

**Proposed Amendments to the 2015-2020 Consolidated Plan for the Emergency Solutions Grants (ESG) Program  
FY 15-16 Allocation**

Background: In anticipation of new regulations which will include a new allocation system for the ESG program in Spring 2016, the Department is proposing to put ESG 2015 funds into a NOFA to be issued May of 2016, along with 2016 funds. Awards under this NOFA are estimated for September 2016.

Rationale: The Department is proposing the above to enable more funds to be distributed to communities in 2016, the first year of the re-designed system, as a way to ease the transition from a competitive allocation system to a proposed formula-driven allocation.

Proposed State regulations on the redesign are anticipated to be issued for public comment in October 2015. A new Annual Plan Update to the Consolidated Plan addressing the implementation of the new regulations will be issued for public comment once the new regulations are adopted.

The changes shown in underline and ~~strikeout~~ below reflect the Department's intention to not issue an ESG NOFA in 2015. Where tables are amended below, only the ESG portions of those tables are shown.

1. Amend SP 35 as follows:

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	$\frac{0}{11,651,365}$	0	0	$\frac{0}{11,651,365}$	$\frac{51,631,365}{40,000,000}$	<p><u>ESG will put its 2015 and 2016 funds into a NOFA estimated to be issued in May 2016 with awards estimated to be made in September 2016.</u></p>

2. Amend SP 60 as follows:

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

The **State ESG Program** funds some Street Outreach programs which provide individualized assessment to unsheltered homeless persons. ~~Based on 2014 ESG applicant demand, in the coming year ESG anticipates that up to 5 percent of its awards will go toward Street Outreach Programs.~~

**Addressing the emergency and transitional housing needs of homeless persons**

The **ESG Program** funds a number of Emergency Shelter programs which provide short and medium- term shelter and supportive services to homeless individuals and families while affordable, suitable permanent housing is being sought out. ~~Based on 2014 ESG applicant demand, in the coming year, ESG anticipates that 40-60 percent of its awards will go toward emergency Shelter programs.~~

The State Housing Element continues to be a unique and essential tool in planning for the State's special housing needs population as well as broader planning objectives. Chapter 633 (enacted in 2007 to strengthen requirements in housing element law for local governments to identify sites to accommodate the need for emergency shelter).

Specifically, local governments must address all of the

following:

- At least one zone shall be identified to permit emergency shelters without a conditional use permit or other discretionary action.
- Sufficient capacity must be identified to accommodate each local government's needs for emergency shelters, including seasonal fluctuations, and at least one year-round emergency shelter.
- Existing or proposed permit procedures and development and management standards must be objective and encourage and facilitate the development of or conversion to emergency shelters.
- Emergency shelters shall only be subject to development and management standards that apply to residential or commercial within the same zone.
- Written and objective standards may be applied as specified in statute, including maximum number of beds, provision of onsite management, length of stay and security.
- Transitional and supportive housing shall be considered a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone.

- Denial of emergency shelters, transitional housing or supportive housing is limited by requiring specific findings.

**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.**

California has an extensive ongoing system of social service organizations that provide institutional care, client-based community or residential services, and housing-based supportive services, including significant mainstream programs and services to prevent homelessness. The State provides funding for homeless services under various programs including, for example, public education, workforce development, Temporary Assistance to Needy Families (TANF), Supplemental Security Income (SSI), veteran services, unemployment compensation, workers compensation, foster care, and affordable rental housing. Some programs, such as TANF Homeless Assistance (HA) Program provide assistance to those at imminent risk of becoming homeless. The TANF HA Program also provides non-recurring cash assistance to families who are homeless.

California has received formula grants under the McKinney Projects for Assistance in Transition from Homelessness (PATH) Program administered by the Department of Mental Health (DMH). Each participating county is required to annually develop a service plan and budget. Eligible uses of the funds include housing services and supportive services in residential settings.

In addition, HCD continues to work cooperatively with DMH to develop policy and program guidelines that promote collaborative efforts in the area of supportive housing. The Department and DMH jointly manage the California Statewide Supportive Housing Initiative Act (SHIA), created in 1998 to develop affordable housing linked to accessible mental health, substance addiction, employment and other support services. The intent of this initiative is to provide the incentive and leverage for local governments, the nonprofit sector, and the private sector to invest resources that expand and strengthen supportive housing opportunities.

