

**State of California
2020-2024 Federal Consolidated Plan**

Fifth Amendment to 2021-22 Annual Action Plan

**HOME Investment Partnerships Program – American Rescue
Plan (HOME-ARP)**



**Gavin Newsom, Governor
State of California**

**Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency**

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DRAFT

July 30, 2025

State of California
Fifth Amendment to 2021-2022 Annual Action Plan
HOME Investment Partnerships Program – American Rescue Plan

The purpose of this proposed substantial amendment is to:

1. Describe how \$13,897,479 in additional funding from the U.S. Department of Housing and Urban Development (HUD) will be used under the HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) program, including:
 - a. \$9,465,824 for rental housing and supportive services activities;
 - b. 2,348,536 for eligible HOME-ARP activities which were included in HOME-ARP allocation plans developed by two units of general local government, Cities of Torrance and Gardena, that were unable to be directly funded by HUD;
 - c. \$2,083,119 in additional funds for administration and planning activities
2. Reallocate \$1,109,998 from the rental housing reserve to administration and planning activities to accommodate the increased workload to administer additional funds.
3. Include the use of preferences for one or more populations or subpopulations as described in the HOME-ARP guidance from HUD (or “Qualifying Populations” (QP)) in HOME-ARP Rental Housing and Supportive Services activities.

The full text of the original 2021-2022 Annual Action Plan and all amendments may be found at <https://www.hcd.ca.gov/policy-research/plans-reports>

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

Introduction

The 2021–2022 Annual Action Plan (AAP) is being amended to enhance housing and supportive services under the Allocation Plan for the HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) program. The changes include utilizing additional U.S. Department of Housing and Urban Development (HUD) funding for rental housing and supportive services, reallocating funds to support eligible HOME-ARP activities that were previously unfunded due to discrepancies in the HUD funding formula, shifting resources from the Rental Housing Reserve to cover increased administrative and planning needs resulting from additional funding, and introducing preferences for specific qualifying populations (QP) described in the HOME-ARP guidance from HUD in HOME-ARP Rental Housing and Supportive Services programs. These updates aim to improve service delivery and ensure resource distribution among eligible program partners.

The language being changed in this amendment is indicated by ~~strikethrough~~ while new language being added is red/underlined. Numbers changed in this amendment are indicated by ~~strikethrough~~ while new numbers are added in red/underlined font.

AP-12 Citizen Participation

Summary of Citizen Participation and consultation process

This amendment will be available for public comment for **15 days**, in accordance with the alternative requirements permitted under the HOME-ARP Notice ([HOME-ARP](#)), which supersede the California Department of Housing and Community Development's (HCD) Citizen Participation Plan. The public comment period will run from August 6, 2025, through August 21, 2025.

A virtual public hearing regarding this AAP amendment will be held on Wednesday, August 13, 2025. The amendment documents can be reviewed on HCD's website under "Federal Plans and Reports" at HCD's website: <https://www.hcd.ca.gov/policy-and-research/plans-and-reports>. It can also be found on the HOME-ARP webpage here: <https://www.hcd.ca.gov/grants-and-funding/programs-active/home-american-rescue-plan-program>.

Please submit written comments to

HOME-ARP email: HOMEARP@hcd.ca.gov

Comments may also be mailed to:

California Department of Housing and Community Development
Division of Federal Financial Assistance (ATTN: HOME-ARP)
 651 Bannon Street, Suite 400
 Sacramento, CA 95811

HOME-ARP Allocation Plan

Executive Summary (Page 3)

