



**HOME-ARP AMENDMENT-2
TO THE COUNTY OF ORANGE –
2020-2024 CONSOLIDATED PLAN
&
2020-2021 ACTION PLAN**

**HOME American Rescue Plan
Program**

April 26, 2022



OC HOUSING & COMMUNITY DEVELOPMENT

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Executive Summary

Background

The County of Orange receives regular formula-based entitlement grants of ESG, CDBG and HOME funds through the United States Department of Housing and Urban Development (HUD) each year to administer on behalf of the Urban County. HUD's new American Rescue Plan (ARP) provides a one-time funding source for various uses through the HOME American Rescue Plan Program(HOME-ARP).

The Urban County is made up of 12 participating cities Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, La Palma, Los Alamitos, San Juan Capistrano, Seal Beach, Stanton, Villa Park and to Metropolitan cities of Placentia and Yorba Linda.

On June 23, 2020, the Board approved the FY 2020-21 AAP. A Substantial Amendment is required for the use of the \$ 5,017,613 in HOME-ARP funding received by the Urban County from HUD. HOME ARP funds were made available to HOME entitlement jurisdictions under the American Rescue Plan Program and may be used for production or preservation of affordable housing; tenant-based rental assistance; supportive services, homeless prevention services, and housing counseling; and/or purchase and development of non-congregate shelter.

As required by HUD consultation, a meeting was held to consult with the Continuum of Care and stakeholders on the proposed use of the funding. The County also consulted with the 13 participating cities and the Housing & Community Development Commission. As approved by the Board of Supervisors on May 25, 2021, the funds are being recommended for the development of permanent supportive housing through the County's Permanent Supportive Housing Notice of Funding Availability which is consistent with the current use of HOME funding and the Housing Funding Strategy to develop 2,700 units of supportive housing by 2025. A Plan was developed for the use of the funds and is included in the Substantial Amendment to the FY 2021-22 Annual Action Plan. Comments received as part of the consultation process are included and addressed in the Plan.

On March 18, 2022, OCCR released a 30-day Public Notice and comment period for the proposed FY 2022-23 AAP and Substantial Amendment to the FY 2021-22 AAP to add HOME-ARP funds including the HOME-ARP Plan outlining the recommended use of these funds. The Notice was published in the Orange County Register, La Opinion and Nguoi Viet; electronic version were available at the OC Housing and Community Development website; and printed copies were also made available at the OC Housing and Community Development office. No comments have been received to date.

HOME-ARP funds can be used for four eligible activities:

- Production or Preservation of Affordable Housing
- Tenant-Based Rental Assistance (TBRA)
- Supportive Services, Homeless Prevention Services, and Housing Counseling
- Purchase and Development of Non-Congregate Shelter

The Urban County is recommending using the HOME-ARP allocation for the development of permanent supportive housing.

Expected Resources

On June 9, 2020, HUD allocated the County of Orange \$5,017,613 in HOME-ARP funding

Table 1 – Expected Resources

Program	Use of Funds	Allocation	Total
HOME-ARP	Development of Permanent Supportive Housing	\$5,017,613	\$5,017,613

Matching Requirements

The Home-ARP funds do not require a local matching funds contribution.

Note: Information on this page will also be used to update the 2020-24 Consolidated Plan “SP-35 Anticipated Resources” section, adding the HOME-ARP funds allocations shown in Table 1.

AP-20 Goals and Objectives

Goals Summary Information

Table 2 – HOME-ARP Goals and Objectives

Goal Name	Time Period	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Goal 1 HOME- ARP	FY 2021 – 2030	Development of Permanent Supportive Housing	Participating Cities and Unincorporated area's of Orange County	Low-income Housing	HOME- ARP \$5,017,613	Units developed

Note: Information from this page will also be used to update the 2020-2024 Consolidated Plan “SP-45 Strategic Plan Goals” section, adding the goal shown in Table 2.

AP-35 Projects and activities

To address the HOME-ARP goal, the County of Orange will invest these funds for the project activities shown in the table below.

Table 3 – HOME-ARP Project and Activities

1	Project Name	Development of Permanent Supportive
	Target Area	County wide
	Goals Supported	HOME-ARP
	Needs Addressed	Affordable Housing
	Funding	HOME-ARP: \$5,017,163
	Description	The Urban County will use the funds to develop Permanent Supportive Housing in collaboration with Affordable Housing Developers. On December 17, 2019, the Board approved the 2020 Supportive Housing Notice of Funding Availability (NOFA) to make available funding and project-based vouchers. The NOFA is an application process for selection of development projects with units targeting Permanent Supportive Housing. The NOFA is a comprehensive application process to review the funding request, project feasibility/viability, developer experience etc. Developments recommended for funding are ultimately placed on a public Board of Supervisor's Agenda.
	Target Date	09/30/2030
	Estimate the number and type of families that will benefit	Approximately 34 units will be acquired or rehabilitated.
	Location	County wide

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

The following describes other program-specific requirements.

