatria, City of	Rosa Ramirez	R_ramirez@calipatria.com	\$154,693.00				X			X
Capitola, City of	Kathleen Herlihy	kherlihy@ci.capitola.ca.us	\$0.00							
Calistoga, City of	Jeff Mitchem	hcdgrants@ci.calistoga.ca.us	\$0.00							
Chowchilla, City of	Mark Hamilton	mhamilton@cityofchowchilla.org	\$149,672.32	X		X		X		X

Jurisdiction	Contact Name	Email Address	25/26 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	
Clearlake, City of	Alan Flora	aflora@clearlake.ca.us	\$334,821.78					X		X
Coalinga, City of	Sean Brewer	sbrewer@coalinga.com	\$0.00							
Colfax, City of	Michael Lucan	City.manager@colfax-ca.gov	\$0.00							
Colusa, County of	Greg Plucker	gplucker@countyofcolusa.com	\$1,290,778.26			X				X
Colusa, City of	Ishrat Aziz Khan	fdirector@cityofcolusa.com	\$73,970.57			X				X
Corcoran, City of	Kevin Tromborg	Kevin.tromborg@cityofcorcoran.com	\$414,338.75				X			X
City of Corning	Brant Mesker	bmesker@corning.org	\$74,247.40				X			X
Crescent, City of	Bridget Lacy	Blacey@crescentcity.org	\$0.00							
Dinuba, City of	George Avila	gavila@dinuba.ca.gov	\$675,776.00		X		X			X
Del Norte, County of	Antoinette Self	aself@co.del-norte.ca.us	\$50,473.45				X			X
Dixon, City of	Larry Burkhardt	lburkhardt@cityofdixon.us	\$48,898.90		X					X

Jurisdiction	Contact Name	Email Address	25/26 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	
Dorris, City of	Jocelyn Ibarra	cityadmin@cot.net	\$159,829.78			X	X			X
Dunsmuir, City of	Blake Michaelsen	bmichaelsen@ci.dunsmuir.ca.us	\$218,809.90	X						X
El Dorado, County of	Bret Sampson	Bret.sampson@edcgov.us	\$430,371.80	X	X					X
Etna, City of	Pamela Eastlick	p.eastlick@etnaca.com	\$126,916.53			X				X
Exeter, City of	Eekhong Franco	efranco@exetercityhall.com	\$316,552.70		X					X
Farmersville, City of	Jennifer Gomez	jgomez@cityoffarmersville-ca.gov	\$231,940.80		X			X		X
Firebaugh, City of	Rita Lozano	Deputyclerk@ci.firebaugh.ca.us	\$0.00							
Fort Bragg, City of	Lacy Peterson	lpeterson@fortbragg.com	\$52,867.84	X			X	X		X
Fort Jones, Town of	Samantha Hess	Samantha.hess@fortjones.ca	\$43,400.00			X				X
Fortuna, City of	Racheal Henry	rhenry@ci.fortuna.ca.us	\$685,123.19				X			X

Jurisdiction	Contact Name	Email Address	25/26 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	
Fowler, City of	Thomas Gaffery	tgaffery@ci.fowler.ca.us	\$0.00							
Glenn, County of	Randy Royce	gccadadmin@countyo ffglenn.net	\$204,594.27	X						X
Grass Valley, City of	Thomas Last	toml@cityofgrassvalle y.com	\$0.00							
Gridley, City of	Elisa Arteaga	finance@gridley.ca.us	\$114,104.79	X	X	X				X
Grover Beach, City of	Janet Reese	jreese@groverbeach. org	\$							X
Guadalupe, City of	Janis Davis	jdavis@ci.guadalupe.c a.us	\$0.00							
Hollister, City of	Renee Perales	Renee.perales@hollis ter.ca.gov	\$3,385.91				X		X	X
Humboldt, County of	Andrew Whitney	PLBL_Grants@co.hu mboldt.ca.us	\$100,098.95	X			X			X
lone, City of	Deborah Mackey	dmackey@ione- ca.com	\$509,836.00	X			X			X