Allocation Plan Budget

<u>Budget Category</u>	<u>Funding Amount</u>	<u>Percent of Grant</u>	<u>Statutory Limit</u>
<u>Development of Affordable Rental Housing</u>	<u>\$117,782,741</u>	<u>69.7%</u>	
<u>Breakdown of Affordable Rental Housing Activities</u>			
<u>Northern California Target</u>	<u>\$31,150,000</u>	<u>18.4%</u>	
<u>Southern California Target</u>	<u>\$31,150,000</u>	<u>18.4%</u>	
<u>Tribal Entities Target</u>	<u>\$8,900,000</u>	<u>5.3%</u>	
<u>Rural Areas Target</u>	<u>\$17,800,000</u>	<u>10.5%</u>	
<u>Rental Housing Reserve</u>	<u>\$4,242,597</u>	<u>2.5%</u>	
<u>Reentry Housing Pilot Project</u>	<u>\$16,000,000</u>	<u>9.5%</u>	
<u>Additional Funding*</u>	<u>\$8,540,144</u>	<u>5.0%</u>	
<u>Supportive Services</u>	<u>\$30,274,216</u>	<u>17.9%</u>	
<u>Breakdown of Supportive Services Activities</u>			
<u>Supportive Services Activity Funding**</u>	<u>\$27,574,216</u>	<u>16.3%</u>	
<u>Tribal Entities Target</u>	<u>2,700,000</u>	<u>1.6%</u>	
<u>Administration and Planning</u>	<u>\$20,843,576</u>	<u>12.3%</u>	<u>15%</u>

<u>Breakdown of Administration and Planning Activities</u>			
<u>HCD Admin & Planning</u>	<u>\$17,638,326</u>	<u>10.4%</u>	
<u>Subrecipient Admin & Planning***</u>	<u>\$3,205,250</u>	<u>1.9%</u>	
<u>Total HOME-ARP Allocation</u>	<u>\$168,900,533</u>		

* This additional funding received from HUD, as discussed in the paragraphs below, will be awarded to the next-highest scoring application that was not originally funded from the HOME-ARP Rental Housing NOFA.

** This is inclusive of the \$884,238 that will be directly awarded to the City of Torrance and the \$1,464,298 that will be directly awarded to the City of Gardena for supportive services activities. (see - *Additional funds from Local Participating Jurisdictions that did not submit a HOME-ARP Allocation Plan table*)

*** This is inclusive of the \$156,042 that will be directly awarded to the City of Torrance and the \$256,640 that will be directly awarded to the City of Gardena for subrecipient admin & planning activities. (see - *Additional funds from Local Participating Jurisdictions that did not submit a HOME-ARP Allocation Plan table*)

	Funding- Amount	Percent of Grant	Statutory Limit
Development of Affordable Rental Housing	\$110,352,595	71.2%	
Affordable Housing NOFA	\$89,000,000	57.4%	
Northern California Target	\$31,150,000	20.1%	
Southern California	\$31,150,000	20.1%	

Target			
10% Target for Tribal Entities	\$8,900,000	5.7%	
20% Target for Rural Areas	\$17,800,000	11.5%	
Rental Housing Reserve	\$5,352,595	3.5%	
Reentry Housing Pilot Project	\$16,000,000	10.3%	
Supportive Services	\$27,000,000	17.4%	
Open Funding	\$24,300,000	15.7%	
10% For Tribal Entities	\$2,700,000	1.7%	
Administration and Planning	\$17,650,459	11.4%	15%
HCD Admin & Planning	\$14,950,459	9.6%	

Subrecipient Admin & Planning	\$2,700,000	1.7%	
Total HOME- ARP Allocation	\$155,003,054		

Additional Funding from HUD

HCD received its original allocation of HOME-ARP funding on September 24, 2021, in the amount of \$155,003,054. Since that time, HCD received two additional HOME-ARP allocations from HUD. The first was offered on July 9, 2024, in the amount of \$3,850,251. These funds were reallocated from two local participating jurisdictions in California that failed to submit a HOME-ARP allocation plan to HUD. In accordance with HOME-ARP rules, these funds were offered to HCD. The second allocation was offered on April 30, 2025, in the amount of \$10,047,228. These funds were allocated to HCD after HUD made a correction to the allocation formula. HCD accepted both additional allocations of HOME-ARP funding, together totaling \$13,897,479. Accepting these funds increases HCD's total HOME-ARP allocation from \$155,003,054 to \$168,900,533.

The additional funds will be used for eligible HOME-ARP activities or programs as described below.