The **ESG Program** funds Rapid-Rehousing and Homeless Prevention programs which provide short and medium-term rental assistance and supportive services to homeless and individuals and families and those at risk of homelessness so that they can access and maintain affordable, suitable permanent housing. ~~In the coming year, ESG anticipates that approximately 40 percent of its awards will go toward Rapid Rehousing and Homeless Prevention activities.~~ ESG currently provide points in its application rating process to

Rapid-Rehousing programs, and to programs that engage in Housing First practices. See AP 30 for more information.

In addition, in February 2015, HCD issued a NOFA to provide funds for rehabilitation/conversion of emergency and transitional housing facilities to permanent supportive housing for homeless individuals and families, as well as those at-risk of homelessness. Approximately \$10 million is available through this NOFA.

3. On SP 60 page 109, amend as follows:

**Goal 4: Supporting the redesign of local crisis response systems.** Allocated to the State Department of

Social Services (DSS) in 2014, \$20 million in general fund is being administered by welfare offices in 20 California counties for rapid re-housing and prevention of families receiving CalWORKS assistance. To inform with best practices, the California Welfare Directors Association hosted a technical assistance webinar in July with the National Alliance to End Homelessness and HCD. With assistance from Abt Associates and HUD's technical assistance grant, the State's ESG program is redesigning its programs, increasing its focus on HEARTH outcomes, including shortening stays in homelessness and facilitating quicker exits to permanent housing through rapid re-housing strategies. Some changes were made for 2014 with greater shifts planned in ~~2015~~ 2016 and beyond. Continuum of Care agencies were surveyed on current capacities and activities, and other state practices inventoried.

4. Amend AP 15 Expected Resources as follows:

The **annual allocation** numbers shown below are the actual formula allocation amounts for the California nonentitlement areas for FY 14-15. The annual allocation amounts for **HOME** include the allocations for the entitlement jurisdictions of Gardena, Lancaster, and Torrance that have returned these funds to HUD for re-allocation to the State in order for those jurisdictions to participate in the State HOME program. The annual allocation estimates for **HOPWA** include the State non-EMSA allocation and the allocation for the EMSA of Bakersfield, which has historically relinquished grantee responsibilities to State HOPWA. Anticipated resources also include prior year State HOPWA funds for the EMSA of Fresno that will be committed to projects in the FY 2015-16 program year. Effective FY2015-16, the City of Fresno will assume grantee responsibilities for Fresno EMSA, and the 2015 Fresno allocation will not be included in the State's grant agreement. The PI estimates for **HOME** are based on PI estimates from State-held loans and from local State recipient loans during FY 2014. This is the first year of the 2015-2020 ConPlan cycle.

**Anticipated Resources**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance	<u>0</u> 11,651,365	0	0	<u>0</u> 11,651,365	<u>51,631,365</u> 40,000,000	<u>ESG will put its 2015 and 2016 funds into a NOFA estimated to be issued in May 2016 with awards estimated to be made in September 2016</u>

5. Amend AP 20 Annual Goals and Objectives Table as follows:

3	Provide homeless assistance & prevention services	2015	2019	Homeless		Homeless assistance and prevention services	<p>HOPWA: \$3,884,233  HOME: \$5,350,751  ESG: <u>0</u>  <del>11,651,365</del></p>	<p>Tenant-based rental assistance / Rapid Rehousing: 3096  Households Assisted Homeless Person Overnight Shelter: 13303  Persons Assisted Homelessness Prevention: 3760  Persons Assisted</p>
4	Increase economic development opportunities	2015	2019	Non-Housing Community Development		Economic Development Opportunities	<p>CDBG: \$3,349,226</p>	<p>Jobs created/retained: 20750  Jobs  Businesses assisted: 250  Businesses Assisted</p>
5	Maintain or increase public services	2015	2019	Non-Housing Community Development		Public Services	<p>CDBG: \$2,254,935</p>	<p>Public service activities other than Low/Moderate Income Housing Benefit: 213500  Persons Assisted  Public service activities for Low/Moderate Income Housing Benefit: 12 Households Assisted</p>
6	Maintain or increase public facilities	2015	2019	Non-Housing Community Development		Public Facilities	<p>CDBG: \$8,018,023</p>	<p>Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 253100  Persons Assisted  Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 548450 Households Assisted</p>

