**NOTE**: **This document is submitted to HUD via its online Integrated Disbursement and Information System (IDIS). The format of this document is controlled by IDIS.**

Given Governor Brown's 2014 Drought Disaster Declaration, the State's CDBG and HOME programs are substantially amending the 2013-14 AAP so that funding may be released to target severly drought impacted non-entitlement areas. The public comment period for these amendments closed May 13, 2014. Please see attached for details.

# Executive Summary

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

**1. Introduction**

This 2013-14 Annual Action Plan (AP) is the fourth of five annual supplements to the State of California 2010-2015 Consolidated Plan (ConPlan). It outlines the State¿s current housing and community development needs and sets the State’s priorities and strategies to address these needs in Fiscal Year (FY) 2013-14, using federal community development funds from the U.S. Department of Housing and Urban Development (HUD), and from other federal and State sources. This AP describes projected HUD funding levels for FY 2013-14, State and other resources expected for the year, program operation schedules, the year’s goals, objectives and planned operations, and the performance measures to determine degrees of success. Below is an outline of the goals and objectives described in this AP. These State-administered federal funds are available, with exceptions, only to nonurban and rural cities and counties (non-entitlement jurisdictions) that do not receive funds from these programs directly from HUD. For more information, see Appendix A (attached). The new format of the AP is consistent with HUD¿s new AP format in IDIS.

**2. Summarize the objectives and outcomes identified in the Plan**

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Statewide Goals, from California 2010-15 Consolidated Plan:

* Meet the housing needs of low-income renter households, including providing homeownership opportunities for first-time homebuyers;
* Meet the housing needs of low-income homeowner households; ¿Meet the housing, supportive housing and accessibility needs of the homeless and other special needs groups, including prevention of homelessness; and
* Mitigate impediments to fair housing choice.

Additional Goals Added to the 2013-14 Annual Plan

* Increase Economic Development opportunities
* Foster local Public Services
* Support local Public Facilities and Improvements

**3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The State considers that the six programs in this AP substantially met their performance objectives in the past year; **CDBG**, **HOME,** and **ESG** implemented their programs fully and effectively while, in HOME’s case, improving on past grantee expenditure performance, and in ESG’s case, carrying out a major temporary stimulus program and restructuring the ongoing program in response to changes at the federal level.  **LHCP**  successfully concluded HUD’s Round XV $3 million grant from the American Recovery and Reinvestment Act of 2009 (ARRA).  This grant covered the period April 15, 2009 through April 14, 2012.  The State Department of Community Services and Development (CSD) in partnership with their Community-Based Organizations (CBO) transformed 174, pre-1978 housing units to a lead-safe condition, and established an infrastructure with their agencies to continue the delivery of services and promote lead awareness in their respective communities.  Agencies also increased their workforce by creating and/or maintaining 83.21 full-time jobs. **HOPWA** participating entities reached approximately 79 percent of their collective performance objective.

**4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

This AP is subject to federal Citizen Participation requirements which are listed in the State’s 2012-2013 Annual Plan Update, pages 8-11 (available at http://www.hcd.ca.gov/hpd/hrc/rep/fed/Annual\_Plan\_Update\_2012-2013\_(FINAL)\_02-01-2012.pdf .  To meet these requirements, HCD solicits input from public, private and nonprofit organizations and other State agencies in the preparation of the ConPlan and AP Updates.  Public notices describing the draft documents, inviting comments and announcing public hearings, are routinely emailed to local governments, other interested parties and depository libraries, published in legal newspapers of record, and placed on the Department of Housing and Community Development’s (HCD) website at http://www.hcd.ca.gov/hpd/hrc/rep/fed/.  Paper copies of notices and draft documents are available on written request.

This draft AP was available for comment from all interested parties for a 30-day period from March 28 to April 26, 2013. Public hearings were held in Sacramento on April 15, in Redding on April 16, and in Riverside on April 17. For details see the public notices in the appendices. Public comments received are summarized below, along with the State’s responses.

**5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

 One comment was received from the City of Grover Beach indicating that it should be listed on Appendix A of the Plan as an eligible jurisdiction for CDBG funds. The Department has confirmed that Grover Beach is State-CDBG eligible; so this has been corrected on Appendix A.

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

None.

**7. Summary**

See above.

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

**1. Agency/entity responsible for preparing/administering the Consolidated Plan**

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

| **Agency Role** | **Name** | **Department/Agency** |
| --- | --- | --- |
| Lead Agency | CALIFORNIA |  |

|  |  |  |
| --- | --- | --- |
| CDBG Administrator |  | Housing and Community Development |
| HOPWA Administrator |  | Department of Public Health |
| HOME Administrator |  | Housing and Community Development |
| ESG Administrator |  | Housing and Community Development |
| HOPWA-C Administrator |  |  |

Table 1 – Responsible Agencies

**Narrative**

The State of California¿s CDBG, HOME and ESG programs are administered by HCD, which prepares and submits the State¿s ConPlan, AP Updates, and CAPER to HUD. The HOPWA Program is administered by DPH¿s Office of AIDS (OA). LHCP is administered by CSD. All these programs are implemented at the local level by agencies of eligible city and county governments, non-federally recognized Indian tribes and/or private organizations, including nonprofit corporations.

**Consolidated Plan Public Contact Information**

For contact by mail: Department of Housing and Community Development Division of Financial Assistance PO Box 952054 Sacramento, CA 94252-2054 Attention: Consolidated Plan/Annual Plan/CAPER For contact by email or phone: Christina DiFrancesco, Christina.DiFrancesco@hcd.ca.gov; 916-322-0918 Bill Murphy, Bill.Murphy@hcd.ca.gov; 916-327-1456

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

**1. Introduction**

**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)).**

In addition to the AP public comment process, in anticipation of program year (PY) 2013-14, **CDBG** conducted four roundtable meetings around California and will conduct more prior to the next NOFA release.  CDBG is also in the process of reconstituting its long-standing Advisory Committee for PY 2013-14 to better represent all geographical areas of the State and all subjects of interest to program participants.  **HOME** also meets annually with its program advisory committee to discuss needed regulatory and non-regulatory changes to its grant selection process, as well as other program implementation issues.  **ESG** conducts Stakeholder Meetings and Webinars on a regular basis to solicit feedback and input from its interested parties in all aspects of program development and implementation.  **HOPWA** is based in the OA to ensure that all HIV/AIDS service programs, including housing assistance, are coordinated at the State and local levels.  HOPWA project sponsors are encouraged to participate in their local HIV/AIDS planning groups as well as local Continuum of Care (CoC) groups during the PY.

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

See AP 48.

**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.**

See response below

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

**ESG** consults and coordinates with the State¿s CoC on an ongoing basis through staff assignments and participation in local and regional CoC and Homeless RoundTable forums.

During its annual NOFA/Application Process, ESG: (1) conducts NOFA/Application Workshops and provides technical assistance on all aspects of the NOFA, Application, and Rating and Ranking Criteria; (2) consults and coordinates with the CoCs to evaluate, rate and rank the Applications within their jurisdiction(s) for Leverage of Funds and Project Alignment with CoC Priorities, thus allowing the CoC to assign points and prioritize projects based on their local need for funds; (3) requires local government notification and acknowledgement of proposed projects/activities within their jurisdiction(s).  Performance measures are developed locally by funded programs, consistent with current HUD standards.  Performance measures are also evaluated as part of HCD¿s application rating process for ESG funds.

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

Table 2 – Agencies, groups, organizations who participated

|  |  |  |
| --- | --- | --- |
| 1 | **Agency/Group/Organization** | CA Association for Local Economic Development |
| **Agency/Group/Organization Type** | Economic Development- Trade Association |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 2 | **Agency/Group/Organization** | California Association for Micro Enterprise Opportunity |
| **Agency/Group/Organization Type** | Economic Development Trade Association |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 3 | **Agency/Group/Organization** | CITY OF BRAWLEY |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD and Colonias |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 4 | **Agency/Group/Organization** | CITY OF OROVILLE |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 5 | **Agency/Group/Organization** | CITY OF SONORA |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 6 | **Agency/Group/Organization** | Community Development Services |
| **Agency/Group/Organization Type** | Economic Development Consultant |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 7 | **Agency/Group/Organization** | Cox Consulting |
| **Agency/Group/Organization Type** | Economic Development Consultant |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 8 | **Agency/Group/Organization** | COUNTY OF IMPERIAL |
| **Agency/Group/Organization Type** | Other government - County |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD, Colonias, HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 9 | **Agency/Group/Organization** | HUMBOLDT COUNTY |
| **Agency/Group/Organization Type** | Other government - County |
| **What section of the Plan was addressed by Consultation?** | CDBG and HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 10 | **Agency/Group/Organization** | GREAT NORTHERN CORPORATION |
| **Agency/Group/Organization Type** | Housing Consultant |
| **What section of the Plan was addressed by Consultation?** | CDBG MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 11 | **Agency/Group/Organization** | SELF-HELP ENTERPRISES |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | CDBG and HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 12 | **Agency/Group/Organization** | Adams Ashby Group |
| **Agency/Group/Organization Type** | Housing Consultant |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 13 | **Agency/Group/Organization** | CITY OF ORLAND |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 14 | **Agency/Group/Organization** | PARADISE |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 15 | **Agency/Group/Organization** | PORTERVILLE |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 16 | **Agency/Group/Organization** | ROSEVILLE |
| **Agency/Group/Organization Type** | Other government - Local |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 17 | **Agency/Group/Organization** | COUNTY OF TULARE |
| **Agency/Group/Organization Type** | Other government - County |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 18 | **Agency/Group/Organization** | COMMUNITY HOUSING IMPROVEMENT PROGRAM |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 19 | **Agency/Group/Organization** | CHISPA, INC. |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 20 | **Agency/Group/Organization** | Corporation for Better Housing |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 21 | **Agency/Group/Organization** | MANY MANSIONS, A CALIFORNIA NONPROFIT CORPORATION |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 22 | **Agency/Group/Organization** | MERCY HOUSING CALIFORNIA |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 23 | **Agency/Group/Organization** | SACRAMENTO MUTUAL HOUSING ASSOCIATION |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 25 | **Agency/Group/Organization** | Pacific West Communities |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 26 | **Agency/Group/Organization** | SOUTH COUNTY HOUSING |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | HOME MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 27 | **Agency/Group/Organization** | COMMUNITY ACTION PARTNERSHIP OF SAN BERNARDINO COUNTY |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | LHCP MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 28 | **Agency/Group/Organization** | COMMUNITY RESOURCE PROJECT |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | LHCP MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 29 | **Agency/Group/Organization** | FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | LHCP MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 30 | **Agency/Group/Organization** | MARAVILLA FOUNDATION |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | LHCP MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |
| 31 | **Agency/Group/Organization** | REDWOOD COMMUNITY ACTION AGENCY |
| **Agency/Group/Organization Type** | Housing |
| **What section of the Plan was addressed by Consultation?** | LHCP MOD |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?** | In-person stakeholder group meeting or other direct contact. See Narrative field below discussion. |

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

There has been no intentional or known exclusion of any type of public agency, private entity, stakeholder or interested party from consultation and comment on these programs.  State agency actions described in this AP are publicized, primarily by email, to all interested parties who have requested this information, or whose participation is needed or desired.  Through the public review process, the State's ConPlan, AP and CAPER are open for comment.  During each PY, meetings, webinars, posted announcements and other opportunities for feedback are offered to enlist, encourage and improve the essential participation of local agencies and other potential implementing entities.  In these events, feedback from participants is encouraged, noted and analyzed for what the State programs can learn.  For lists of organizations that were emailed the public notice for this AP, see Attachment B.