Jurisdiction	Contact Name	Email Address	25/26 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	
Imperial, County of	Maria T Sanchez	mariatsanchez@co.imperial.ca.us	\$9,630.83				X	X		X
Jackson, City of	Laurie Fishback	lfishback@ci.jackson.ca.us	\$223,846.57				X	X		X
King, City of	Steven Adams	sadams@kingcity.com	\$0.00							
Kings, County of	Chuck Kinney	Chuck.kinney@co.kings.ca.us	\$0.00							
Lake, County of	Susan Parker	Admin@lakecountyca.gov	\$0.00							
Lakeport, City of	Danielle Dizon	ddizon@cityoflakeport.com	\$337,869.62	X	X			X		X
Lassen, County of	Grace Poor	housing@co.lassen.ca.us	\$307,970.80				X			X
Live Oak, City of	Alison Schmidt	aschmidt@liveoakcity.org	\$124,231.02				X			X
Lincoln, City of	Nita Wracker	nita.wracker@lincolncalifornia.gov	\$27,803.00				X			X

Jurisdiction	Contact Name	Email Address	25/26 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	
Livingston, City of	Happy Bains	hbains@livingstoncity.com	\$0.00							
Los Banos, City of	Kim Tomas	Kim.tomas@losbanos.org	\$0.00							
Madera, County of	Annette Kephart	Annette, kephart@maderacounty.com	\$1,201,680.10		X				X	X
Mammoth Lakes, Town of	Nolan Bobroff	CED@townofmammothlakes.ca.gov	\$0.00							
Mariposa, County of	Ben Goger	bgoger@mariposacounty.org	\$363,051.11	X	X		X			X
Marina, City of	Juan Lopez	jlopez@cityofmarina.org	\$0.00							
Marysville, City of	Jennifer Stycznski	jennifers@marysville.ca.us	\$0.00							
Mendocino, County of	Jessica Byers	byersj@mendocinocounty.org	\$704,701.39				X			X
Merced, County of	Nicole Ubbink	Nicole.desmond@countyofmerced.com	\$1,963.42	X	X				X	X

Jurisdiction	Contact Name	Email Address	25/26 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	
Montague, City of	Jessie Monday	clerk@cityofmontaque.ca.com	\$65,524.00	X						X
Mono, County of	Allison Shaw	ashaw@mono.ca.gov	\$391,771.27			X	X			X
Mount Shasta, City of	Malisa Dodd	mdodd@mtshastaca.gov	\$0.00							
Nevada, County of	Rob Choate	Rob.choate@co.nevada.ca.us	\$0.00							
Orange Cove, City of	Rudy Hernandez	Rudy@cityoforangecove.com	\$0.00							
Orland, City of	Janet Wackerman	jwackerman@cityoforland.com	\$283,211.59				X			X
Oroville, City of	Amy Bergstrand	abergstrand@cityoforoville.org	\$2,749.81		X		X		X	X
Parlier, City of	Sandra Rodriguez	srodriguez@parlier.ca.us	\$77,431.66		X		X			X
Placer, County of	Shawna L Purvines	spurvines@placer.ca.gov	\$218,746.32	X	X		X			X

Jurisdiction	Contact Name	Email Address	25/26 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	
Placerville, City of	Terry Zeller	cmorris@cityofplacerville.org	\$79,224.00	X	X					X
Plumas, County of	Debra Lucero	traceyferguson@countyofplumas.com	\$75,623.55				X			X
Red Bluff, City of	Sandra Ryan-harbert	sryan@cityofredbluff.org	\$44,783.75							X
Rio Dell, City of	Travis Sanborn	sanbornt@cityofriodell.ca.gov	\$119,080.45				X	X		
Riverbank, City of	Leticia Ibanez	libanez@riverbank.org	\$704,605.00						X	X
San Joaquin, City of	Lupe Estrada	lupee@cityofsanjoaquin.org	\$8,085.67				X			X
San Juan Capistrano, City of	Laura Stokes	Planning@sanjuancapistrano.org	\$331,812.67				X		X	X
Sanger, City of	Nathan Olsen	Nathan.Olson@ci.sanger.ca.us	\$274,135.46	X		X				X
Santa Cruz, County of	Porcila Wilson	Porcila.wilson@santacruzcounty.us	\$7,808.91			X				X