6. Amend AP 25 as follows:

**Introduction:**

The percentages below are based on the expected amount of funds that will be awarded by each program in FY 15-16 for eligible activities that fall within that goal. The expected amounts to be awarded are in the "Total Available in Year 1" (FY 15-16) found in AP 20. This total includes any Program Income and prior year resources expected to be awarded in FY 15-16. The expected amounts to be awarded to each goal are typically based on actual applicant demand for activities within that goal from the prior NOFA year. For this reason, in some instances, the percentages below may be under the minimums allowed for a particular activity pursuant to statute or regulation. Note: the CDBG Colonias percentage is listed below at 5%, but this amount would otherwise be reflected in the amounts available under the housing or infrastructure goals. The 23% projected for public facilities includes general infrastructure projects. Amounts for infrastructure projects connected to a particular housing project ("in support of housing") are reflected in the renter and homeowner goals.

The amount for HOME under "homelessness assistance and prevention" reflects the total amount of HOME TBRA funds projected to be awarded in FY 14-15. For purposes of the goals reflected below, HOME TBRA is considered a homelessness assistance or prevention activity.

**Funding Allocation Priorities**

	Increase the supply of affordable rental housing (%)	Expand homeownership and improve existing housing (%)	Provide homeless assistance & prevention services (%)	Increase economic development opportunities (%)	Maintain or increase public services (%)	Maintain or increase public facilities (%)	Colonias Set-Aside (%)	Total (%)
CDBG	15	39	0	10	8	23	5	100
HOME	55	30	15	0	0	0	0	100
HOPWA	0	0	100	0	0	0	0	100
ESG	0	0	<del>100</del> 0	0	0	0	0	0
Other Lead Hazard Control Program	75	25	0	0	0	0	0	100



7. Amend p. 109 of AP 25 as follows:

**ESG** - All of ESG's funds go to address homelessness. Pursuant to current ESG State regulations, projects in the Northern Region receive a minimum of 33 percent of available funds; Southern Region – 24 percent and Rural Region – 19 percent. New Programs, as defined under State regulation, receive 5 percent and 13 percent is available to unfunded programs under the General allocation set-aside. Federal regulations set the Emergency Shelter/Street Outreach cap at 60 percent, and HCD generally limits the amount that can be received for HMIS per application. HCD is moving toward using more of its ESG funds for Rapid Rehousing. In the ~~current~~ 2014 NOFA, 35 percent of the total funds available have been set-aside for Rapid Rehousing activity. Future State regulations may further emphasize this activity. In anticipation of a new allocation system and State regulations in 2016, ESG will not be issuing a NOFA in 2015.

8. Amend ESG section of AP 30 as follows:

**ESG**

**Describe the state program addressed by the Method of Distribution.**

ESG provides funds for Street Outreach, Emergency Shelter, Rapid Rehousing, Homeless Prevention, Homeless Management Information Systems (HMIS), and Local Grant Administration as authorized under the federal HEARTH Act and State program requirements. Pursuant to current State regulations, 33 percent of available funds go to projects in the Northern CA Region; 24 percent to the Southern CA Region; 19 percent to Rural; 5 percent to New Programs, and 13 percent to unfunded applicants in a General Allocation pool. HCD is moving toward using more of its ESG funds for Rapid Rehousing. In the ~~current~~ 2014 NOFA, 35 percent of the total funds available has been set-aside for this activity. Future State regulations may further emphasize this activity. Pursuant to current State regulations, Eligible applicants are local governments and nonprofit corporations located in jurisdictions which either do not receive direct HUD ESG grants or participate in urban county agreements with counties that receive direct HUD grants. For a list of ~~ESG-eligible~~ jurisdictions currently eligible under ESG, see Appendix A-; however, in anticipation of a new allocation system and State regulations in 2016, ESG will not be issuing a NOFA in 2015.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

ESG funds are currently distributed on a competitive basis through an annual NOFA. Current rating categories are: Applicant Capability (300 points); Need for Funds (100 points); Impact and Effectiveness (250 points); Cost Efficiency (100 points); and State Objectives (35 points). In 2014-15, more emphasis was placed on Housing First Practices, exits to permanent housing, and Rapid Rehousing. Coordination with local Continuums of Care continues to be emphasized. Individual rating factors under each of these categories can be found in the current NOFA at <http://www.hcd.ca.gov/fa/esg/index.html>; however, in anticipation of a new allocation system and State regulations in 2016, ESG will not be issuing a NOFA in 2015.

**If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)**

See CDBG Method of Distribution described above.