**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?** |
| --- | --- | --- |
| Continuum of Care | Several | There are over 30 Continuums of Care throughout the State. The goal of the State to provide homelessness assistance and prevention services through the ESG, HOPWA, and HOME TBRA activities is consistent with local Continuum of Care goals to assist the homeless. See Appendix G of the ESG NOFA at http://www.hcd.ca.gov/fa/esg/for a list of Continuum of Care contacts. |

Table 3 – Other local / regional / federal planning efforts

**Narrative**

Consultation seeks two principal goals: 1) improvement in the performance of grantees and contractors in implementing these programs at the local level, and 2) improvement in the effectiveness and efficiency of State-level program administration.  For both goals, information and input from local participants, informed stakeholders and intended beneficiaries is essential. In addition to in-person meetings, increased Internet use has greatly increased the ease of information transmission in all directions, especially from the local level to the State, whether in reaction to State proposals or actions, or reporting local outcomes.

## AP-12 Participation - 91.115, 91.300(c)

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

**Summarize citizen participation process and how it impacted goal-setting**

In addition to the AP public comment process, in anticipation of PY 2013-14, **CDBG** conducted four roundtable meetings around California and will conduct more prior to the next NOFA release. CDBG has also reconstituted its long-standing Advisory Committee for PY 2013-14 to better represent all geographical areas of the State and subjects of interest to program participants. **HOME** also meets annually with its program advisory committee to discuss needed regulatory and non-regulatory changes to its grant selection process, as well as other program implementation issues. **ESG** conducts Stakeholder Meetings and Webinars on a regular basis to solicit feedback and input from its interested parties in all aspects of program development and implementation. **HOPWA** – OA anticipates holding stakeholder meetings during spring or summer of 2013 to begin discussions regarding future potential changes to the allocation process. As noted above, HOPWA project sponsors are also encouraged to participate in their local HIV/AIDS planning groups as well as local CoC groups during the PY.**Impact on Goal Setting: CDBG**: Roundtable meetings in 2011 led to scoring changes to improve the competitiveness of public infrastructure projects, which increased the subsequent percentage of awards for this category from 12 percent to 25 percent. The current round of meetings for the 2014 NOFA, while still underway, has made it likely that overall funding caps will be reduced at the individual activity level and overall grant level, to maintain an equitable distribution of funds. The reorganized Advisory Committee is expected to be instrumental in developing further regulatory changes to fine-tune CDBG’s method of distribution.**HOME:** Issues discussed in the past year with the program Advisory Committee (comprised of HOME-eligible cities and counties, CHDOs, consultants, and other developers doing HOME projects), which impact the Method of Distribution include, but are not limited to: (1) recent changes to HOME regulations to allow grants for homeowner rehabilitation where insufficient equity exists for a HOME loan to correct code violations and do other necessary rehabilitation; (2) allowing CHDOs to apply for FTHB acquisition with rehabilitation funds, and (3) continuing to emphasize deep rent targeting and service to special needs populations in rental housing, while funding fewer rental and homeowner activities due to reductions in the State HOME allocation.**ESG**: In preparation for the coming year and implementation of the HEARTH Act, HCD conducted Stakeholder Meetings and Webinars with CoC, local governments in ESG-eligible jurisdictions, nonprofit homeless service providers, and other interested parties to solicit feedback and input in all aspects of program development and implementation.

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

See AP 48.

**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 | E-mail through our Program listserves or other e-mail distribution list | Non-targeted/broad community | See Appendix B for lists of organizations sent the Annual Plan by listserve or e-mail. | The following comment to the Draft 13-14 Annual Plan has been received: (1) Comment submitted by Janet Reese, City of Grover Beach requesting that the City of Grover Beach be added to the list of CDBG-eligible jurisdictions. Response:After further research the Department has determined that Grover Beach is currently a Non-Entitlement jurisdiction that is eligible to compete for State CDBG funding. The State CDBG program apologizes for the oversight in Appendix A, and will correct it in the final draft of the 2013-14 Annual Plan and add the city to the Non-Entitlement Jurisdiction list for future CDBG NOFAs. | None |  |

Table 4 – Citizen Participation Outreach

# Expected Resources

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

**Introduction**

The annual allocation numbers shown below are based on HUD's published formula allocation amounts available as of May 30,2013, for the California nonentitlement areas.  The annual allocation estimates for HOME and HOPWA include the allocations for entitlement jurisdictions that have returned these funds to HUD for allocation to the State so that these jurisdictions could participate in the State HOME or HOPWA programs.  For HOME, these jurisdictions are the cities of Gardena, Torrance and Lancaster.  For HOPWA, these include the allocations for the Eligible Metropolitan Statistical Areas (EMSA) of Bakersfield and Fresno.

The Program Income (PI) estimates for **CDBG** are based on PI estimates received by local jurisdictions and the State during FY 2012-13.  The PI estimates for **HOME** are based on PI estimates received by the State during FY 2012.  The Expected Amount Available for Remainder of the Con Plan is a one year amount for 2014.

**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: $** | **Total:**  **$** |
| CDBG | public – federal | Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services | 30,042,398 | 10,500,000 | 3,000,000 | 43,542,398 | 43,542,398 | PI & Prior Year resources (disencumbered funds) estimates are the 2012 amounts. The remainder of ConPlan is 2014-15. 2014-15 funding estimate is based on 2013 Total funds estimate. |
| HOME | public – federal | Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA | 30,946,781 | 2,000,000 | 5,000,000 | 37,946,781 | 35,000,000 | Prior Year Resources are funds disencumbered from previous HOME contracts to State Recipients or CHDOs. See below for a description of how HOME funds will leverage other federal and State resources. An approximate 8% cut over the 2013 allocation is estimated for the remainder of the Con Plan, (2014) |
| HOPWA | public – federal | Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA | 3,305,068 | 0 | 569,271 | 3,874,339 | 3,305,068 | Prior Year Resources include uncommitted funding for Fresno County in the amount of $347,612 and $221,659 for all other eligible jurisdictions. Fresno and Kern counties may carry over additional funds if not spent in FY 2012-13. The balance of unspent funds from FY 12-13 is not yet determined. |
| ESG | public – federal | Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing | 8,956,662 | 0 | 0 | 8,956,662 | 8,956,662 |  |
| Other | public – federal | Homeowner rehab Multifamily rental rehab | 2,300,000 | 0 | 0 | 2,300,000 | 0 | The Lead-Based Paint Hazard Control Program is the fourth of our HUD CPD Programs. The State Department of Community Services and Development (CSD) is the administrative agency for LHCP. In March 2012, HUD announced an award of $2.3 million to CSD for a new 36-month program (Round 18) to provide lead hazard reduction services to 150 privately owned housing units. This covers 2012-2015. |

Table 5 - 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**

**CDBG -** 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 private funds.  CDBG is used in conjunction with USDA funding and other grant funding to local governments; and until recently, local RDA funding.

**HOME -** In HOME, the largest source of leverage is Low Income Housing Tax Credits (LIHTC) used with rental new construction projects.  Other sources of leverage include private bank loans, State funds, other federal funds, and local funds for both rental and homebuyer activities.  Local funds are anticipated to diminish in some communities due to loss of Redevelopment Agency revenue.  State funds are also diminishing due to the allocation of nearly all available State housing bonds through Propositions 46 and 1C.  In the last CAPER reporting year, (FY 11-12), HOME leveraged nearly $89 million from other sources.  Because HOME's leverage typically exceeds its match requirement, HOME is able to meet its match requirement because of excess match that has accumulated over several years.

**ESG -** ESG Match is provided by its Subrecipients on a dollar for dollar basis.  Specific sources of match are identified at the time of application and must comply with 24 CFR 576.201.  The primary sources of match identified in the most recent funding round for ESG are Local Match Funding including cities and counties, MHSA; Private Match Funding including fundraising, cash; and Federal Government Match Funding including CDBG, ESG, SHP, HOME Tenant-Based Rental Assistance (TBRA); as well as donated goods, volunteers, building value or lease**.**

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

Although some localities utilize property that they own to build affordable housing, the State does not identify in its AP specific projects to be developed or supported since local entities must first apply for and secure funding for these projects.

**Discussion**

**Leverage (continued from above).**

**HOPWA -** There is no federal match requirement for HOPWA; however, project sponsors report leveraged funds.  Based on prior year data, OA anticipates approximately $3.2 million in leveraged funds.  On an annual basis, OA allocates funding through its Ryan White Part B Program for HIV/AIDS care and treatment services to all California counties.  In addition, HOPWA project sponsors receive funding through other federal, State, local, and private resources to provide HIV/AIDS housing and services to HOPWA clients.

**LHCP -** To ensure that CBOs meet HUD¿s required 10 percent match of the $2.3 million, they are required to match larger percentages of the net $1,946,472 provided to them:  Match activities must be specifically dedicated to supporting and remediating lead-hazard activities from non-federal resources such as State, local, charitable, nonprofit or for-profit entities, in-kind contributions, private donations, Petroleum Violation Escrow Account (PVEA), and owner¿s contribution.  CDBG funds are the only federal funds that may be considered part of the match requirement.  In 2013-14, LHCP anticipates a minimum of $151,560 in match contributions.  CBOs are also required to leverage 10 percent of their grant allocation from various federal sources such as Low-Income Home Energy Assistance Program, Department of Energy Weatherization Assistance Program, Community Services Block Grant, or other federally funded programs; and State, local, charitable, nonprofit or for-profit entities, in-kind contributions, private donations, PVEA and owner¿s contributions.  In 2013-14, LHCP anticipates a minimum of $85,341 in leveraging contributions.