Jurisdiction	Contact Name	Email Address	25/26 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	
Shasta, County of	Holly Zander	hcap@co.shasta.ca.us	\$61,885.06			X	X			X
Shasta Lake, City of	Whitney Zeller	jlugo@cityofshastalake.org	\$0.00							
Siskiyou, County of	Shelley Gray	cdbg@co.siskiyou.ca.us	\$21,676.74			X	X			X
Scotts Valley, City of	Mali LaGoa	tfriend@scottsvally.org	\$384,214.27	X						X
Soledad, City of	Tencia Cruz Vargas	tvargas@cityofsoledad.com	\$722,045	X						X
Solano, County of	Rebecca Gilbert	RJBilbert@solanocounty.com	\$43,082.00			X				X
Sonora, City of	Tyler Summersett	trummersett@sonoraca.com	\$151,994.18	X	X					X
South Lake Tahoe, City of	Hilary Roverud	hroverud@cityofslt.us	\$140,592.67		X		X			X
Susanville, City of	Jolene Arredondo	jarredondo@cityofsusanville.org	\$40,668.31			X		X		X

Jurisdiction	Contact Name	Email Address	25/26 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	
Sutter, County of	Jing Wang	jwang@co.sutter.ca.us	\$1,112,605.27				X			X
Taft, City of	Teresa Binkley	tbinkley@cityoftaft.org	\$62,959.00			X				X
Tehama, City of	Carolyn Steffan	cityhall@cityoftehama.us	\$81,485.83				X			X
Tehama, County of	Carolyn Steffan	cityhall@cityoftehama.us	\$0.00							
Trinity, County of	Trent Tuthill	ttuthill@trinitycounty.org	\$32,190.80	X		X				X
Truckee, Town of	Denyelle Nishimori	dnishimori@townoftruckee.com	\$71,332.00			X	X			X
Tulare, County of	Sandra Sabin	ssabin@co.tulare.ca.us	\$9,522.11			X	X			X
Tulelake, City of	Jenny Coelho	info@cityoftulelake.com	\$35,526.05		X					X
Tuolumne, County of	Maureen Frank	mfrank@co.tuolumne.ca.us	\$445,263.04		X					X

Jurisdiction	Contact Name	Email Address	25/26 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	
Ukiah, City of	Craig Schlatter	cschlatter@cityofukiah.com	\$232,564.51	X		X	X			X
Wasco, City of	Keri Cobb	kecobb@cityofwasco.org	\$0.00							
Weed, City of	Jill Porterfield	jporterfield@ci.weed.ca.us	\$328,386.71				X			X
Westmorland, City of	Tami Castro	cityclerk@cityofwestmorland.net	\$166,283.00				X	X		X
Wheatland, City of	April Ouellette	aouellette@wheatland.ca.gov	\$1,206.02			X				X
Williams, City of	Rex Greenbaum	rgreenbaum@cityofwilliams.org	\$125,156.58	X	X					X
Willows, City of	Joe Bettencourt	jbattencourt@cityofwillows.org	\$1,987,626.73				X			X
Winters, City of	Colleen Brock	Colleen.brock@cityofwinters.org	\$1,025,891.27	X	X					X
Woodlake, City of	Rebecca Griswold	rgriswold@ci.woodlake.ca.us	\$263,427.13			X		X	X	X

Jurisdiction	Contact Name	Email Address	25/26 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	
Yolo, County of	Mark Bryan	mbryan@yolocounty.org	\$423,802.00					X		X
Yreka, City of	Emily Aldrich	aldrich@ci.yreka.ca.us	\$156,752.01			X		X		X
Yuba, County of	Ian Scott	cdbgteam@co.yuba.ca.us	\$1,309,509.65	X	X		X			X
Total			\$23,965,277.81							

Appendix B: 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

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 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

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 four rental units, also defined in 24 CFR Part 5.100.
- Requirements in 24 CFR Part 8, implementing Section 504 and ADA 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.
- 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).
- 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 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 and Chapter 11B 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 and 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 AND 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.