Citizen Participation

Pursuant to HUD regulations, the County's Citizen Participation Plan, published a 30-day comment period and public hearing. Public comments and the County's Board of Supervisor's recommendations will be included in the Substantial Amendment to the FY 2021-2022 Annual Action Plan Amendment 2.

The HOME-ARP regulations require an additional consultation process which can be found in the HOME-ARP Plan Appendix A and other requirements in the HOME-ARP Regulations CPD-21-10 Appendix C.



**THE COUNTY ORANGE
HOME-ARP (AMERICAN RESCUE PLAN)
FUNDING ALLOCATION PLAN**

APRIL 26, 2022

**COUNTY OF ORANGE
HOUSING AND COMMUNITY DEVELOPMENT
1501 E ST ANDREW PLACE
SANTA ANA, CA 92705**

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HOME-ARP CERTIFICATIONS
SF424 APPLICATION FOR FEDERAL ASSISTANCE
SF424-B ASSURANCES NON-CONSTRUCTION PROGRAMS
SF424-D ASSURANCES-CONSTRUCTION PROGRAMS
PROOF OF PUBLICATION

Participating Jurisdiction: County of Orange

Date: 4/26/2022

Consultation

Before developing its plan, a PJ must consult with the CoC(s) serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities, at a minimum. State PJs are not required to consult with every PHA or CoC within the state's boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction.

Summarize the consultation process:

Consultation was an integral part of the HOME-ARP Allocation Plan process. The County of Orange engaged Continuum of Care Staff to coordinate an initial meeting among the Office of Care Coordination and other County-wide HOME-ARP grantees. This initial meeting was held to make the CoC aware of consultation needs and to help coordinate consultations whenever possible. With this initial meeting, the County of Orange began a comprehensive effort to consult and collaborate with the Orange County Continuum of Care, other Cities, the County of Orange Housing Authority, and non-profit agencies that serve the homeless, those at risk of homelessness, seniors, victims of domestic violence, and other qualifying population groups. The main consultation meeting was held on February 16th, 2022 with the Orange County Health Care Agency, Office of Care Coordination (CoC), advocates for the disabled, fair housing and civil rights organizations, and many others. Fifty-five individuals from various organizations attended the Virtual Consultation Meeting held February 16, 2022

List the organizations consulted, and summarize the feedback received from these entities.

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
OC CoC	Continuum of Care	Meetings	CoC consulted with other HOME PJ's. CoC provided information and organized consultation meeting.
Orange County Board of Supervisors	Local Government	Meeting	FILL IN AFTER PUBLIC HEARING
General Comments		Consultation Meeting	Virtual Consultation Meeting 2/16/22 (see attached chat)
St Jude Medical Center	Medical	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Non-Voting COC Member	COC	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22

VOALA	Volunteers	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Family Assistance Ministries	Homeless Service Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
County of Orange/OCCR/HCD	Community Resources	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Orange County Housing Authority	Housing Assistance	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
99 Cents Only Stores	Retail	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Mary's Kitchen	Homeless Service Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
ELOM LLC	Housing Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Orange Senior Housing, Katella Terrace Project	Housing Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22.
Colette's Children's Home	Homeless Service Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22; Asked about funding for Transitional Housing if individual apartments
Friendship Shelter	Homeless Service Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22; Asked about funding for supportive services. Encouraged funding non-congregate shelter which could convert to permanent
City of Costa Mesa	Local Government	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Family Promise of Orange County	Homeless Prevention	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Families Forward	Homeless Services Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22

Mercy House	Shelter	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22. Asked if additional resources for services funding has been identified
HIS-OC	Homeless Services Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Homeless Intervention Services of Orange County	Homeless Services Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Pathways of Hope	Homeless Services Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Volunteer - Welcoming Neighbors Home	Homeless Services Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22; Asked about making higher payments to landlords for EHV
Community Housing Advocate	Housing Advocate	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Illumination Foundation	Foundation	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
211OC	County Service Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Orange County Equality Coalition	Civil Rights	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Covenant House California	Homeless Services Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
EAH Housing	Affordable Housing Provider	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Rancho Santa Margarita CDBG	Local Government	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
BrainHealth247.org	Disabled/Mental Health	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22