# Annual Goals and Objectives

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

**Goals Summary Information**

| **Sort Order** | **Goal Name** | **Start Year** | **End Year** | **Category** | **Geographic Area** | **Needs Addressed** | **Funding** | **Goal Outcome Indicator** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | Meet the housing needs of low-income renters | 2013 | 2014 | Affordable Housing |  | Multifamily New Construction or Rehabilitation | CDBG: $4,354,240 HOME: $20,870,730 Lead Hazard Control Program: $1,610,000 | Rental units constructed: 95 Household Housing Unit Rental units rehabilitated: 116 Household Housing Unit |
| **2** | Meet the housing needs of low-income homeowners | 2013 | 2014 | Affordable Housing |  | Single-Family Acquistion, Rehab, or Construction | CDBG: $6,531,360 HOME: $15,178,712 Lead Hazard Control Program: $690,000 | Homeowner Housing Added: 30 Household Housing Unit Homeowner Housing Rehabilitated: 663 Household Housing Unit Direct Financial Assistance to Homebuyers: 96 Households Assisted |
| **3** | Provide homeless assistance & prevention services | 2013 | 2014 | Homeless Non-Homeless Special Needs |  | Homelessness Assistance and Prevention | HOPWA: $3,874,339 HOME: $1,897,339 ESG: $8,956,662 | Tenant-based rental assistance / Rapid Rehousing: 2491 Households Assisted Homeless Person Overnight Shelter: 11219 Persons Assisted Homelessness Prevention: 5361 Persons Assisted HIV/AIDS Housing Operations: 50 Household Housing Unit Other: 1400 Other |
| **4** | Increase economic development opportunities | 2013 | 2014 | Non-Housing Community Development |  | Economic Development | CDBG: $13,062,719 | Jobs created/retained: 552 Jobs Businesses assisted: 454 Businesses Assisted |
| **5** | Foster local public services | 2013 | 2014 | Non-Housing Community Development |  | Public Services | CDBG: $4,354,240 | Public service activities other than Low/Moderate Income Housing Benefit: 91452 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 6507 Households Assisted |
| **6** | Support local public facilities and improvements | 2013 | 2014 | Non-Housing Community Development |  | Public Facilities and Public Improvements | CDBG: $13,062,719 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 130595 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 229 Households Assisted |

Table 6 – Goals Summary

Goal Descriptions

|  |  |  |
| --- | --- | --- |
| **1** | **Goal Name** | Meet the housing needs of low-income renters |
| **Goal Description** |  |
| **2** | **Goal Name** | Meet the housing needs of low-income homeowners |
| **Goal Description** |  |
| **3** | **Goal Name** | Provide homeless assistance & prevention services |
| **Goal Description** |  |
| **4** | **Goal Name** | Increase economic development opportunities |
| **Goal Description** |  |
| **5** | **Goal Name** | Foster local public services |
| **Goal Description** |  |
| **6** | **Goal Name** | Support local public facilities and improvements |
| **Goal Description** |  |

Table 7 – Goal Descriptions

## AP-25 Allocation Priorities – 91.320(d)

**Introduction**

Program allocaiton estimates by program activity/Annual Plan Goal are shown in the table below. Generally speaking, individual programs want to provide flexibility in allocaiton of funds by activity so that local communities can decide what best meets their needs; however allocation limits for particular activity areas do exits, due to either federal or State statute or regulation. These limits are discussed further below. Additional information on program allocation methods are discussed in the next seciton of the Plan, (Methods of Distribution).

Reason for Allocation Priorities: CDBG - Actual allocations may vary from the table above. Allocations are based on demand after administration costs and overlapping mandatory federal and State set-asides have been accounted for. Federal set-asides include 30 percent for Economic Development, 5 percent for Colonias, and not more than 15 percent for public services. State set-asides include 1.25 percent for Native American activities, and total CDBG spending must include at least 51 percent for housing and housing-related activities (housing-related is public improvements and public improvements in support of housing new construction) for low- and moderate-income Californians. After these criteria have been accommodated, percentages of remaining funding allocated to the other eligible activities (public facilities, public services, and planning) are determined by the overall percentages of funding demand for each category requested in the applications received. HOME - HOME funding allocation priorities are based on historical demand by program applicants for categories of activities. In addition, State HOME regulations establish a minimum allocation of 40 percent for first-time homebuyer (FTHB) mortgage assistance, OOR, and TBRA (i.e., program activities), and a 5percent minimum allocation for FTHB new construction or rehabilitation/conversion activities (i.e., FTHB projects). In the table above, the 55 percent allocation for renters reflects anticipated demand for rental new construction or rehabilitation projects. The 40 percent for homeowner activities reflects anticipated demand for FTHB and OOR activities, and includes the 5 percent minimum allocation for FTHB projects. The 5 percent for homeless assistance and prevention activities reflects anticipated demand for HOME TBRA funds for 2013.

**Funding Allocation Priorities**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Program*** | **Meet the housing needs of low-income renters** | **Meet the housing needs of low-income homeowners** | **Provide homeless assistance & prevention services** | **Increase economic development opportunities** | **Foster local public services** | **Support local public facilities and improvements** | **Colonias Set-Aside** | **Total** |
| *CDBG* | 10 | 15 | 0 | 30 | 10 | 30 | 5 | **100** |
| *HOPWA* | 0 | 0 | 100 | 0 | 0 | 0 | 0 | **100** |
| *HOME* | 55 | 40 | 5 | 0 | 0 | 0 | 0 | **100** |
| *ESG* | 0 | 0 | 100 | 0 | 0 | 0 | 0 | **100** |
| *Lead Hazard Control Program* | 70 | 30 | 0 | 0 | 0 | 0 | 0 | **100** |

Table 8 – Funding Allocation Priorities

**Reason for Allocation Priorities**

(Continues from above) ESG - All of ESG 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 HMIS requests per application to 10 percent of the total amount requested, absent acceptable justification for exceeding that amount. HOPWA - OA allocates HOPWA funds through a formula process based on the most recent reported HIV and AIDS cases by county. This allocation formula was developed to ensure equity of funding to all non-EMSAs of California while allocating proportionately larger amounts to the communities most impacted by HIV/AIDS. For FY 2013-14, counties that show a significant decrease in funding from prior year will be stabilized by holding their allocation at approximately 82 percent of the prior year allocation (percentage rate is subject to change). When an unmet need is identified, the jurisdiction receives an allocation of more than $150,000, and has more than 100 reported HIV and AIDS cases, the project sponsor is strongly encouraged to establish a TBRA program to increase the number of households achieving housing stability. To promote the use of HOPWA funds for housing assistance activities, OA has established a cap of 20 percent of a project sponsor¿s allocation for supportive service activities. In previous years, the supportive services cap was 25 percent of the project sponsor¿s allocation. LHCP - LHCP funding allocations are determined after 10 percent State Administration, 65 percent direct hazard control costs and program set-aside funding are accounted for. The remaining funding is then allocated to the CBOs based on the number of units estimated to be served in each CBO¿s service area in relation to the total number of units estimated to be served statewide. Any allocations that fall below the minimum funding amount of $200,000 are raised to the minimum funding amount. Agencies above the minimum funding amount are then proportionately adjusted to account for the additional funds provided to minimum funded agencies.

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

The distribution of funds discussed above addresses each of the priority housing, and non-housing community development needs, including efforts to assist the homeless. Program requirements governing the distribution of funds are made in consultation with program stakeholders and other interested parties.

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

**Introduction**

The methods of allocating program funds under CDBG, HOME, ESG, HOPWA, and LHCP are described separately below. In May 2014, Substantial Amendments for CDBG and HOME were completed to address the distribution of funds for California's 2104 Drought Disaster Declaration.  Please see the attached Substantial Amendments for CDBG and HOME.