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 the scope of the project, total amount of federal funding, covered units (i.e., total number of units receiving HOME or other pertinent financial assistance), or other factors.

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.

DSA-AC & HCD 1-AC – A continuous unobstructed path connecting elements and spaces of a site, building or facility that can be negotiated by a person using a wheelchair, and that is also safe for and usable by other persons with mobility impairments. Interior routes may include corridors, hallways, floors, ramps, elevators, and lifts. Exterior 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. 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 alternatives in order to determine the best approach for costs and benefits of proposed 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 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) and 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)

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 Capital Needs Assessments (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 the 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 impacts from changing precipitation patterns. HCD requires all projects to comply with applicable mandatory residential measures.

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.

ADA/504: Units assisted under this program must meet the requirements of 24 CFR Part 8 (implementing Section 504 and Titles II and III of ADA (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 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 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

percent 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 meet Section 504 and/or ADA requirements;
- At least 5 percent of the units or one minimum, whichever is greater, must be made for persons with mobility impairments based on UFAS; and
- At least 2 percent of the units (one additional unit minimum) must be for persons with hearing or vision impairments.

For projects with “less-than-substantial” alterations (anything less than “substantial”), the project shall meet Section 504 and/or ADA requirements to the greatest extent feasible until 5 percent of the units meet the requirements. In either case, common spaces shall be made compliant with Section 504 and/or ADA requirements 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

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.

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).

Other state and federal Requirements

Environmental and Historic Preservation Requirements: Housing assisted under this program must meet 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, deterioration, 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 do not need to make repairs for as long as possible, increasing the stability 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.

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.

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 should be 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 ADA and/or Section 504 compliant Route, any change in level in a walkway shall not be greater than 3/4".
- On any ADA and/or Section 504 compliant Route any change in level shall conform with requirements in California Building Code Chapter 11A, section 1111A.
- Any walkway or driveway that exceeds 5 percent 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 obstacles 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. ADA and/or Section 504 compliant 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 ADA and/or Section 504 compliant Routes, ramps shall meet the requirements of the most current ADA and the applicable 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 are 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.

(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 ADA and/or Section 504 compliant

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 compliance with ADA and/or Section 504; other concurrent work or if 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 subfloors 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 Code 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 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)

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 windowpanes
- Rotten or deteriorated sills, frames, or trim
 - Missing seal or sealant or dried, cracked or missing putty or caulking around windowpanes
- 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.

4.1 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 doorstops 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) Universal Design. Compliant 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 standards for publicly funded multifamily housing.

4.2 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.

4.3 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, and 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, prevention loss of water seals in traps and provision 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 usable 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.

Electrical Systems

6.1 General Electrical Service

a. General Requirements and Minimum Standard Conditions

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
- Electric vehicle chargers 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 feet (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.

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 U.S. 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) Zones. Cooling equipment shall meet SEER/12 Energy Efficiency Ratio (EER) Energy Star Qualified, or its equivalent for the applicable 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) Zones. Heating equipment shall meet AFUE percent for gas furnace or equivalent for the appropriate California Energy Code 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 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 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 C: 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 option to become homeowners;
- Increasing affordable housing 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
- 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 U.S. 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 its 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

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.
- c) 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.

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 downpayment 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.

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$$\frac{\$10,000}{\$10,000 + \$2,000 + \$3,000} \times \$5,000 = \$3,333$$

$(\$10,000 + \$5,000)$ <p>The amount of the net proceeds to be recovered by the homebuyer is \$1,667.</p> $\frac{\$5,000}{(\$10,000 + \$5,000)} \times \$5,000 = \$1,667$

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 the 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 under appropriate circumstances, 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 where the homeowner would benefit from a refinance transaction:

- i. Where the original homebuyer is securing better terms to reduce monthly housing costs, without cash out of the property;
- ii. Where the original homebuyer can 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 and 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 the 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 Procedure.