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Dayle McIntosh Center	Disability Advocates	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
City of Westminster	Local Government	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
CalOptima	Healthcare	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Health Care Agency	Healthcare	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22
Elder Center	Advocacy	Consultation Meeting	Listed one or more attendees for Virtual Consultation meeting 2/16/22; Mentioned case management needs of people with EHV's, or a way to move people to PSH for success. Asked about new developments vs. rehab/repurposing buildings
12 Participating Cities	Unit of General Local Government	E-mail	Transitional Housing
CDBG-Subcommittee 3	County of Orange CDBG Subcommittee	E-mail	Permanent Supportive Housing
Orange County Housing & Community Development Commission	County of Orange Commission	Comments after presentation at Commission Meeting February 24th	Multiple Discussion points- A member pointed out shelters are running at 50% capacity during the pandemic. Members asked about outreach. .
Abrazar Inc.	Participating Non-Profit	E-mail	No comment received
Fair Housing Council of Orange County	Non-profit fair housing organization	E-mail	No comment received

Public Participation

PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of **no less than 15 calendar days**. The PJ must follow its adopted requirements for “reasonable notice and an opportunity to comment” for

plan amendments in its current citizen participation plan. In addition, PJs must hold **at least one public hearing** during the development of the HOME-ARP allocation plan and prior to submission.

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- The amount of HOME-ARP the PJ will receive,
- The range of activities the PJ may undertake.

Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:

- ***Public comment period: start date - 3/18/2022 end date - 4/18/2022***
- ***Public hearing: 4/26/2022***

The County of Orange offered several opportunities for the public to participate in the development of the HOME-ARP Allocation Plan. Consistent with the County's Citizen Participation Plan for Substantial Amendments to the Annual Action a 30-day comment period was held from March 18, 2021 through April 18, 2022. The Urban County public hearing was held at the County Board of Supervisor's Meeting on April 26th, 2022, prior to approval of the HOME-ARP Allocation Plan, allowing another opportunity to receive public comments before the Plan was approved.

Describe any efforts to broaden public participation:

The County of Orange took several steps to broaden public participation. To solicit broad input a notice of plan development listing the public hearing and comment period was published in The Orange County Register, La Opinion, a Spanish language publication, and the Vietnamese publication Nguoi Viet. The notice listed the amount of funds available and the range of activities the County will undertake using HOME-ARP funding. (LEP Limited English Proficiency requirements?) It was widely publicized that the Plan was available by email upon request, in a form accessible to persons with disabilities. Requests, comments, questions, or suggested amendments were directed to our Community Development Manager Craig Fee craig.fee@occr.ocgov.com The public could also review the plan on the County Community Development website www.ochcd.org A copy of the plan was emailed to local community organizations who serve the target population, fair housing and civil rights organizations, and advocates for the disabled

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing, when preparing the HOME-ARP allocation plan.

Summarize the comments and recommendations received through the public participation process:
COMMENTS AND RECOMMENDATIONS WILL BE SUMMARIZED HERE AFTER THE COMMENT PERIOD

Summarize any comments or recommendations not accepted and state the reasons why:

TBD

Needs Assessment and Gaps Analysis

PJs must evaluate the size and demographic composition of qualifying populations within its boundaries and assess the unmet needs of those populations. In addition, a PJ must identify any gaps within its current shelter and housing inventory as well as the service delivery system. A PJ should use current data, including Point in Time County, Housing Inventory Count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services. The PJ may use the optional tables provided below and/or attach additional data tables to this template.

OPTIONAL Homeless Needs Inventory and Gap Analysis Table

Homeless													
	Current Inventory					Homeless Population				Gap Analysis			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	116	#	327	#	0								
Transitional Housing	204	#	2	#	#								
Permanent Supportive Housing	57	#	210	#	65								
Other Permanent Housing						#	#	#	#				

Sheltered Homeless						157	80	4	182				
Unsheltered Homeless						27	392	23	0				
Current Gap										+193	#	+67	#

Suggested Data Sources: 1. Point in Time Count (PIT); 2. Continuum of Care Housing Inventory Count (HIC); 3. Consultation

OPTIONAL Housing Needs Inventory and Gap Analysis Table

Non-Homeless			
	Current Inventory	Level of Need	Gap Analysis
	# of Units	# of Households	# of Households
Total Rental Units	28084		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	2167		
Rental Units Affordable to HH at 50% AMI (Other Populations)	4643		
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		7694	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		5178	
Current Gaps			+5,527 at risk households +535 30-50%

Suggested Data Sources: 1. American Community Survey (ACS); 2. Comprehensive Housing Affordability Strategy (CHAS)

Describe the size and demographic composition of qualifying populations within the PJ's boundaries:

The Urban County is comprised of 12 cities with populations under 50,000 (participating cities), two "Metro" cities – Placentia and Yorba Linda – with populations over 50,000, and the unincorporated areas of Orange County. The 12 participating cities include Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, La Palma, Los Alamitos, San Juan Capistrano, Seal Beach, Stanton, Villa Park. With populations over 50,000, Placentia and Yorba Linda are eligible to participate in the CPD programs as entitlement jurisdictions and receive funding directly from HUD. However, these cities have elected to join the Urban County for the overall implementation of these programs. According to the 2010 Census, the racial/ethnic composition of the population in the Urban County was: 58% White (non-Hispanic); 21% Hispanic; 16% Asian and Pacific Islander; 2% African American; and 3% indicating another race/ethnic group. The population is estimated at 416,990 which is comprised of 151,410 households. For the Urban County PJ that could be more than 63,500 households. The report

also identified that 235,091 households lack enough income to cover all their basic needs.

Hispanic households at all income levels in the Urban county disproportionately experienced severe housing problems. Approximately 82 % of Black/African American households earning less than 30 % of AMI experienced severe housing problems.

Of all households in the Urban County 39 % had a housing cost burden of more than 30 % of their income, which translates to about 59,000 households. Nineteen %, or about 29,000 households had a severe housing cost burden spending more than 50 % of household income on housing.

Describe the unmet housing and service needs of qualifying populations, including but not limited to:

- ***Sheltered and unsheltered homeless populations;***
- ***Those currently housed populations at risk of homelessness;***
- ***Other families requiring services or housing assistance or to prevent homelessness; and,***
- ***Those at greatest risk of housing instability or in unstable housing situations:***

A 2019 report by the California Housing Partnership found there are 1.3 million extremely low-income households statewide who are rent burdened. Within Orange County the report identified that in order to afford rental housing residents would need to make over 80% of area median income. In analyzing the unmet needs of HOME-ARP qualifying populations the County will use the 2019 Point in Time Homeless Count, the most recent data available, because of the Covid-19 Pandemic the 2020 PIT Count was cancelled, and the 2022 count was delayed.

The 2019 Point in Time Count reported The Urban County Jurisdiction was home to 423 people experiencing homelessness with shelter, and about another 442 people experiencing homelessness without shelter. Per the analysis of data from the Comprehensive Housing Affordability Strategy, (CHAS) there are 5,500 extremely low-income renters at risk of becoming homeless due to lack of affordable rental units. For thousands of low-income residents, the cost of housing was unsustainable before the job losses and reductions experienced during the Covid-19 Pandemic. The 211 Annual report published in July 2021 shows calls for housing needs increased 20% between the period 2019-2020 and 2020-2021. Calls for utility assistance, widely recognized as a housing affordability factor, increased almost 50% during the same timeframe. Housing remains in first position among the top 10 categories of calls 211 receives.

There are many factors contributing to housing instability for qualifying populations and those experiencing homelessness. To better understand those issues, we look at data from the 2019 Point in Time Count for the entire Orange County area. These statistics are not available for solely for the Urban County jurisdiction but give some background as to issues affecting people experiencing homelessness in the county. The Count revealed issues local homeless residents were experiencing included:

- 36% were chronically homeless
- 26% had substance abuse issues
- 24% had mental health disorders
- 21% had a physical disability
- 9% had developmental disabilities
- 8% are victims of domestic violence

Since a variety of issues affect and often contribute to homelessness, services to support these needs are vital for housing sustainability as well overall health outcomes for individuals and families. For people dealing with multiple issues, support services and Case Management can help address the causes that contributed to the loss of stable housing and help improve future housing stability. These essential support services range from childcare, food assistance, mental and substance abuse treatments, domestic violence advocacy, employment training, and many other social service needs. Many local emergency shelters and other housing sites already provide for these essential services.

Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:

The County of Orange, as an entitlement jurisdiction, receives approximately \$3.5 million dollars annually in Community Development Block Grant (CDBG) funds. The County also receives approximately \$1.38 million in Home Investment Partnership Act Program (HOME) funding, and approximately \$224,000 in Emergency Solutions Grants Program (ESG) funds. Together, the PJ receives approximately \$5.1 million from these entitlement programs each year to address affordable housing, homeless and community development needs. The County also received nearly \$12 million in additional funds from HOME, CDBG and ESG in 2019 in response to the Covid-19 pandemic. Expanding and preserving affordable housing for the lowest income residents and those with the greatest need has been and remains the primary focus for the Urban County. This commitment to addressing housing for those with the greatest need is demonstrated in the 2020 Supportive Housing Notice of Funding Availability (NOFA) and its amendments. The amended NOFA added an additional 157 Project-Based vouchers.