**Distribution Methods**

Table 9 - Distribution Methods by State Program

|  |  |  |
| --- | --- | --- |
| **1** | **State Program Name:** | CDBG Method of Distribution |
| **Funding Sources:** | CDBG |
| **Describe the state program addressed by the Method of Distribution.** | Since states, rather than the federal government, are in the best position to know, and to respond to the needs of local governments, Congress amended the Housing and Community Development Act of 1974 (HCD Act) in 1981 to give each state the opportunity to administer CDBG funds for non-entitlement areas.  Non-entitlement areas include those units of general local government which do not receive CDBG funds directly from HUD as part of the entitlement program (Entitlement Cities and Urban Counties).  Non-entitlement areas are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000.  The primary objective of the CDBG Program is the development of viable communities through the provision of decent housing and suitable living environments, and by expanding economic opportunities.  Pursuant to federal law, at least 70 percent of the State¿s CDBG funds must benefit persons/households with incomes of less than 80 percent of Area Median Income, adjusted for family size.  This is known as the Low/Mod Income Group as defined in 24 CFR 570.483, within the discussion of required National Objectives. |
| **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.** | Criteria for all CDBG activities, including Colonia and Native American, but excluding the Economic Development Over-the-Counter Program, are based upon the following categories:  Need and Benefit ¿ up to 400 points - HCD will assign points based on the seriousness of the locality's community development needs, and the impact the program will have on those needs.  Readiness: up to 300 points - Readiness of the proposed activity as demonstrated by an activity implementation plan, local government approvals, design progress, and sufficient funding to complete the project as applicable.  Jurisdictional Capacity and Past Performance: up to 200 points - This category is identical for all activities applied for.  Up to 200 points Capacity to implement the proposed activity, as demonstrated by performance, including timeliness of clearance of Special Conditions, reporting and cooperation in clearing audit and monitoring findings.  State Objectives: up to 100 points - HCD may award an application points for addressing one or more State objectives as identified in the annual CDBG NOFA. |
| **If only summary criteria were described, how can potential applicants access application manuals or other**  **state publications describing the application criteria? (CDBG only)** | The criteria in each of those four categories can vary based on the activity being applied for.   The full breakdown of these criteria and points as published and applied to the 2013 NOFA can be found on the Program¿s website at http://www.hcd.ca.gov/fa/cdbg/docs/NOFA\_2013/APPENDIX\_U\_-\_Scoring\_Details.pdf and the State¿s program regulations 25 CCR 7078 also found on the website at http://www.hcd.ca.gov/fa/cdbg/State\_CDBG\_Regulations\_August\_2012.pdf.   CDBG publishes all application materials ¿ NOFA, applications and instructions, on HCD¿s website at http://www.hcd.ca.gov/fa/cdbg/CurrentNOFAs.html.  The Program sends this information out to all of its community development and economic development Interested Parties lists upon release of the NOFA**.** |
| **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)** | See ESG's Method of Distribution in AP 30. |
| **Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other**  **community-based organizations). (HOPWA only)** | See HOPWA¿s Method of Distribution in AP 30. |
| **Describe how resources will be allocated among funding categories.** | CDBG funding allocations are based on demand once administration amounts and all State and federal set-aside amounts have been accounted for.  Federal set-aside requirements include: 30 percent of the total allocation for Economic Development activities, 5 percent of the total allocation for Colonia activities, and not more than 15 percent may be spent on Public Services.State set-aside and funding requirements include: 1.25 percent of the total allocation is set-aside for Native American activities and at least 51 percent of all funding must be spent on housing and housing-related activities, which includes housing, public improvements, and public improvements in support of housing new construction, for low- and moderate-income Californians.  Once these criteria have been accounted for, the amount of funding available in each of the remaining activity categories, Public Facilities, Public Services and Planning is determined from the total amount of funding requested for each activity category.  Thus, if 20 percent of the applications request funding for Public Facility activities, 20 percent of the available allocation (after the set-asides and administration have been removed) would be available to fund Public Facility activities. |
| **Describe threshold factors and grant size limits.** | All threshold requirements in State CDBG regulations must be met at time of application.  Jurisdictions must be in compliance with submission requirements for their Housing Element and OMB- A-133 Single Audit.  Monitoring and audit findings no longer make a jurisdiction ineligible, but will be accounted for in the jurisdiction¿s Capacity/Past Performance score.   Further, the expenditure requirement known as the "50% Rule" became effective with the 2012 NOFA.  This rule requires jurisdictions with open contracts to expend 50 percent of their aggregate total CDBG funding across those contracts to be eligible for additional funding.  The Rule will apply only to Community Development, (including Native American and Colonia funding), and Economic Development Enterprise Fund activity contracts, with the aggregate contract calculation being applied to open contracts signed as a result of the 2012 and later NOFAs (excluding ED OTC, and NOFAs for Stimulus and Recovery funds). |
| **What are the outcome measures expected as a result of the method of distribution?** | Community and economic development needs vary widely across the State.  The extreme diversity in infrastructure, housing, public facilities, and the population itself mean the need for community and economic development funding is high.  Facing limited resources compared to needs, HCD developed a new method of distribution in 2012 to better establish and address priority needs, and distribute CDBG Program funds to the neediest eligible jurisdictions.  To improve the State¿s Expenditure Rate, 150 percent of available and estimated funding was opened for awarding across two funding cycles, 2012-12 and 2012-13.  The 2012 NOFA funding included 100 percent of 2011-2012 funds, and 50 percent of 2012-2013.  The 2013 NOFA will complete that cycle with the final 50 percent of 2012-2013 and 100 percent of the estimated 2013-2014 funding.  Thus, the State will award only 100 percent of estimated 2014-2015 funding in the 2014 NOFA, which is the subject of this AP, and will be released in January 2014.  At the time of writing this AP, HCD awarded the 2012 NOFA (released January 2012) and is awaiting applications for the 2013 NOFA (released January 2013).  Based on the award profile from the 2012 NOFA, HCD expects the funding profile to be similar under the 2014 NOFA, though the amount of funding available will be significantly less and is always based on demand.  For 2013-14, unless the demand is significantly different than it was in 2012, the estimated outcomes for awards, which include both Colonia and Native American funding as well, are that approximately 29 percent of funding will be awarded to Public Infrastructure and Public Infrastructure in Support of Housing New Construction projects; 22 percent will be awarded to housing programs and projects; 5 percent will be awarded to Public Facility projects; 10 percent will be awarded for Public Services; and 4 percent will be awarded to Planning and Technical Assistance grants and 30 percent will be made available for Economic Development (ED).  HCD¿s assessment of the new Method of Distribution is that the expected outcomes are and will continue to be equitable and consistent across the entire method and applicable criteria. |
| **2** | **State Program Name:** | ESG Method of Distribution |
| **Funding Sources:** | 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 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.  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, see Att. A. |
| **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.** | ESG funds are 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).  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. |
| **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 AP 30. |
| **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.  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 AP 30. |
| **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 funds to 10 percent of a Subrecipient¿s award, absent acceptable justification for a higher amount. |
| **Describe threshold factors and grant size limits.** | As set forth above, 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 |
| **What are the outcome measures expected as a result of the method of distribution?** | In 2013-14, ESG estimates it will serve nearly 2,000 households with Rapid Rehousing Assistance, over 11,000 persons with overnight shelter, and over 4,000 households with Homelessness Prevention assistance. |
| **3** | **State Program Name:** | HOME Method of Distribution |
| **Funding Sources:** | HOME |
| **Describe the state program addressed by the Method of Distribution.** | The HOME Program is currently HCD¿s largest ongoing affordable housing production program.  It provides funds for Project Activities and Program Activities on a competitive basis through an annual NOFA.  Project activities are activities with an identified site at the time of application for HOME funds.  These activities include Rental New Construction or Rehabilitation projects and FTHB new construction or rehabilitation/conversion projects.  Based on applicant demand, HOME allocates roughly 60 percent of its funds to project activities on an annual basis; 55 percent to rental projects, and 5 percent to FTHB projects. Within the rental project allocation, HOME may offer addiitonal Deep Targeting funds to rental projects to reduce private mandatory debt and facilitate more affordable rents.  Program activities are activities without an identified site at the time of application for HOME funds, meaning that HOME applicants apply for a specified amount of funds, and once awarded, advertise their housing program(s) and provide these funds to individual low-income households that qualify for participation. Eligible program activities for FY 2012-13 include: FTHB acquisition with or without rehabilitation, FTHB infill new construction, Owner-occupied rehabilitation (OOR), and TBRA.  Based on applicant demand, HOME allocates roughly 40 percent of its funds to program activities on an annual basis.  Eligible applicants for HOME funds are local governments that do not receive a direct allocation of HOME funds from HUD, or participate in a HOME Consortium or a CDBG Urban County, and State Certified HOME CHDOs that provide housing in these localities.  State HOME Regulations require that a minimum of 50 percent of funds go to activities located in rural Census Tracts.  Federal regulations require that a minimum of 15 percent of funds be allocated to CHDOs. HOME funds may be used to assist Indian tribes consistent with applicable federal and State and requirements.  **TBRA**: TBRA funds can be used in all HOME-eligible jurisdictions in the county where the funds were awarded, not just in the particular local jurisdiction to which the funds were awarded. TBRA tenant leases cannot exceed 24 months, but can be renewed if additional TBRA funds are secured. In California, there are many market conditions that justify the use of HOME funds for TBRA, including tenant income compared to fair market rent and housing cost burden. State Recipients may establish preferences pursuant to federal and State HOME requirements for use of HOME TBRA funds to serve victims of local, State, or federally declared disasters. Preferences for TBRA funds may also be established for tenants displaced if the Department determines that existing rental assistance will not be continued or renewed. |
| **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.** | Below is a summary of the HOME rating criteria.  For additional information, see 8212 of the State HOME regulations at http://www.hcd.ca.gov/fa/home.  Housing Element Compliance (50 points) - Provides points to cities or counties with an adopted housing element that has been approved by HCD.  CHDOs and newly formed cities receive full points in this rating category.  (2) Giving Up Formula Allocation (50 pts.) - HOME entitlement jurisdictions that have given up their HOME formula allocation to compete in the State HOME Program receive additional points.  (3) Rural Points (50 pts.) - Activities proposed in rural Census tracts receive additional points.  State Objectives: (200 pts.) - For 2013-14 HOME may award State Objective points to the following: (a) applications that provide deeper affordability; (b) activities that can be set up and funded quickly; (c) applications that demonstrate expeditious or efficient use of HOME funds; (d) applications that can be funded in a manner which promotes capacity building and continuity of housing activities; (e) applications that target ¿special needs populations,¿ where permitted under federal and State antidiscrimination and fair housing laws; (f) applications that promote geographic diversity, and (g) applications that address fair housing impediments. |
| **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 AP 30. |
| **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)** | See ESG AP 30 |
| **Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other**  **community-based organizations). (HOPWA only)** | See HOPWA AP 30. |
| **Describe how resources will be allocated among funding categories.** | The allocation of funds by funding categories is based upon applicant demand in a given NOFA cycle. However, as described above, pursuant to State HOME regulations, a minimum of 40 percent will be allocated to program-activity applications, (FTHB , OOR, and/or TBRA activities), and 5 percent will be allocated to FTHB projects. Fifty-five (55 percent) of funds are typically available for rental project new construction or rehabilitation projects  . |
| **Describe threshold factors and grant size limits.** | Grant size limits are in the applicable NOFA and may change as the size of the HOME allocation changes.  HOME threshold factors are discussed below.  For more information, see Sections 8211 and 8212 of the State HOME Regulations, and the current HOME NOFA at http://www.hcd.ca.gov/fa/home/.  To be eligible for funding, an application must be submitted by an eligible applicant by the deadline stated in the applicable NOFA.  The total amount requested in an application cannot exceed the amounts specified in the NOFA for the particular eligible activity (ies).  Applicants may be held out from competition due to performance problems with current HOME contracts, failure to submit required OMB A-133 audit documentation to the State Controller¿s Office, or unresolved audit findings.  Applicants for program activity funds with one or more active State HOME contracts must have expended at least 50 percent of the aggregate total of program funds originally awarded under these contracts to be eligible to apply for additional program activity funds.  Applicants for projects that miss three project deadlines are currently ineligible to apply under the next project NOFA.  However, HCD may waive this holdout penalty if the missed project deadline was clearly outside the control of the applicant, developer, owner, and managing general partner.  Project applications must show adequate evidence of site control and demonstrate financial feasibility. HOME requires certain documents to evaluate feasibility, including but not limited to a market study (or other market information for FTHB development activities), appraisal, and Phase I/Phase II Environmental Site Assessments for new construction projects or lead, asbestos, and mold assessments for rehabilitation projects. Project applications must also certify there are no pending lawsuits preventing implementation of the project as proposed. FTHB projects and all program activities must also submit guidelines governing the allocation of mortgage assistance funds to individual homebuyers. Rental projects must demonstrate compliance with Article XXXIV of the California Constitution, and CHDO applicants must also demonstrate effective project control pursuant to federal and State HOME requirements.  For more information, see Sections 8211 and 8212 of the State HOME Regulations, and the current HOME NOFA at http://www.hcd.ca.gov/fa/home. |
| **What are the outcome measures expected as a result of the method of distribution?** | Based on trends in prior year completion data, in 2013 HOME estimates completing construction on approximately 95 rental and 30 homebuyer units; rehabilitating 30 OOR units, assisting 50 FTHB program activity households, and providing TBRA to 400 households. |
| **4** | **State Program Name:** | HOPWA Method of Distribution |
| **Funding Sources:** | HOPWA |
| **Describe the state program addressed by the Method of Distribution.** | The State HOPWA Program serves counties (including cities within those counties) that do not receive a HOPWA allocation directly from HUD. |
| **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.** | For project sponsors selected through a Request for Applications (RFA) process, the general criteria evaluated is Program Description, Supportive Service Plan/Client Accessibility to Supportive Services, Program Implementation Plan and Timeline, Agency Capacity and Experience, Program Staffing, and Budget Detail. For project sponsors applying for a renewal to continue operating existing programs, the application process will include OA approval of a detailed budget and program work plan, prior to entering into a contract with the project sponsor. |
| **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 AP 30 |
| **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)** | See ESG AP 30 |
| **Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other**  **community-based organizations). (HOPWA only)** | OA currently contracts with 26 HOPWA project sponsors to provide housing assistance and supportive service programs to PLWHAs throughout 40 non-EMSAs, Fresno, and Kern counties.  Every project sponsor provides direct client services and in some instances, the project sponsor subcontracts with other local agencies to provide housing or supportive services.  To prevent disruption of HOPWA services to clients, OA will renew contracts with existing project sponsors.  In the case of loss of a project sponsor or a change in program delivery for a specific county or counties, OA will solicit for a project sponsor through the RFA process to ensure full access to all grassroots, faith-based and community-based organizations, and governmental housing 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.   An RFA is being released to select a project sponsor to operate a TBRA program in Fresno County.  The contract will be effective July 1, 2013. |
| **Describe how resources will be allocated among funding categories.** | OA allocates funds through a formula-based process to non-EMSA counties.  To the extent possible, project sponsors should participate in their local HIV/AIDS needs and service planning efforts and prioritize their HOPWA allocation to fill local HIV/AIDS housing and supportive service gaps.  To address the most urgent needs of PLWHAs, project sponsors may select from the following eligible HOPWA activities: (1) TBRA; (2) STRMU; (3) Facility based housing operations of existing permanent or transitional HIV/AIDS housing programs;(4) Facility based housing, hotel/motel voucher assistance; (5) Housing Placement Assistance; (6) Housing Information Services; (7) Supportive Services.   The following caps have been established by OA to encourage prioritization of funds for direct client housing assistance; (1) 20 percent of a project sponsor¿s allocation may be used for supportive service activities (previously 25 percent); (2) 15 percent of a project sponsor¿s budget for housing assistance activities may be used for activity delivery costs (previously 10 percent); (3) 5 percent of supportive service and housing information service budgets may be used for activity delivery costs (previously 10 percent).  Project sponsors may also use funds for eligible resource identification activities (if justified in their program work plan) and a 7 percent grant administration fee.   OA may consider a waiver of the 20 percent cap on supportive services if the proposed supportive services assist clients in overcoming barriers to housing stability (e.g., intense case management services, mental health or alcohol and substance abuse treatment, consumer credit counseling, employment services and education, etc.). |
| **Describe threshold factors and grant size limits.** | HOPWA funds will be allocated through a formula process based on the most recent reported HIV and AIDS cases by county.  This allocation formula was developed to ensure equity of funding to all non-EMSAs of California while allocating proportionately larger amounts to the communities most impacted by HIV/AIDS.  For counties that incur a significant decrease in funding from prior year, a funding stability method has been established to hold the county harmless at a percentage of its prior year allocation.  Fresno and Kern counties are EMSAs and receive an allocation from HUD.  However, in prior years and anticipated for FY 2013-14, they have relinquished their grant administration responsibilities to the State.  Their allocations are included in the State HOPWA grant agreement with a stipulation that the funds only be used within those metropolitan statistical areas. |
| **What are the outcome measures expected as a result of the method of distribution?** | In 2013-14, HOPWA estimates it will serve 100 households with TBRA; 80 persons with overnight shelter; 900 households with Homelessness Prevention assistance; 50 housing units with HIV/AIDS Housing Operations assistance, and 1,400 persons with supportive services. |
| **5** | **State Program Name:** | LHCP Method of Distribution |
| **Funding Sources:** | Lead Hazard Control Program |
| **Describe the state program addressed by the Method of Distribution.** | LHCP is designed to work collaboratively with CSD¿s network of CBOs in the delivery of lead hazard control services to low-income households.  Funds are provided to CBOs that statistically have a high number of children with elevated blood/lead levels in their county and the capacity to successfully carry out the goals by meeting and exceeding LHCP benchmark goals.  The program¿s primary objectives are to: (1)  provide lead hazard control services in 2013-2014 to at least 150 pre-1978 housing units occupied by low-income households, targeting households with at least one child under the age of six residing in the residence or visiting frequently; (2) provide lead hazard awareness education; (3) maximize resources by strengthening collaboration with local housing and health departments to increase lead-safe rental opportunities for low-income households, and (4) expand the lead-safe certified workforce in the local communities and develop lasting lead-safe training resources.  After 10 percent State Administration, 65 percent of direct hazard control costs and program set-aside funding are accounted for the remaining allocation funding is then allocated to the CBOs based on the number of units estimated to be served in each CBO's service area in relation to the total number of units estimated to be served statewide.  Any allocations that fall below the minimum funding amount of $200,000 are raised to the minimum funding amount.  Agencies above the minimum funding amount are then proportionately adjusted to account for the additional funds provided to minimum funded agencies. |
| **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.** | An internal evaluation for selection of its LHCP contractors is conducted using the following factors:  (1) statistics on the number of children with elevated blood/lead levels in each county; (2) past and current LHCP contractor performance under the FY 2006, 2008, and 2009 funding rounds, (3) past and current contractor performance for LIHEAP and DOE programs, (4) contractor community networking and outreach efforts, and leveraging abilities. CSD contracts with the following CBOs to provide LHCP services in a total of seven targeted counties:   1. Community Resource Project (CRP) in the counties of Sacramento, Sutter, and Yuba. 2. Fresno County Economic Opportunities Commission, Local Conservation Corps (FCEOC-LCC)  in Fresno County 3. Maravilla Foundation (Maravilla) in Los Angeles County 4. Redwood Community Action Agency (RCAA) in Humboldt County 5. Community Action Partnership of San Bernardino County (CAP of San Bernardino) in San Bernardino County               For more information, see www.csd.ca.gov . |
| **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 AP 30. |
| **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)** | See ESG AP 30 |
| **Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other**  **community-based organizations). (HOPWA only)** | See HOPWA AP 30. |
| **Describe how resources will be allocated among funding categories.** | Based on prior funding rounds, it is anticipated that at least 70% of LHCP funds will go to renter households and 30% will go to homeowner households. |
| **Describe threshold factors and grant size limits.** | Internal evaluation for selection of its LHCP contractors is conducted using the following threshold factors: (1) statistics on the number of children with elevated blood/lead levels in each county; (2) past and current LHCP contractor performance under the FY 2006, 2008, and 2009 funding rounds, (3) past and current contractor performance for LIHEAP and DOE programs, (4) contractor community networking and outreach efforts, and leveraging abilities.  For more information, see www.csd.ca.gov. |
| **What are the outcome measures expected as a result of the method of distribution?** | In FY 13-14 it is anticipated that LHCP will serve 105 households, including 70 renter households and 35 homeowner households. |