Additional funds from Local Participating Jurisdictions that did not submit a HOME-ARP Allocation Plan: \$3,850,251

As part of an agreement with HUD, HCD will use a portion of these funds to award the City of Gardena and the City of Torrance. Both jurisdictions submitted HOME-ARP Allocation Plans to HUD. However, HUD later corrected discrepancies in the HOME-ARP formula allocation, which required that these jurisdictions be funded through an HCD subaward rather than as a direct HUD grantee. To fund the supportive services activities identified in both jurisdictions' approved HOME-ARP allocation plans, HCD will provide direct awards to the City of Gardena and the City of Torrance in the amounts outlined in the table below.

<u>Additional funds from Local Participating Jurisdictions that did not submit a HOME-ARP Allocation Plan</u>	
<u>City of Gardena</u>	<u>\$1,040,280.00</u>
<u>Supportive Services Activity Allocation</u>	<u>\$884,238.00</u>
<u>Subrecipient Admin & Planning</u>	<u>\$156,042.00</u>
<u>City of Torrance</u>	<u>\$1,720,938.00</u>
<u>Supportive Services Activity Allocation</u>	<u>\$1,464,298.00</u>
<u>Subrecipient Admin & Planning</u>	<u>\$256,640.00</u>
<u>Supportive Services NOFA Activity Funding</u>	<u>\$925,680.00</u>
<u>Supportive Services NOFA Subrecipient Admin & Planning</u>	<u>\$92,568.00</u>
<u>HCD Admin & Planning</u>	<u>\$70,785.00</u>
<u>Total</u>	<u>\$3,850,251.00</u>

Additional funds from HUD Allocation Correction: \$10,047,288

HCD will use 85 percent of these additional funds to award an affordable rental housing project. The project will be selected from the next-highest scoring application that was not originally funded from the HOME-ARP Rental Housing NOFA.

The remaining 15 percent of funds will be used for HCD administration and planning activities to accommodate the additional workload. The distribution of these additional funds is described in the table below.

<u>Additional funds from HUD Allocation Correction</u>	
<u>Additional Funding Project</u>	<u>\$8,540,144</u>
<u>HCD Admin & Planning</u>	<u>\$1,507,084</u>
<u>Total</u>	<u>\$10,047,228</u>

Redistributed funds

As a result of the additional funds from Local Participating Jurisdictions that did not submit a HOME-ARP Allocation Plan, HCD will administer programs with two different units of local general government, the City of Gardena and the City of Torrance. HCD anticipates significant increases in administrative activities to accommodate these programs. Therefore, HCD has determined it necessary to reallocate \$1,109,998 from the Rental Housing Reserve to HCD administration and planning activities. As the table above demonstrates, administration and planning remain well under the 15 percent limit established by HUD.

HOME-ARP will also fund evidence-based Supportive Services for the QP. There will be ~~\$27,000,000~~ \$30,274,216 available for service providers to provide critical services for those exiting homelessness, as well as to prevent vulnerable populations from losing housing. Of these funds, ~~40 percent~~ \$2,700,000 will be targeted for Tribal Entities. By supporting households experiencing homelessness, and those at risk of homelessness, to maintain housing stability, the Housing Plus Support Program (HPSP) will provide significant subsidies to the existing and developing affordable housing infrastructure in California, including to existing HCD assisted affordable housing projects. Over \$18 million will support short- and medium-term financial assistance for members of the QP, providing payments on behalf of eligible households directly to the owners and operators of affordable housing. Additionally, up to \$7 million will support case management and housing support services to assist tenants of affordable housing successfully access and maintain housing.

Finally, ~~\$17,650,459~~ \$20,843,576 will go toward Administration and Planning costs for the program. Of these funds, ~~\$14,950,459~~ \$17,638,326 will be retained by HCD for the costs of operating the HOME-ARP Program, and ~~\$2,700,000~~ \$3,205,250 will be made available to subrecipients of Supportive Services funding to assist with administration and planning costs through program development.