Over the 5-year Consolidated Plan Period (2020-2024) the CDBG program is expected of fund 2,900 emergency shelter beds at 57 locations throughout the county. In the first year of the Annual Action Plan 458 emergency shelter beds were provided. The Urban County CDBG program provides supportive services to HOME-ARP qualifying populations. For example: The Midway City Community Center receives CDBG funding to provide services such as employment training, food and after school programs, senior meals and housing.

In FY 2020-21, the County allocated ESG funding to the County's Health Care Agency through an MOU to fund City Net to operate the emergency shelter, rapid re-housing program and HMIS for persons either at-risk of or experiencing homelessness.

In July 2016, the Orange County Housing Authority (OCHA) entered into an agreement with the County

providing that the County would supply OCHA HOME funds to administer the Tenant Based Rental Assistance (TBRA) program. OCHA administers the TBRA program by providing security deposits to homeless households participating in this special purpose housing assistance program. Assistance is provided on an as needed basis. In FY 2020-21 OCHA assisted 74 such households in the Urban County PJ.

The Urban County uses HOME funding to expand the affordable housing rental stock for homeless, low-income, and special needs households and to provide shelter for homeless and low-income households through tenant-based rental assistance. Under the Consolidated Plan for 2020-2024 the County anticipated utilizing HOME funds to expand the affordable rental housing inventory by a minimum of 56 units. HOME-ARP funds will expand the number of affordable units for those who are homeless or at risk of becoming homeless.

As shown in the Housing Needs Inventory and Gap Analysis table on page 5 there are 2,167 housing units in the jurisdiction that are affordable to those with extremely low-income (<30% of area median income (AMI)), and 4,643 units affordable to those earning 30-50% of AMI.

Identify any gaps within the current shelter and housing inventory as well as the service delivery system:

According to the 2021 Orange County Housing Inventory Count, The Urban County has 377 family beds and 539 adult-only beds, for a total of 916 beds within the jurisdiction not including an additional 67 beds set aside for veterans. On the surface the analysis shows there is a small surplus for emergency shelter in our area. However, Emergency shelter beds can also be occupied by people from multiple areas in nearby communities, since they are open to any person seeking shelter regardless of residency status. Even so, emergency shelters are designed for and should be used as a short-term solution for people experiencing homelessness.

The largest gap revealed by this analysis is the number of households meeting the definition of qualifying populations greatly exceeds the number of affordable rental housing units available. There is a deficit of over 5,500 rental units affordable to extremely low-income earners and an additional deficit of 535 units affordable to those with incomes between 30% and 50% of AMI. Additionally, the Housing Funding Strategy completed in 2018 showed a need of 2,700 supportive housing units based on the 2019 Point in Time Count. There are 1,515 units in the pipeline, but additional supportive housing is needed.

Identify the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions in its definition of “other populations” as established in the HOME-ARP Notice:

Through its analysis for this Allocation Plan, previous needs assessments conducted for the Consolidated Plan, and other strategic plans, The County has identified the primary characteristics of housing instability in our jurisdiction to be high rent burdens and low-access to permanent supportive affordable rental units for the homeless and those at risk for homelessness. Following the “Housing

First” model The Urban County intends on using HOME-ARP funds for the development of Permanent Supportive Housing for all qualifying populations as established in the HOME-ARP notice.

Identify priority needs for qualifying populations:

With Orange County housing costs among the highest in the nation, combined with economic stress due to the COVID-19 Pandemic, it is very difficult for members of the qualifying populations to find available affordable housing units. Waiting lists for Project Based Vouchers in affordable communities are long, and low-income people can be on these lists for years before a unit becomes available. The OCHA reports over 8,000 applicants remain on the waiting list for the Housing Choice Voucher Program. Additional permanent supportive housing units are a priority need.

Explain how the level of need and gaps in its shelter and housing inventory and service delivery systems based on the data presented in the plan were determined:

The County of Orange used several different data sources to identify the amount of need and gaps in the shelter and housing inventory, and the service delivery systems. Housing and Community Development staff pulled out the Urban County specific data for all 14 participating communities from the 2019 Orange County Point in Time Count, then calculated totals for the entire jurisdiction. The Count supplied the number of sheltered and unsheltered homeless, families and individual homeless persons, homeless Veterans. The number of homeless persons fleeing domestic violence was provided on a County- wide basis. The 211 Annual report gave insight into the category of calls the agency answered during the height of the COVID-19 Pandemic.

Next the County reviewed data from its own 2020-2024 Consolidated Plan and the Orange County Housing Inventory Count to gather information on housing needs, current housing availability, and services provided to support those at risk of becoming homeless.