**Discussion**

HOME Preferences: (continued from HOME Program Description above). Additional preferences for special needs populations may be approved by the Department consistent with federal and state fair housing laws. Prior to approving any preference in the use of TBRA funds, the Department will determine whether an unmet need exists for which the preference is necessary to narrow the gap in benefits and services received by such persons. Any TBRA preferences must be established under the jurisdiction¿s HOME TBRA guidelines, and these guidelines must be approved by the Department. Before using HOME TBRA funds, the applicable TBRA requirements at 24 CFR Part 58 must also be met. Special Needs Preferences: For any eligible activity, preferences in serving special needs populations with HOME funds may be approved by the Department consistent with federal and State fair housing laws. HOME Grant Selection criteria: (continued)

**Additional Factors for Program Activity Applications** - Applicant Capability(250 pts.) - 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. Community Need: (250 pts.) - Examines Census data, such as poverty rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. Program Feasibility (100 pts.) ¿ For FTHB programs, this factor examines the financial feasibility of the activity at proposed sales prices, income targets, and assistance levels; for OOR programs, examines feasibility as reflected through need by Census data, such as overcrowding and age of housing stock. For TBRA programs examines, feasibility as reflected through need by Census data, such as renter overpayment for housing.

**Additional Factors for Project Applications** - Applicant Capability (450 points) - Examines past performance on HOME contracts, as well as experience with other activities. Points may be deducted for any of the following: missing HOME performance deadlines in the last five years; failure to submit required reports in a timely manner; material misrepresentations of fact which jeopardize the HOME investment or put HCD at risk of a serious monitoring finding, and failure to cooperate with monitoring requirements identified by HCD in the last five years. Community Need: (250 points) - Examines Census data, such as poverty rates, vacancy rates, age of housing stock, housing overcrowding, and home sales prices compared to median incomes in the locality. Financial Feasibility: (200 points) ¿ 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 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. Readiness: (300 points) - Examines the project development plan, as well as the status of local government approvals, design progress, and financing commitments.

## AP-35 Projects – (Optional)

**Introduction**

At this time, the State does not know which projects it will fund in FY 2012-13. Local applicants must first apply for and secure the available funds.

| **#** | **Project Name** |
| --- | --- |
|  |  |

Table 10 - Project Information

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

The State has no project-specific allocation priorities. For a discussion of HCD's general allocation priorities, see AP 25.

## AP-38 Project Summary

**Project Summary Information**

Table 11 – 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

**Available Grant Amounts**

None at this time. California Code of Regulations, Section 7062.3 authorizes the State to participate in federal Section 108 loan guarantees.  HCD is currently considering whether to provide this program for large-scale economic development projects.  For more information, interested parties should contact their HCD CDBG Economic Development representative.

**Acceptance process of applications**

None at this time.  See above.

## 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**

The State CDBG Program does not currently include community revitalization strategies.  Program participants and stakeholders have made it clear that they prefer individual activities in specific areas of greatest need.