Consultation (Page 6)

Describe the consultation process including methods used and dates of consultation:

HCD held a series of one-on-one consultations with organizations across the state including CoCs, homeless service providers, domestic violence service providers, veterans' services groups, public housing authorities, nonprofit agencies that address the needs of the Qualifying Populations (QP), and public/private organizations that address fair housing, civil rights, and the needs of persons with disabilities. These one-on-one consultations, listed in the table below, were held as virtual meetings between HCD's HOME-ARP staff and representatives of the listed organizations. These consultations were held between October 2021 and September 2022, in advance of developing the Plan. During the meetings, HCD's HOME-ARP staff presented a short overview of the HOME-ARP Program and listened to feedback on how HOME-ARP funding might best address the needs of individuals in the QPs served by the organization.

City of Gardena

In preparing its HOME-ARP Allocation Plan, the City of Gardena consulted with representatives from multiple agencies, groups, and organizations involved in assisting those experiencing homelessness, addressing homelessness, and providing services to QPs.

The City of Gardena published an online survey for community partners on January 6, 2023, and the survey closed on January 22, 2023. The community survey was reopened on February 7, 2023, and closed on February 14, 2023, to allow more attendees from the community meeting to take the survey.

To ensure broad input in the survey, the City of Gardena's Homeless Coordinator emailed community partners in January to notify them that the survey was open. The Homeless Coordinator emailed over 400 City officials, Gardena police, and LA County Fire Department staff to notify them of the survey, as well as the community meeting on February 7, 2023. Residents of Gardena were also notified of the survey and public hearing through Gardena social media pages and the Gardena newsletter. The Homeless Coordinator presented to the Ministerial Association, a group of over 20 local faith-based leaders, about HOME-ARP, the survey, and public hearing so they could share with residents as well. The Homeless Coordinator also shared this information at the Gardena Mayme Library, senior lunches, neighborhood watch meetings, and more.

Virtual consultation sessions began on February 8, 2023, when the city consulted with the South Bay Cities Council of Governments. A virtual consultation session was held

on February 9, 2023, with the non-profit PATH (People Assisting the Homeless). A third virtual consultation was held on February 10, 2023, with the non-profit Harbor Interfaith. The last virtual consultation was held on February 22, 2023, with the Los Angeles Homeless Service Authority. These agencies were invited via email to attend with any staff who serve Gardena. The Homeless Coordinator also invited over 30 agencies and non-profit organizations to the city's public hearing in the Service Planning Area (SPA) 8 Care Coordination meeting. The SPA 8 Care Coordination meeting is a weekly online meeting with homeless service providers and cities in SPA 8 to give updates on homeless services. Those who could not attend were also invited to take the community partner survey and/or to reach out to the Homeless Coordinator by phone or email with any comments or questions regarding HOME-ARP funds.

All virtual consultation sessions included: 1) an overview of the HOME-ARP notice to facilitate understanding of QPs and eligible activities; 2) an opportunity to ask clarifying questions; 3) requests for input into needs and gaps, and priority populations and activities; and 4) an overview of the Allocation Plan timeline and process.

A survey instrument was designed and available online and invited representatives from multiple agencies, groups, and organizations to rank the QPs and eligible activities and services in order of perceived need, and the best approach for carrying out those activities for the community. A separate survey was created and made available online to identify housing needs, identify supportive service needs, rank eligible activities and services in order of perceived need, and more.

The City of Gardena's virtual session was attended by 9 representatives of 4 agencies. The survey was completed by 11 representatives of 8 agencies. HUD-required agency types were represented in either the virtual session, the online survey, or by email.

City of Torrance

The City of Torrance consulted with public and private entities in early 2022 to gather the data necessary for the preparation of its HOME-ARP Allocation Plan. These community partners have relevant knowledge that can speak to the needs, service gaps, and potential activities that would best benefit the QPs. The City of Torrance solicited feedback through an electronic consultation packet consisting of a presentation and supplemental survey.