Following, the County researched statistics from the Comprehensive Housing Affordability Strategy (“CHAS”). The data demonstrates the number of units affordable to various income levels, especially low-income households and the number of people who need these affordable units, allowing us to distinguish the gaps in housing inventory.

Additionally, staff reviewed the Orange County Housing Funding Strategy from June 2018 for projections of the types of units needed and to ensure the HOME-ARP Plan aligns with the County’s Housing Funding Strategy. The Strategy summarizes available and anticipated resources and gives recommendations for the County to maximize competitiveness in successfully funding the type of projects necessary to fill any gaps.

Lastly, and most importantly to gather current information and trends the Urban County consulted with various stakeholders including the Orange County CoC.

The County concluded the greatest need for qualifying populations is for additional affordable and supportive housing for extremely low-income households coupled with supportive services. Permanent Supportive Housing is affordable housing where service providers actively engage tenants in flexible, accessible, voluntary and comprehensive services.

HOME-ARP Activities

Describe the method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly:

The Urban County will use the funds to develop Permanent Supportive Housing in collaboration with Affordable Housing Developers. On December 17, 2019, the Board approved the 2020 Supportive Housing Notice of Funding Availability (NOFA) to make available funding and project-based vouchers. The NOFA is an application process for selection of development projects with units targeting Permanent Supportive Housing. The NOFA is a comprehensive application process to review the funding request, project feasibility/viability, developer experience etc. Developments recommended for funding are ultimately placed on a public Board of Supervisor's Agenda.

If any portion of the PJ's HOME-ARP administrative funds were provided to a subrecipient or contractor prior to HUD's acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ's entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ's HOME-ARP program:

Not applicable.

PJs must indicate the amount of HOME-ARP funding that is planned for each eligible HOME-ARP activity type and demonstrate that any planned funding for nonprofit organization operating assistance, nonprofit capacity building, and administrative costs is within HOME-ARP limits. The following table may be used to meet this requirement.

Use of HOME-ARP Funding

	Funding Amount	% of the Grant	Statutory Limit
Supportive Services	\$ 0		
Acquisition and Development of Non-Congregate Shelters	\$ 0		
Tenant Based Rental Assistance (TBRA)	\$ 0		
Development of Affordable Rental Housing	\$ 4,266,972.00		
Non-Profit Operating	\$ 0	# %	5%
Non-Profit Capacity Building	\$ 0	# %	5%
Administration and Planning	\$ 750,641.00	15 %	15%

Total HOME ARP Allocation	\$ 5,017,613		
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Additional narrative, if applicable:

The County Board of Supervisors approved amendment to the 2020 NOFA to include HOME-ARP funding exclusively for the development of permanent supporting housing for people experiencing homelessness and other at-risk populations.

Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:

The County of Orange has long recognized the need for Permanent Supportive Housing as demonstrated by the 2020 NOFA and the 2018 Housing Funding Strategy. The need for additional Permanent Affordable Housing is further supported by the lack of inventory shown in the Housing Inventory and Gap Analysis Tables on page 7 of this document. Even with tremendous efforts and working in collaboration with housing partners, there still is a gap. The lack of permanent supportive housing units provides the rationale to prioritize the housing needs of allocation funds to address the need for permanent supportive housing HOME-ARP qualifying populations in alignment with the direction in our 2020 Supportive Housing NOFA.

HOME-ARP Production Housing Goals

Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:

The Urban County PJ expects to be able to produce a minimum of 34 Permanent affordable rental housing units for the homeless and those at-risk for homelessness with the HOME-ARP Allocation based on our current subsidy limits. However, it is anticipated that subsidy layering will leverage these funds with other resources available, therefore additional units may be developed.

Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs:

The Urban County PJ intends to use HOME-ARP funds for the development of new permanent supportive housing that will serve qualifying populations. It is expected that the funds will be used to leverage other funding sources including state, local and federal funding to create new permanent supportive housing units for qualifying residents. The HOME-ARP Allocation plan aligns with and contributes to the goals established in 2018 Housing Funding Strategy. This goal is broken down to the need for 1,000 units for the Chronically Homeless, 1,200 units for Homeless individuals, and 500 units for Homeless families, all considered qualifying populations under HOME-ARP.

Preferences

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

- Preferences cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR 5.105(a).
- PJs are not required to describe specific projects to which the preferences will apply.

Proposed affordable housing projects built or acquired with HOME-ARP funds would serve individuals referred through the Continuum of Care's Coordinated Entry System.

If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ's needs assessment and gap analysis:

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

Not applicable HOME-ARP Refinancing Guidelines

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with [24 CFR 92.206\(b\)](#). The guidelines must describe the conditions under which the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity***

This and following sections are not applicable. The County of Orange PJ will not use HOME-ARP funds to refinance any existing debt.