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

**Introduction**

**Distribution Methods**

| **State Program Name** | **Funding Sources** |
| --- | --- |
| CDBG Method of Distribution | CDBG |
| ESG Method of Distribution | ESG |
| HOME Method of Distribution | HOME |
| HOPWA Method of Distribution | HOPWA |
| LHCP Method of Distribution | Lead Hazard Control Program |

Table 12 - Distribution Methods by State Program for Colonias Set-aside

**State Programs Addressed**

Since states, rather than the federal government, are in the best position to know, and to respond to the needs of local governments, Congress amended the Housing and Community Development Act of 1974 (HCD Act) in 1981 to give each state the opportunity to administer CDBG funds for non-entitlement areas.  Non-entitlement areas include those units of general local government which do not receive CDBG funds directly from HUD as part of the entitlement program (Entitlement Cities and Urban Counties).  Non-entitlement areas are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000.  The primary objective of the CDBG Program is the development of viable communities through the provision of decent housing and suitable living environments, and by expanding economic opportunities.  Pursuant to federal law, at least 70 percent of the State¿s CDBG funds must benefit persons/households with incomes of less than 80 percent of Area Median Income, adjusted for family size.  This is known as the Low/Mod Income Group as defined in 24 CFR 570.483, within the discussion of required National Objectives.

**Criteria and their importance**

Criteria for all CDBG activities, including Colonia and Native American, but excluding the Economic Development Over-the-Counter Program, are based upon the following categories:

Need and Benefit ¿ up to 400 points - HCD will assign points based on the seriousness of the locality's community development needs, and the impact the program will have on those needs.

Readiness: up to 300 points - Readiness of the proposed activity as demonstrated by an activity implementation plan, local government approvals, design progress, and sufficient funding to complete the project as applicable.

Jurisdictional Capacity and Past Performance: up to 200 points - This category is identical for all activities applied for.  Up to 200 points Capacity to implement the proposed activity, as demonstrated by performance, including timeliness of clearance of Special Conditions, reporting and cooperation in clearing audit and monitoring findings.

State Objectives: up to 100 points - HCD may award an application points for addressing one or more State objectives as identified in the annual CDBG NOFA.

**CDBG only: Access of application manuals**

The criteria in each of those four categories can vary based on the activity being applied for.   The full breakdown of these criteria and points as published and applied to the 2013 NOFA can be found on the Program¿s website at http://www.hcd.ca.gov/fa/cdbg/docs/NOFA\_2013/APPENDIX\_U\_-\_Scoring\_Details.pdf and the State’s program regulations 25 CCR 7078 also found on the website at http://www.hcd.ca.gov/fa/cdbg/State\_CDBG\_Regulations\_August\_2012.pdf.

 CDBG publishes all application materials ¿ NOFA, applications and instructions, on HCD¿s website at http://www.hcd.ca.gov/fa/cdbg/CurrentNOFAs.html.  The Program sends this information out to all of its community development and economic development Interested Parties lists upon release of the NOFA**.**

**ESG only: Process for awarding funds to state recipients**

See ESG's Method of Distribution in AP 30.

**HOPWA only: Method of selecting project sponsors**

See HOPWA¿s Method of Distribution in AP 30.

**Resource Allocation among Funding Categories**

CDBG funding allocations are based on demand once administration amounts and all State and federal set-aside amounts have been accounted for.  Federal set-aside requirements include: 30 percent of the total allocation for Economic Development activities, 5 percent of the total allocation for Colonia activities, and not more than 15 percent may be spent on Public Services.State set-aside and funding requirements include: 1.25 percent of the total allocation is set-aside for Native American activities and at least 51 percent of all funding must be spent on housing and housing-related activities, which includes housing, public improvements, and public improvements in support of housing new construction, for low- and moderate-income Californians.  Once these criteria have been accounted for, the amount of funding available in each of the remaining activity categories, Public Facilities, Public Services and Planning is determined from the total amount of funding requested for each activity category.  Thus, if 20 percent of the applications request funding for Public Facility activities, 20 percent of the available allocation (after the set-asides and administration have been removed) would be available to fund Public Facility activities.

**Threshold Factors and Grant Size Limits**

All threshold requirements in State CDBG regulations must be met at time of application.  Jurisdictions must be in compliance with submission requirements for their Housing Element and OMB- A-133 Single Audit.  Monitoring and audit findings no longer make a jurisdiction ineligible, but will be accounted for in the jurisdiction¿s Capacity/Past Performance score.   Further, the expenditure requirement known as the "50% Rule" became effective with the 2012 NOFA.  This rule requires jurisdictions with open contracts to expend 50 percent of their aggregate total CDBG funding across those contracts to be eligible for additional funding.  The Rule will apply only to Community Development, (including Native American and Colonia funding), and Economic Development Enterprise Fund activity contracts, with the aggregate contract calculation being applied to open contracts signed as a result of the 2012 and later NOFAs (excluding ED OTC, and NOFAs for Stimulus and Recovery funds).

**Outcome Measures expected as results of Distribution Method**

Community and economic development needs vary widely across the State.  The extreme diversity in infrastructure, housing, public facilities, and the population itself mean the need for community and economic development funding is high.  Facing limited resources compared to needs, HCD developed a new method of distribution in 2012 to better establish and address priority needs, and distribute CDBG Program funds to the neediest eligible jurisdictions.  To improve the State¿s Expenditure Rate, 150 percent of available and estimated funding was opened for awarding across two funding cycles, 2012-12 and 2012-13.  The 2012 NOFA funding included 100 percent of 2011-2012 funds, and 50 percent of 2012-2013.  The 2013 NOFA will complete that cycle with the final 50 percent of 2012-2013 and 100 percent of the estimated 2013-2014 funding.  Thus, the State will award only 100 percent of estimated 2014-2015 funding in the 2014 NOFA, which is the subject of this AP, and will be released in January 2014.  At the time of writing this AP, HCD awarded the 2012 NOFA (released January 2012) and is awaiting applications for the 2013 NOFA (released January 2013).  Based on the award profile from the 2012 NOFA, HCD expects the funding profile to be similar under the 2014 NOFA, though the amount of funding available will be significantly less and is always based on demand.  For 2013-14, unless the demand is significantly different than it was in 2012, the estimated outcomes for awards, which include both Colonia and Native American funding as well, are that approximately 29 percent of funding will be awarded to Public Infrastructure and Public Infrastructure in Support of Housing New Construction projects; 22 percent will be awarded to housing programs and projects; 5 percent will be awarded to Public Facility projects; 10 percent will be awarded for Public Services; and 4 percent will be awarded to Planning and Technical Assistance grants and 30 percent will be made available for Economic Development (ED).  HCD¿s assessment of the new Method of Distribution is that the expected outcomes are and will continue to be equitable and consistent across the entire method and applicable criteria.

**Discussion**

As noted in screen AP-30, CDBG publishes application materials (NOFA, applications and instructions) on the website at http://www.hcd.ca.gov/fa/cdbg/CurrentNOFAs.html.  CDBG emails this information to all of its interested parties’ lists upon release of each NOFA.

California complies with the mandated federal set-aside for Colonias of 5 percent of the annual allocation.  This is in addition to other activities applied for by Imperial County, where California’s non-entitlement Colonias are located.  When the Colonia set-aside is oversubscribed, HCD scores applications for these funds using competitive score sheets for each applicable activity.  Recently, however, the Colonias set-aside has been chronically under-subscribed, apparently because most Colonias now have sewer and potable water systems in place, and the recent decline in housing values has reduced demand for housing rehabilitation loans.  Therefore, other than a review for eligibility and compliance, these applications are not scored.

Imperial County introduced a housing rehabilitation grant program in 2012, which should reduce the impact of the recession-related housing value problem.  For the longer run, many of the typical problems of Colonias have been mitigated in California; so HCD is considering the implementation of a Needs Assessment Study in the Colonias, to determine which Colonias still meet the federal definition of Colonias, and which ones have been improved such that they may be removed from the list.

**ESG only: Process for awarding funds to state recipients**

See ESG’s Method of Distribution in AP 30 above.

**HOPWA only: Method of selecting project sponsors**

See HOPWA’s Method of Distribution in AP 30 above.

**Resource Allocation among Funding Categories**

For each individual program under AP 30 above, see the Method of Distribution.

California allocates 5 percent of its annual total allocation specifically for Colonia activities.

**Threshold Factors and Grant Size Limits**

For each individual program under AP 30 above, see the Method of Distribution.

**CDBG:**  Threshold factors and grant size limits are in addition to, but identical in amount, to the regular CDBG amount limits.  For more information, see AP-30.

**Outcome Measures expected as results of Distribution Method**

For each individual program under AP 30 above, see the Method of Distribution.

**CDBG:** This Method of Distribution allows State CDBG to fund applications with the greatest need and capacity to implement.  For 2013-14, the State will continue to ensure that Colonia projects with the greatest need are funded.  However, further under-subscription is expected for the reasons noted above.  Housing rehabilitation is the final remaining activity in many California Colonias.

## 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 areas of the State.  Lists of eligible jurisdictions for CDBG, HOME, ESG and HOPWA are provided in Appendix A.  Eligible jurisdictions for LHCP are listed in AP 30, along with their Method of Distribution.  Changes in eligible jurisdictions may occur annually if jurisdictions join or withdraw from a CDBG Urban County Agreement or HOME Consortium.  Changes in eligible jurisdictions for HOPWA may occur if a metropolitan area reaches a population of more than 500,000 and has at least 1,500 cumulative AIDS cases.  At the inception of the State HOPWA Program, it was determined that OA would serve non-EMSAs only, since EMSAs annually receive approximately $36 million in HOPWA funds directly from HUD.  This decision remains in affect with the exception of administering the HOPWA Program for the cities of Bakersfield and Fresno who, in recent years, became EMSAs.

 Eligible applicants from the jurisdictions listed in Appendix A may apply for and be awarded program funding.  For each program’s individual Method of Distribution which sets forth allocation methods or application rating criteria which may directly or indirectly impact the geographic distribution of program funds, see AP 30. Since the State does not know at this time which projects it will award funds to in 2013-14, the extent to which these projects will be in areas of low-income and minority concentration is unknown.

**Geographic Distribution**

| **Target Area** | **Percentage of Funds** |
| --- | --- |
|  |  |

Table 13 - Geographic Distribution

**Rationale for the priorities for allocating investments geographically**

The State has no geographic target areas for allocation.  See above discussion.

**Discussion**

See above.

# Affordable Housing

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

**Introduction**

| **One Year Goals for the Number of Households to be Supported** | |
| --- | --- |
| Homeless | 2,000 |
| Non-Homeless | 7,000 |
| Special-Needs | 1,050 |
| Total | 10,050 |

Table 14 - One Year Goals for Affordable Housing by Support Requirement

| **One Year Goals for the Number of Households Supported Through** | |
| --- | --- |
| Rental Assistance | 8,000 |
| The Production of New Units | 125 |
| Rehab of Existing Units | 779 |
| Acquisition of Existing Units | 96 |
| Total | 9,000 |

Table 15 - One Year Goals for Affordable Housing by Support Type

**Discussion**

In FY13-14 ESG estimates serving the largest number of homeless (13,130). HOME and CDBG estimate providing 1,000 units of housing through either acquisition, new construction, or rehabilitation activities assisting renters or homeowners.