Staff distributed the consultation packet to 20 individuals within several housing/supportive service organizations and requested feedback from said individuals regarding utilization of HOME-ARP funds and gaps in the service delivery system within the City of Torrance. The supplemental survey consisted of 19 questions intended to solicit the perspectives of the consulted agencies regarding the preferred use of the HOME-ARP funds. The City of Torrance received survey responses from January 18,

2022, until February 22, 2022. Survey results were presented to the City's Social Services Commission on February 24, 2022, for the Commission to provide feedback and fulfill consultation guidelines. The Social Services Commission addresses the needs of the City of Torrance's residents.

To fulfill the CoC consultation requirement, City of Torrance staff participated in a webinar hosted by the Los Angeles CoC's lead agency, the Los Angeles Homeless Services Authority (LAHSA) on February 9, 2022. LAHSA also provided a memo detailing its recommendations. Torrance staff additionally attended the LAHSA HOME-ARP office hours on March 2, 2022. The memo recommended three uses for the funding: 1) acquisition; 2) master leasing; and 3) supportive services. It should be noted that LAHSA's recommendations are generalized for all 85 cities in its jurisdiction - including the City of Los Angeles - and therefore do not take into account the unique homeless landscape of Los Angeles County's South Bay region, locally referred to as Service Planning Area (SPA) 8, or the City of Torrance.

HOME-ARP Activities (Page 53)

Describe the method(s) that will be used for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors:

HCD will establish the HOME-ARP Program in the State of California in compliance with HUD Notice CPD-21-10 ("Requirements for the Use of Funds in the HOME-American Rescue Plan Program") and issue multiple Notices of Funding Availability (NOFAs) to select projects that address the priority needs for the QP. At minimum, HCD will issue three ~~two~~ NOFAs: a HOME-ARP Rental Housing NOFA, and a Supportive Services NOFA, and a Reentry Housing Pilot Project NOFA. All NOFAs issued by HCD will specify eligible applicants, eligible activities, minimum and maximum funding amounts, application thresholds and evaluation criteria, and will provide instructions on how to submit an application. Application review will consist of threshold, rating and ranking, and feasibility reviews to ensure proposed projects are feasible. Applicants will be evaluated to determine if they have the financial capacity and experience to carry out the HOME-ARP activity.

The NOFAs for the rental housing and supportive services activities will include a 10 percent target for California's Tribal Entities. Additionally, the rental housing NOFA will have a 20 percent target for rural communities. The NOFAs may also include additional targets that meet HCD policy objectives. Targets within the NOFA will not establish preferences. Additionally, HCD may identify and provide HOME-ARP funding to projects that meet HOME-ARP criteria, address the priority needs of the QP and best leverage

the availability of state, county, and local funding. At a minimum, the NOFA will specify eligible applicants, eligible activities, minimum and maximum funding amounts, application thresholds and evaluation criteria, and will provide instructions on how to submit an application. In all cases where California's state statute, regulations and/or guidelines conflict with the HUD Notice CPD 21-10 and HUD's HOME-ARP guidance, HUD's guidance will be followed.

As part of an agreement with HUD, HCD will use a portion of the reallocated funds to award the City of Gardena and the City of Torrance. Both jurisdictions submitted HOME-ARP Allocation Plans to HUD. However, HUD later corrected discrepancies in the HOME-ARP formula allocation process. As a result, the City of Gardena and the City of Torrance became ineligible to receive HOME-ARP funding directly from HUD. To fund the supportive services activities in both jurisdiction's approved HOME-ARP allocation plans, HCD will provide direct awards to the City of Gardena and the City of Torrance.

Describe whether the PJ will administer eligible activities directly:

HCD will directly administer the HOME-ARP rental housing activities by providing loans and grants to eligible project developers. HCD will provide grants to subrecipients to carry out the HOME-ARP supportive services activities.

Use of HOME-ARP Funding (Page 54)

Additional Funding from HUD

Additional funds from Local Participating Jurisdictions that did not submit a HOME-ARP Allocation Plan—\$3,850,251

As part of an agreement with HUD, HCD will use a portion of the reallocated funds to award the City of Gardena and the City of Torrance.