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***

Not applicable

- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***

Not applicable

- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***

Not applicable

- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.***

Not applicable

- ***Other requirements in the PJ's guidelines, if applicable:***

Not applicable

Appendix

URBAN COUNTY OF ORANGE

Citizen Participation Plan

FY 2020-2024

June 23, 2020



OC HOUSING & COMMUNITY DEVELOPMENT

1501 E. ST. ANDREW PLACE, 1ST FLOOR
SANTA ANA, CA 92705
PHONE: 714.480.6534
FAX: 714.480.2978

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CITIZEN PARTICIPATION PLAN Urban County of Orange

I. INTRODUCTION

The following Citizen Participation Plan provides a framework and process by which the County's consolidated planning efforts comply with the citizen participation requirements published by the U.S. Department of Housing and Urban Development (HUD). This Citizen Participation Plan is prepared and implemented in accordance with the guidance provided in HUD Regulations 24CFR Part 91.105.

The requirements for citizen Participation do not restrict the responsibility or authority of the County of Orange from the development or execution of its Consolidated Plan. The County of Orange is entitled to receive annual grant funding from the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), and the Emergency Solution Grant (ESG) programs. It is the policy of Orange County to ensure adequate citizen involvement, with particular emphasis on participation by low- and moderate-income persons, in the planning, implementation, and evaluation of its housing and community development programs. This plan covers the Urban County of Orange comprised of Participating cities with populations under 50,000 (participating cities), cities with a population over 50,000 that elect to participate in the urban county (metropolitan city) and the unincorporated areas of Orange County. The County of Orange is the lead agency in developing the Citizen Participation Plan.

II. The Citizen Participation Plan for the County of Orange addresses each of the following elements:

A. Participation

It is the policy of the County to follow its Citizen Participation Plan and to encourage and facilitate a wide-range of participation (residents, service providers, government agencies, and others) in the development of all Community Planning and Development (CPD) required consolidated planning documents including the Five-Year Consolidated Plan, Annual Action Plans, Substantial Amendments, and the Consolidated Annual Performance and Evaluation Report (CAPER).

The primary purpose of the participation will be in needs identification, priority setting, funding allocations, and program recommendations related to the consolidated planning process. The County shall provide for and encourage citizen participation with particular emphasis on low- and moderate-income persons; persons residing in predominantly low -and moderate-income neighborhoods or slum and blighted areas; and persons residing in areas where the use of CDBG funds is being proposed.

The primary purpose of the CPD programs covered by this Citizen Participation Plan is to improve communities by providing decent housing, a suitable living

environment, and growing economic opportunities. The County encourages the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

MEETING THE NEEDS OF NON-ENGLISH SPEAKERS [24 CFR 91.105 (e)(4)]

Throughout the unincorporated areas of Orange County and within the jurisdictions of the participating Cities, there are significant populations of monolingual Spanish/Vietnamese-speaking persons residing in many of the very low, low, and moderate-income communities. OC Housing & Community Development ensures that a bilingual staff member is present at all Citizen Participation meetings. Where appropriate, meetings are held in English or Vietnamese and Spanish. OC Housing & Community Development provides translators during Citizen Participation (CP) meetings and other public events attended by significant numbers of Spanish/Vietnamese speaking residents. The Needs Assessment forms and flyers announcing Citizen Participation Meetings are bilingual, as are other written materials explaining the program as required. OC Housing & Community Development also utilizes Spanish/Vietnamese newspapers to announce the schedule of CP meetings.

B. Public Hearings

The County will conduct two public hearings per year to obtain the views and comments of residents, service providers, government agencies, and other stakeholders regarding the County's CPD-funded programs. The hearings generally address housing, social, and community development needs; proposed activities; and the review of program performance.

The hearings will be conducted at a minimum of two different stages of the program year. The first hearing will be conducted in the fall, (usually September/October) to receive public comments and for the County Board of Supervisors to adopt the Funding Allocation Policy and Process (FAPP) to kick-off the Annual Action Plan process. At the second public hearing, the County Board of Supervisors will hear public comment and adopt the Consolidated Plan and/or the One Year Annual Action Plan and direct staff to forward the document to HUD for approval and funding (usually April/May).

This citizen participation plan provides community residents with reasonable notice and an opportunity to comment on the consolidated plan, annual action plan and on substantial amendments to these plans and on the AFH and revisions to the AFH. The citizen participation plan states how reasonable notice and an opportunity to comment will be given. The citizen participation plan will provide a period, of not less than 30 calendar days, to receive comments on these plans and substantial amendments to these plans before the plans or substantial amendments are implemented or submitted to HUD for review.