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

**Introduction**

The State does not own or operate public housing.  In California, public housing is administered directly through local Public Housing Authorities (PHAs).  Pursuant to HUD requirements, public housing authorities are also not eligible to apply for CDBG, HOME, ESG, HOPWA, or LHCP funds directly.  However, public housing authorities in eligible jurisdictions can work with eligible applicants to plan for the use of program funds to assist low-income tenants in their communities.

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

PHAs in jurisdictions eligible to apply for federally-funded State programs may seek funds for eligible activities through their city or county application development process.  There are currently 114 active PHAs in California.

For a list of California PHAs, see http://www.hud.gov/offices/pih/pha/contacts/states/ca.cfm.  Of these, based on 2012 final eligibility data from HUD, 32 are in jurisdictions eligible to apply for State CDBG funds; 42 for HOME, 52 for ESG, and 48 for HOPWA.

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

Since the State 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**

Since the State does not administer PHA funds, it does not evaluate the status or condition of PHAs.

**Discussion**

See above.

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

**Introduction**

The State engages in a variety of activities to address homelessness.  In addition to the information provided in earlier sections of the Plan for ESG and HOPWA, further efforts are discussed below, and in AP 85.

**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 a number of Street Outreach programs which provide individualized assessment to unsheltered homeless persons.  Feedback received from outreach conducted over the past year indicates that the State should continue to offer Street Outreach as eligible program components.  Based on 2012 ESG Round 1 funding, in the coming year, ESG anticipates that 16 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 and Transitional Housing 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.  Feedback received from outreach conducted over the past year indicates that the State should continue to offer funds for emergency shelter and transitional housing.  Based on 2012 ESG Round 1 funding, in the coming year, ESG anticipates that 44 percent of its awards will go toward Emergency Shelter and Transitional Housing programs.

Pending further funding to these programs, HCD’s state-funded **Emergency Housing Assistance Program (EHAP) Capital Development Program** issued its last round of awards in 2012.  The **EHAP Operating Facilities Grant Program** issued its last round of awards in 2010.

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) and subsequent housing element updates will create tremendous opportunities to address homeless emergency and transitional housing needs.

**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.   Based on 2012 ESG Round 2 funding, in the coming year, ESG anticipates that 28 percent of its awards will go toward Rapid Rehousing and Homeless Prevention activities.  In addition, ESG currently provide points in its application rating process to projects of any type that target the chronically homeless, homeless veterans or those in under-served areas

The **HOPWA Program** provides TBRA, STRMU, housing placement assistance, and supportive services to PLWHAs who are homeless or at risk of homelessness.  In addition to homelessness prevention, HOPWA funds may be used to provide temporary shelter (emergency shelter or hotel/motel vouchers) to homeless PLWHAs while assisting them to locate stable housing.  Housing assistance, coupled with supportive services, allows residents to achieve or maintain housing stability.  The prevention of homelessness is an essential component of the HOPWA Program since housing is increasingly identified as a strategic point of intervention to address HIV/AIDS and overlapping vulnerabilities (such as age, race, mental illness, drug use, or chronic homelessness).  The National AIDS Housing Coalition reports that housing assistance has also been shown to decrease health disparities while reducing overall public expense and/or making better use of limited public resources

**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 AP 85.

State Housing Element law has also served as a vehicle for extensive additional commitment to update zoning codes and establish procedures to better address the housing needs of persons with disabilities pursuant to the Americans with Disabilities Act (ADA).  These commitments range from ensuring that local zoning reflects and accommodates a range of family types to adopting reasonable accommodation procedures to provide zoning exceptions for persons with disabilities.

Chapter 507, Statutes of 2010 (SB 812), which took effect in January 2011, amended housing element law to require the analysis of the housing needs of the disabled, including an evaluation of the special housing needs of persons with developmental disabilities, the number of persons with developmental disabilities, and a discussion of resources.

In accordance with Government Code Section 65583(e), any draft housing element submitted to HCD after March 31, 2011 is required to comply with SB 812.  A copy of the legislation can be found on HCD’s website at www.hcd.ca.gov, or on the Legislative Counsel’s website at http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb\_0801-0850/sb\_812\_bill\_20100929\_chaptered.pdf.  There is more about how to address special housing needs in a housing element on HCD’s *Building Blocks for Effective Housing Elements* webpage at http://www.hcd.ca.gov/hpd/housing\_element2/HN\_SHN\_home.php

**Discussion**

See above.

## AP-70 HOPWA Goals – 91.320(k)(4)

| **One year goals for the number of households to be provided housing through the use of HOPWA for:** | |
| --- | --- |
| Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family | 900 |
| Tenant-based rental assistance | 100 |
| 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 | 130 |
| Total | 1,130 |

## AP-75 Barriers to affordable housing – 91.320(i)

**Introduction**

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

State law requires each city and county to adopt a general plan containing at least seven mandatory elements including housing.  Unlike the other general plan elements, the housing element, required to be updated every five to eight years, is subject to detailed statutory requirements and mandatory review by HCD.  The housing element has many similar requirements to the federally-mandated ConPlan in that it requires a thorough assessment of housing needs and the adoption of a comprehensive implementation action plan to address those needs.

The housing element contains information about the availability of sites and infrastructure to accommodate new housing needs and requires an analysis of governmental constraints to the production and preservation of housing.  Cities and counties are required by housing element law to have land-use plans and regulatory policies which facilitate the development of a range of housing types to meet the needs of all income groups.  The housing element which must be developed with public input and participation, serves as the basis for land-use and assistance programs to address local, regional and state housing needs.

As of December 31, 2011, 447 of the State’s 540 jurisdictions (83 percent) were found to comply with housing element law.  Between April 2013 and the end of 2014, 451 of the State’s 540 jurisdictions will be required to update their housing elements.  The remaining 89 jurisdictions will be due by the end of 2015.  Due dates by COG for the forthcoming 5th planning period are available on HCD’s website at http://www.hcd.ca.gov/hpd/hrc/plan/he/he\_due\_dates\_updated042412.pdf.

**Discussion**

See above.

## AP-80 Colonias Actions – 91.320(j)

**Introduction**

**Actions planned to address obstacles to meeting underserved needs**

As noted in AP 48, most of California¿s non-entitlement Colonias have sewer and potable water systems, and housing rehabilitation is the only major remaining activity.  To improve on the slow demand for housing rehabilitation loans, HCD has encouraged Imperial County in its new housing rehabilitation grant program.

HCD is considering how to design and implement an updated Needs Assessment for Colonias served by the State CDBG Program.  HCD will seek input from Imperial County and the affected Colonias before and during the study.

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

HUD CPD Notice 2011-008 ¿strongly encourages¿ States to use Colonias funding only to address the lack of potable water, adequate sewage systems, and decent, safe and sanitary housing.  States should only fund other activities if they are undertaken in conjunction with funding of basic infrastructure or housing activities.  In light of this guidance, Imperial County is the proper governing body to address anti-poverty activities in its Colonias and other incorporated areas of the County.

**Actions the state plans to take to develop the institutional structure**

All of California¿s Colonias are located in Imperial County, which has good working relationships with Colonia leaders and residents.   The State CDBG Program holds Colonia-specific roundtable discussions with Colonia leaders and County administrators to foster an open and ongoing dialogue.  Already in 2013, the CDBG Program has completed Colonia visits by the new Deputy Director of HCD¿s Division of Financial Assistance;  the Division that administers  the Program.   Senior management is aware of Colonia issues and progress, and supports the idea of a new Needs Assessment for Colonias to better direct the set-asides in an era of reduced demand for basic water, sewer and housing activities.  One or more additional roundtable meetings are planned for 2013 to develop this idea.

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

All State CDBG-eligible jurisdictions must follow CDBG citizen participation requirements.  Imperial County, and its cities that have Colonias in them, are responsible to ensure that citizens are aware of available social services, and have access to them.  State CDBG monitors compliance with these requirements.

**Discussion**

See above.

## AP-85 Other Actions – 91.320(j)

**Introduction**

**Actions planned to address obstacles to meeting underserved needs**

In addition to implementation of eligible activities under the CDBG, HOME, HOPWA, and ESG programs discussed throughout this AP, HCD’s latest Analysis of Impediments to Fair Housing (AI) identifies several actions to address obstacles related to meeting underserved needs.  Planned actions under the AI for 2013-14 include, but are not limited to, the following: (1) Continue fair housing training on a quarterly basis related to CDBG and HOME fair housing requirements, housing element compliance, or other fair housing issues; (2) Continue tracking the minority concentration of HOME projects completed in 2013-14, and make this data available with Annual CAPERs as required by HUD; (3) Continue offering HOME application rating points to projects located outside of areas of minority concentration; (4) Continue implementation of Housing Element Reform efforts; (5) Begin implementation of California’s HUD Section 811 Demonstration Program to assist non-elderly disabled who are exiting institution to access affordable housing with support services; and, (6) Begin working group meetings around rural area needs following from the AIs Model County Analysis.

Progress on implementation of recommended actions in the AI will be provided annually in future CAPERs.

**Actions planned to foster and maintain affordable housing**

In addition to implementation of permanent housing assistance activities under the federal CDBG, HOME, HOPWA, ESG, and LHCP programs, HCD has a number of State bond-funded housing programs in place to foster and maintain affordable housing.  For a listing of current NOFAs, see http://www.hcd.ca.gov/fa/.

In addition, the State’s Tax Credit Allocation Committee (TCAC) administers two annual funding rounds for allocation of federal 9 percent tax credits and an over-the-counter process for allocation of 4 percent federal and State tax credits/bond funds, both providing financing for the development of affordable rental housing projects.  The proposed due date for the next round of 9 percent funding is July 3, 2013.  Information can be found on TCAC’s website at http://www.treasurer.ca.gov/ctcac/index.asp.

CalHFA continues to administer the Mental Health Services Act (MHSA) Housing Program. For more information, see http://www.calhfa.ca.gov/multifamily/mhsa/index.htm.

The State of California was also recently awarded nearly $12 million in HUD funds to provide five-year renewable rental assistance to affordable housing projects serving Medicaid beneficiaries with disabilities ages 18-61 who have resided in a long-term health care facility for at least 90 days and desire to return to community living, or are at risk of inpatient because of loss of housing.  State Agency partners include: the California Housing Finance Agency (CalHFA), the California Department of Health Care Services (DHCS), HCD, and TCAC.  The NOFA for these funds is expected to be issued in the Spring.  For more information, see Section 811 PRAD Program.