**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)**

Pursuant to the criteria referenced above, HCD awards ESG funds through each of the regional allocations in descending rank order, by total score; and on a statewide competitive basis through the New Programs Allocation and General Allocation in descending rank order, by total score. Within each of the three regional allocations, the New Programs allocation, and the General allocation, there is a 35% set-aside for Rapid Rehousing programs. Additional Rapid Rehousing programs can also be funded, depending on their application score relative to applications for other ESG activities; however, in anticipation of a new allocation system and State regulations in 2016, ESG will not be issuing a NOFA in 2015. ESG Applicants/Subrecipients that are Private Non-Profit Organizations are required to complete and sign the Certification of Religious Compliance.

**Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)**

See HOPWA Method of Distribution described below.

**Describe how resources will be allocated among funding categories.**

Federal ESG regulations cap the amount that can be allocated to eligible projects under the Street Outreach and Emergency Shelter Components at 60 percent of HCD's annual ESG allocation. HCD also limits HMIS awards. HCD is moving toward using more of its ESG funds for Rapid Rehousing. In the ~~current~~ 2014 NOFA, 35 percent of the total funds available have been set-aside for this activity. Future State regulations may further emphasize this activity; however, in anticipation of a new allocation system and State regulations in 2016, ESG will not be issuing a NOFA in 2015. ~~As discussed in SP 60 above, based on applicant demand, it is anticipated that a minimum of 40 percent of the available funds will go to Rapid Rehousing, and a minimum of 40-45 percent will go to emergency shelter and street outreach activities, not to exceed the federal 60 percent maximum allowed for these activities.~~

**Describe threshold factors and grant size limits.**

As set forth above, currently applications must be submitted by eligible applicants proposing to carry out ESG-eligible activities in a State-ESG eligible jurisdiction. Applications must be submitted by the deadline in the applicable NOFA, and be complete pursuant to the terms of the NOFA and Application forms. Grant size limits are established annually in the NOFA. See

the current NOFA and Application at <http://http://www.hcd.ca.gov/fa/esg/index.html>; however, in anticipation of a new allocation system and State regulations in 2016, ESG will not be issuing a NOFA in 2015.

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

In 2015-16, based on activity within existing contracts, ESG estimates it will serve 2,936 households with Rapid Rehousing Assistance, 13,253 persons with overnight shelter, and 2,800 households with Homelessness Prevention assistance.

9. Amend AP 65 as follows:

**Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

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

The State ESG Program funds some Street Outreach programs which provide individualized assessment to unsheltered homeless persons. ~~Based on 2014 ESG applicant demand, in the coming year, ESG anticipates that up to 5 percent of its awards will go toward Street Outreach Programs.~~

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

The ESG Program funds a number of Emergency Shelter programs which provide short and medium- term shelter and supportive services to homeless individuals and families while affordable, suitable permanent housing is being sought out. ~~Based on 2014 ESG applicant demand, in the coming year, ESG anticipates that a minimum of 40 percent of its awards will go toward Emergency Shelter programs, and 13, 253 persons will receive emergency overnight shelter.~~

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

The ESG Program funds Rapid-Rehousing and Homeless Prevention programs which provide short and medium-term rental assistance and supportive services to homeless and individuals and families and those at risk of homelessness so that they can access and

maintain affordable, suitable permanent housing. ~~In the coming year, ESG anticipates that approximately 40 percent of its awards will go toward Rapid Rehousing and Homeless Prevention activities.~~ ESG currently provides points in its application rating process to Rapid-Rehousing programs, and to programs that engage in Housing First practices. See AP 30 for more information. In 2015-16, ESG also anticipates providing 2,936 households with Rapid Rehousing Assistance.

In addition, in February 2015, HCD issued a NOFA to provide funds for rehabilitation/conversion of emergency and transitional housing facilities to permanent supportive housing for homeless, as well as those at-risk of homelessness. Approximately \$10 million is available through this NOFA. See

<http://www.hcd.ca.gov/fa/ehap/ehapcd.html> for the NOFA and Application materials.

**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**

In addition to the programs discussed above, of recent note, the State's Homelessness Policy Academy, Section 811 Project Rental Assistance Demonstration Program, and Mental Health Services Act Housing Program all have as a primary goal developing policies and/or dedicated resources to assist individuals exiting publically funded systems of care, and prevent homelessness, by providing access to affordable housing with support services. For a discussion of each of these initiatives, see Section AP 85 and Appendix F.