HCD will provide an award to the City of Gardena under the Housing Plus Support Program. It will be carried out as an HPSP program activity.

HCD will provide an award to the City of Torrance, that will be used to operate improve and expand existing supportive services programs. The improved and expanded supportive services the City of Torrance will provide are grounded through a gap analysis of the city's shelter and housing inventory, service delivery system, and identified needs. The gap analysis performed highlighted several critical areas where current services are insufficient to meet the growing demand. The existing service delivery system is often fragmented, leading to gaps in support for essential needs such as mental health care and job placement. Additionally, the analysis identified a significant number of households at risk of homelessness due to economic instability

and lack of access to supportive services. By directing HOME-ARP funds towards these services, the City of Torrance aims to bridge these gaps, enhance the effectiveness of existing programs, and ultimately improve the overall housing stability and well-being of the community.

Less than two percent of the reallocated funds will be made available for HCD administration and planning activities. The remaining funding will be added to the HPSP budget to fund supportive services activities. The distribution of these reallocated funds is described in the table below.

Additional funds from HUD Allocation Correction: \$10,047,288

HCD will use 85 percent of the newly allocated funds to award an affordable rental housing project. The project will be selected from the next-highest scoring application that wasn't funded from the HOME-ARP Rental Housing NOFA due to insufficient funds. If the next-highest scoring applicant is unable to accept the entire award, funds will be offered to other applicants who were not awarded due to insufficient funds in order of the number of points their application scored, highest to lowest, until funds are expended. This award may be used both for Activity and Operating expenses, pursuant to the limits established in the NOFA and CPD-21-10.

The remaining 15 percent of the newly allocated funds will be used for HCD administration planning activities to accommodate the additional workload. The distribution of these newly allocated funds is described in the table below.

Redistributed Funds

As a result of the reallocated funding from HUD, HCD will administer programs with two different units of general local government, the City of Gardena and the City of Torrance. HCD anticipates significant increases in administrative activities to accommodate these programs. Therefore, HCD has determined it necessary to reallocate \$1,109,998 from the Rental Housing Reserve to HCD administration and planning activities. As the Allocation Plan Budget table demonstrates, administration and planning remain well under the 15 percent limit established by HUD.

Table 14: Use of HOME-ARP Funding (Page 54)

Allocation Plan Budget

	Funding Amount	Percent of Grant	Statutory Limit
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Development of Affordable Rental Housing	\$110,352,595 <u>\$117,782,741</u>	71.2% <u>69.7%</u>	
Affordable Housing NOFA	\$89,000,000	57.4% <u>57.8%</u>	
<u>Additional Funding</u>	<u>\$8,540,144</u>	<u>5.0%</u>	
Northern California Target	\$31,150,000	20.1% <u>18.4%</u>	
Southern California Target	\$31,150,000	20.1% <u>18.4%</u>	
10% Target for Tribal Entities	\$8,900,000	5.7% <u>5.3%</u>	
20% Target for Rural Areas	\$17,800,000	11.5% <u>10.5%</u>	
Rental Housing Reserve	\$5,352,595 <u>\$4,242,597</u>	3.5% <u>2.5%</u>	
Reentry Housing Pilot Project	\$16,000,000	10.3% <u>9.5%</u>	
Supportive Services	\$27,000,000 <u>\$30,274,216</u>	17.4% <u>17.9%</u>	
Open Supportive Services Activity	\$24,300,000	15.7%	

Funding	<u>\$27,574,216</u>	<u>16.33%</u>	
10% For Tribal Entities	\$2,700,000	1.7% <u>1.6%</u>	
Administration and Planning	\$17,650,459 <u>\$20,843,576</u>	11.4% <u>12.3%</u>	15%
HCD Admin & Planning	\$14,950,459 <u>\$17,638,326</u>	\$9.6% <u>\$10.4%</u>	
Subrecipient Admin & Planning	\$2,700,000 <u>\$3,205,250</u>	1.7% <u>1.9%</u>	
Total HOME ARP Allocation	\$155,003,054 <u>\$168,900,533</u>		

Additional narrative, if applicable (Page 55)