In 2012, CalHFA along with HCD, TCAC, and the California Debt Limit Allocation Committee (CDLAC) began undertaking a large scale, affordable housing development cost study within California.  The study involves the collection of cost data, a cost elements comparison analysis, and an identification of project cost trends.  This information will facilitate a rigorous analysis designed to produce a comprehensive report on affordable multifamily rental housing costs.  An additional component of the study is to develop policy issues and options for the evaluation, monitoring and containment of these development costs to better promote the supply of affordable housing.  The report is expected to be released Summer 2013.

**Actions planned to reduce lead-based paint hazards**

The LHCP Program is the primary source of funds targeted to lead-hazard reduction in California.  The Program’s primary objectives are to: (1)  provide lead hazard control services in 2010-15 to at least 324 pre-1978 housing units occupied by low-income households, targeting households with at least one child under the age of six residing in the residence; (2) provide lead hazard awareness education; (3) maximize resources by strengthening collaboration with local housing and health departments to  increase lead-safe rental opportunities for low-income households, and (4) expand the lead-safe certified workforce in the local communities and develop lasting lead-safe training resources.  For more information, see AP 30 above.

LHCP is designed to work in conjunction with the federally-funded Low-Income Home Energy Assistance Program (LIHEAP) weatherization component, Department of Energy Weatherization Assistance Program (DOE WAP), local health agencies and CDBG.  When applicable, the CBOs will integrate LIHEAP and DOE-WAP weatherization funding as a leverage resource to offset LHCP allowable direct lead hazard program costs.  For more information, see www.csd.ca.gov.

**Actions planned to reduce the number of poverty-level families**

In addition to CDBG’s economic development activities, HCD administers the State Enterprise Zone (EZ) Program, which stimulates business investment and job creation for disadvantaged individuals in up to 42 State-designated economically distressed areas of California.  A wide range of State and local incentives is designed to help businesses succeed and expand.  State income tax-based incentives include, but are not limited to, tax credits for each eligible lower-income employee hired in an EZ.

In 2011-12, the latest year for which data is available, California EZs accepted over 133,000 voucher applications, representing hires of qualified lower-income individuals by businesses in the EZs, which qualified the businesses to apply for State income tax credits and other State and local incentives.  As a measure of the results of these activities, for Tax Year 2010, again the latest year for which data is available, the State Franchise Tax Board reported that tax returns from 29,174 filers in EZs claimed more than $283 million in EZ-related tax credits.

**Actions planned to develop institutional structure**

California was selected in late 2012 to participate in the federally-coordinated **SAMHSA Policy Academy to Reduce Chronic Homelessness.**  The State is working with a federal team of experts to engage other State departments and agencies as well as local partners on the State’s role in reducing the number of people experiencing long term homelessness.  This effort entails coordinating and enhancing existingState efforts and collaborating on new directions.  CalHFA/HCD are the State’s lead agencies.  Goals include: use federal expertise and Academy over a 7-9 month process (ending fall 2013) to increase State focus and coordinate efforts to reduce the number of chronic homelessness individuals in the State; identify and begin implementation of 1 to 4 actions using evidenced-based framework, such as Permanent Supportive Housing (PSH), maximizing mainstream resources, targeted engagement and outreach; create framework and staff expertise useful for ongoing State engagement in issue.

Potential initiatives include: 1) Increase impact of mainstream resources, in the context healthcare reform and Medi-Cal use to pay for services that are needed and effective, particularly those linked to housing for chronically homeless people with disabilities and complex health needs; 2) Increase PSH production and improve impact on this population, including evaluating current and past production programs to inform both future funding and ongoing asset management and explore other models such as VASH, Shelter plus Care, and 811-demonstration to understand costs, effectiveness, and applicability of approach for State and to this population; 3) Orient State homelessness efforts toward HEARTH and  local systems changes moving toward HEARTH; 4) Improve State data and use to inform State efforts; and 5) Evaluate existing Correction exit programs and explore approaches that reduce re-entry into homelessness, including collaboration with State-funded housing resources.

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

The following examples list some of HCD and OA’s intergovernmental cooperation arrangements, but do not necessarily reflect the full range of State intergovernmental arrangements that promote housing and community development:

Jointly administered by DMH and CalHFA on behalf of counties, the **Mental Health Services Act (MHSA) Housing Program** offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing, including both rental and shared housing, to serve persons with serious mental illness and their families who are homeless or at risk of homelessness.  MHSA Housing Program funds are allocated for the development, acquisition, construction, and/or rehabilitation of permanent supportive housing. The **California Project Rental Assistance Demonstration Program (PRA**) is a new collaboration between CalHFA, DHCS (the State’s Medicaid Agency), HCD, and TCAC.  For more information, see above.

 HCD participates in a number other inter-agency collaboration activities.  These include the Strategic Growth Council, regarding issues such as efforts to support infill development and affordable housing in conjunction with other State programs, and support for sustainable development planning.  HCD also chairs an inter-agency workgroup on Housing Siting and Near Roadway Air Quality to identify and support mitigation research and guidance, and is a member of the Health in All Policies (HiAP) Task Force, involving other activities supporting integration of health for more sustainable development outcomes.  Other examples include coordination with CalTrans for the Transit Oriented Development Housing program administered by HCD and Climate Change support activities of the Climate Action Team for the AB 32 Scoping Plan.  These and other coordination efforts promote program commonalities, maximize resources, integrate eligibility requirements and where possible, share “best practices” and promote collaboration efforts within State government and at the local level.

OA is the State agency that administers statewide programs and activities that pertain to **HIV/AIDS**. It emphasizes the integration of representatives of HIV/AIDS service agencies, other State departments (such as Corrections, Housing, Rehabilitation, Mental Health, Developmental Services and Alcohol and Drug Programs), local health departments, University-wide AIDS Research Program (University of California San Francisco) – California HIV/AIDS Research Program (CHRP), and others in information gathering, research and decision-making processes.

OA convenes the California Planning Group (CPG) to assist in the development of OA’s comprehensive HIV/AIDS surveillance, prevention, care, and treatment plan (Plan). The Plan responds to the National HIV AIDS Strategy that includes housing goals and objectives related to prevention efforts and improved access to HIV/AIDS care and treatment. CPG will monitor the implementation and impact of the Plan and revise accordingly. This planning group also provides timely advice on emergent issues identified by OA and other key stakeholder parties.

Project sponsors are required, to the extent possible, to participate in local HIV/AIDS planning groups and the HIV/AIDS service delivery and needs assessment processes within their community. Local participation will assist project sponsors in linking clients to necessary services as well as establishing collaborative relationships with other government and private service agencies.

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**Discussion**

See above.

# Program Specific Requirements

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

**Introduction**

**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. The following identifies program income that is available for use that is included in projects to be carried out.

|  |  |
| --- | --- |
|  | |
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed | 10,500,000 |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0 |
| 3. The amount of surplus funds from urban renewal settlements | 0 |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan | 3,000,000 |
| 5. The amount of income from float-funded activities | 0 |
| **Total Program Income:** | **13,500,000** |

**Other CDBG Requirements**

|  |  |
| --- | --- |
|  | |
| 1. The amount of urgent need activities | 0 |

|  |  |
| --- | --- |
|  |  |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income.Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 70.00% |

**HOME Investment Partnership 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

1. 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:

Pursuant to 24 CFR 92.254(a)(5) and HOME Regulation 8206.1, the State HOME Program will utilize the recapture option in its homeownership programs and projects, but may utilize the resale option for limited equity forms of ownership, such as cooperatives and community land trusts.

 Recapture Loans:  Where the local jurisdiction or the CHDO is not imposing its own resale controls, the recapture method used is to recapture the entire amount of the loan 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 total project costs exceed appraised value, the development subsidy is not subject to recapture.

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

For loans held by State Recipients, the local jurisdiction may impose equity sharing provisions on the appreciation in home value proportionate to the share of the HOME assistance provided, less the homeowner investment in the property.  Equity sharing would only apply if the sales price is 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 USDA or CalHFA.

Typically, the appreciation is calculated as follows: 1) 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 sale of the property; 2) Net appreciation is calculated by subtracting the seller's applicable closing costs, seller¿s cash contribution in the original purchase transaction, the value of seller's sweat equity, if applicable, and the documented value of capital improvements from the gross appreciation amount; 3) The State recipient only claims repayment of the HOME principal and a portion of the net appreciation. That maximum portion of the net appreciation which 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, a maximum of 20 percent of the net appreciation is claimed by the State Recipient;

Resale Loans: Pursuant to State Regulation 8206.1, HOME loans may be made in the form of resale loans on projects involving limited equity forms of ownership. In other situations, although the HOME loan remains a recapture loan, a State Recipient or CHDO may impose its own resale controls when there is subsidy other than State HOME funds. The subsidy need not be an actual loan; it may be in the form of an inclusionary ordinance which requires homes to sell below fair market value. Due to reductions in HOME funding and staffing levels, HOME will be unable to administer FTHB activities proposing use of resale controls; therefore no activities proposing use of resale controls will be approved in 2013-14.

1. 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:

See above.

1. 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 of existing HOME debt.

**Emergency Solutions Grant (ESG)  
*Reference 24 CFR 91.320(k)(3)***

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

ESG Applicants/Subrecipients are required to complete the ESG Written Standards Checklist and certify they have established Written Standards.  For the State¿s requirements for written Standards, see Attachment C.

1. 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 ESG Program has over 30 local CoCs among its eligible jurisdictions.  All ESG Applicants/Subrecipients are required to disclose whether or not they use a Centralized or Coordinated System to initially assess the eligibility and needs of each individual or family who seeks assistance, or describe how they will comply with this requirement.

1. 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.

1. 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.

ESG Applicants/Subrecipients are required to disclose whether their organization involves homeless or formerly homeless persons on the Board of Directors or an Equivalent Policymaking Entity, or describe how they will comply with this requirement.

1. Describe performance standards for evaluating ESG.

ESG Applicants/Subrecipients are required to describe the process used to evaluate and improve their Programs, including appraisal of organizational needs and assessment of Program Participant outcomes; frequency of review; involvement of staff and Program Participants in the review process; and results from the evaluation process.  In addition, ESG Applicants/Subrecipients are required to describe how their organization uses the assessment information to make improvements to their Programs.

In addition, the State uses Applicant Capability and Impact and Effectiveness rating factors to assess the performance of applicant organizations and their ongoing programs which utilize ESG funding.  For more information, see the current ESG NOFA at http://www.hcd.ca.gov/fa/esg/index.html.

**Discussion**

See above.