The rationale for HCD's HOME-ARP Allocation is based on data, consultation meetings, and survey results. Affordable rental housing is the number one need in California, therefore HCD allocated 74 70 percent of its HOME-ARP allocation to HOME-ARP's rental housing activity. ~~Seventeen~~ Eighteen percent of the allocation will be used for Supportive Services, which is critical to keeping Californians from entering homelessness and increasing overall housing stability in California. Additionally, 44 12 percent of the award will go toward Administration and Planning costs both for HCD and subrecipients awarded Supportive Services funding. This allocation breakdown is intended to ensure HCD's one-time HOME-ARP allocation assists the greatest number of the QP, providing different levels of service and housing needs.

Describe how the PJ will distribute HOME-ARP funds in accordance with its priority needs identified in its needs assessment and gap analysis:

The public input HCD received during its consultation process and the results of the

needs assessment and gaps analysis indicated the priority needs for California communities are the development of affordable housing and implementation of supportive services for the QPs. HCD will fund three HOME-ARP eligible activities: Development of Affordable Rental Housing, Supportive Services, and Administration and Planning costs.

Regarding the reallocated funds, both the City of Gardena and the City of Torrance developed a needs assessment and gap analysis in its HOME-ARP Allocation Plans, which evaluated the size and demographic composition of QPs within its boundaries and assessed the unmet needs of those populations. It also identified any gaps within its current shelter and housing inventory as well as its service delivery system. Both the City of Gardena and the City of Torrance's HOME-ARP Allocation Plans align with HCD's HOME-ARP Allocation Plan, confirming the need for more affordable rental housing development and supportive services.

HCD has determined the amount for the Rental Housing Reserve included in the original Allocation Plan is not necessary and is reallocating \$1,109,998 of those funds into administration and planning activities related to administering reallocated funds from HUD, as the table above demonstrates. HCD administration and planning remains well under the 15 percent limit established by HUD.

Development of Affordable Rental Housing (Page 55)

HCD will make an additional \$16 million available to projects that meet HOME-ARP criteria and address the priority needs of the at risk of homelessness population, specifically individuals and families exiting a publicly funded institution, or system of care. HCD is partnering with the California Department of Corrections and Rehabilitation (CDCR) to select these projects. These projects will not be selected as part of the competitive NOFA HOME-ARP affordable housing process but based on criteria agreed upon between HCD and CDCR. The project criteria are currently in development.

In addition, ~~\$5,352,595~~ \$4,242,597 will be held in reserves to account for cost overruns. These funds may be allocated to any affordable rental housing project described above, including the re-entry housing pilot project or projects awarded through the affordable housing NOFA.

Supportive Services (Page 60)

HCD will establish the Housing Plus Support Program (HPSP) to implement the HOME ARP Supportive services activities. Funding will be made available to services providers who specialize in using evidenced-based practices to immediately house the QP while delivering individualized support to keep them housed. Funding in the amount of \$27,000,000 will be available through a competitive NOFA. Funding will serve the QPs in California's non-entitlement jurisdictions. To ensure an equitable distribution of funds

throughout California's vast geography, funds will be allocated to five regions based on the estimated number of people who meet the conditions of the qualifying population who live in the non-entitlement jurisdictions of those regions. These funds are intended to provide critical services that prevent individuals and families from entering or reentering homelessness, and/or assist those experiencing homelessness transition into stable housing. At a minimum, the NOFA will specify eligible applicants, eligible activities, minimum and maximum funding amounts, application threshold and evaluation criteria, and will provide instructions on how to apply. There will be \$2,700,000 made available to subrecipients awarded funding for supportive services to help cover administrative costs of the program.

HCD accepted \$3,850,251 of reallocated funds for eligible HOME-ARP activities or programs. As part of an agreement with HUD, HCD will use a portion of the reallocated funds to award the City of Gardena and the City of Torrance.

The City of Gardena will participate in the HPSP, and be allocated \$884,238 for supportive services activities, and \$156,042 for subrecipient admin and planning.

The City of Torrance will provide supportive services through its existing system. The City will be allocated \$1,464,298 for supportive services activities, and \$256,640 for subrecipient admin and planning.

Additionally, HPSP subrecipients will be eligible for the additional \$1,018,248, of which \$92,568 may be used for subrecipient admin and planning activities. These funds will be distributed to the highest performing subrecipient(s). If for any reason HPSP subrecipients do not accept all or part of the additional award, the balance of the award may be made available to the Rental Housing Activity.

The remainder of the reallocated funds, \$70,785, will be used for HCD's administration and planning activities in accordance with the State of California's HOME-ARP Allocation Plan.

Preferences (Page 63)

Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:

HCD will not require developers, State Recipients, or Subrecipients to require any specific set-asides or preferences for HOME-ARP funded eligible activities or projects that must be applied to all applicants. However, HCD may allow each Applicant to utilize any one or more of the following preference categories where at least one member of the household is from one of the categories, including combined categories, if reflected in their application and approved by HCD in the written agreement.

- Persons with a mental illness who otherwise qualify as a subpopulation of Homeless under Qualifying Population 1 in Section IV.A.1. of CPD-21-10, At risk of Homelessness under Qualifying Population 2 in Section IV.A.2. of CPD-21-10, or Other Populations under Qualifying Population 4 in Section IV.A.4. of CPD-21-10. This preference is intended to enable the subpopulation of these QPs, those with mental illnesses, receive the specialized supportive services they require pursuant CPD-21-10 Section C.3. The “HOME-ARP Policy Brief: Preferences, Methods of Prioritization, and Limitations” published by HUD further clarifies that a preference for a specific category of individuals with disabilities may be established within the QP.
- Persons who are Homeless under the definition of Qualifying Population 1 in Section IV.A.1. of CPD-21-10.
- Persons who are At risk of Homelessness under the definition of Qualifying Population 2 in Section IV.A.2. of CPD-21-10.

For rental housing and supportive housing, Applicants may also request to establish a preference required by another federal funding source in the development, such as veterans or a specific disability such as persons living with HIV/AIDS.

In addition, tribal projects and programs with Indian Housing Block Grant funding (IHBG) may provide preference or limit occupancy to tribal members in accordance with IHBG rules and HOME regulations at 24 CFR 92.253(d)(3)(i).

Preferences will adhere to all applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR 5.105(a). This includes, but is not limited to, the Fair Housing Act, Title VI of the Civil Rights Act, section 504 of Rehabilitation Act, HUD’s Equal Access Rule, and the Americans with Disabilities Act, as applicable.

If a PJ intends to implement a preference, explain why the use of a preference is necessary to address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or subpopulation of qualifying population, consistent with the PJ’s needs assessment and gap analysis:

Consultations conducted by HCD highlighted that priority should be given to certain subpopulations.

These populations include persons with mental illness, which fall under the definition of “Persons with Disabilities.” To comply with fair housing laws, “Persons with Disabilities” includes individuals with substance use disorders, chronic mental illness or HIV/AIDS. As of 2022, an estimated 82 percent of California’s homeless population reported

having experienced a mental health condition, with 23 percent experiencing hallucinations. Twenty-seven percent have been hospitalized for a mental health problem. Despite the prevalence of mental health illnesses among homeless persons, this population still experiences greater barriers to accessing, affording, and maintaining housing. They require specialized services, and a preference is necessary to meet the needs of this population.

These populations also include persons who are homeless, of which there were 255,188 in California as of 2020. The same year, there was a shortage of over 106,000 housing units available for this population.

These populations also include persons who are at risk of homelessness, of which there were just under 1,000,000 in California as of 2020. The same year, there was a shortage of over 987,000 housing units that were affordable for this population.

If a preference was identified, describe how the PJ will use HOME-ARP funds to address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the preference:

Allowing optional preferences does not establish a limitation. If a developer, State Recipient or Subrecipient's request to establish a preference is approved by HCD, they will still be required to serve all QP's, though they will be permitted to give preference to applications or beneficiaries from households who fall under the preference.