The notices will be published either as public notices or advertisements in newspapers of general circulation. At this time, the newspapers of general

circulation include: The *Orange County Register (English)*, a *(Vietnamese)* and a *(Spanish) newspaper*. The notices will provide details concerning the nature of the public hearing, applicable HUD regulations, date and time of the hearings, and other necessary information. The Citizen Participation Plan will be posted on the OC Housing Community Development website www.occommunityservices.org/hcd. Click on the Community Development link, and look for the CP Plan link.

The County will also follow the above public noticing process for other "non-public hearing" CPD related actions to be taken by the Board of Supervisors. These actions include Substantial Amendments to the Consolidated Plan or Annual Action Plans. The hearings will be held at times and locations convenient to potential and actual beneficiaries, with one week notice, accommodation for persons with disabilities and non-English speaking residents may be made.

The Cities that participate in the County's CPD program are required to conduct their own Citizen Participation activities for their residents, especially low and moderate-income residents. At a minimum, these cities will publicly notice and hold at least one public meeting to discuss proposed uses of city's Community Planning and Development grant fund applications. Cities are required to submit copies of public notices, agendas, and minutes of such meetings to the County as part of the annual CDBG application process.

C. Access to Meetings

It is the policy of the County to plan and conduct public meetings, also known as Citizen Participation (CP) meetings, related to the Consolidated Plan and Annual Action Plans in unincorporated communities and Participating Cities. Prior to the Public Meetings in September/October, as described in Section B above Countywide notices will be published. The notice will include the purpose, date, time, and location of the meetings:

These meetings shall be held at times and locations convenient to potential and actual program beneficiaries. In most cases, these CP meetings are conducted as part of a regularly scheduled meeting of another community-based entity. It has been the County's experience that the use of an existing community-based forum for the Citizen Participation Meetings ensures acceptable turn-out of residents, service providers, government officials, and other stakeholders. Citizens are invited to attend the meetings to learn about the programs and services available to them, express their views on their community's housing and community development needs, prioritize community needs, and comment on prior program performance. Attendees are also given the opportunity to complete the Needs Assessment Surveys during the meetings or return them later. Prior to the Public Meetings, County-wide notices are published in three different newspapers of general circulation – one in English, one in Spanish and one in Vietnamese, each one announcing the purpose, date, time, and location of the meetings. All meetings will be held in locations accessible to persons with disabilities with additional accommodations available upon request. Language translation services shall be made available for non-English speaking residents.

D. Public Comments

It is the policy of the County to provide residents, service providers, government agencies, and other stakeholders a sufficient time period as required by law, to review and comment on proposed Consolidated Plan, Annual Action Plans, Analysis of Impediments to Fair Housing and Substantial Amendments. All public notices advise interested persons of the process to submit comments. All CPD documents include a summary of all comments received during the public comment period.

E. Strategic Plan Development

Public meetings and hearings for development of the Consolidated Plan shall be held with representatives of participating cities, agencies and organizations, as well as interested community residents. During the preparation of the Annual Action Plan, meetings are held to consider the Urban County Program's regional strategy for the use of federal funds. These meetings shall confirm the development planning process and will be held to obtain citizen views and proposals on needs and priorities for a consistent Housing and Community Development strategy.

OC Housing & Community Development will provide the Annual Action Plan (AAP) for Public review and comment. The AAP contains:

- a. The estimated amount of funds available to the Urban County Program for community development and housing activities and basic eligible program categories;
- b. The eligible program activities that may be undertaken with these funds;
- c. The unincorporated areas and participating cities proposed for utilizing the available funding; and
- d. The proposed allocation of federal funds to participating non-profit organizations, cities, and unincorporated areas, and proposed funding allocations for local funding programs.

F. Substantial Amendments

From time-to-time, it may be necessary for the County to process a "substantial amendment" to the Five Year Consolidated Plan or the One Year Annual Action Plans to allow for new CDBG, ESG, HOME, or local-funded activities, modification of existing activities; or other CPD program administrative actions.

Any proposed amendment that is considered a "substantial amendment" is subject to the Citizen Participation process, requires formal action by the Board of Supervisors, and approval by HUD. A thirty (30) day public notice is published to provide the opportunity for the public to review and comment on the proposed substantial amendments. The County will consider all comments or views received from the public concerning proposed substantial amendments in accordance with 24 CFR 91.105 (c)(3). This 30 day public notice requirement is only for federal funding and does not apply to local or non-federal funding. A summary of these comments and views, including comments or views not accepted (and the

reason why) shall be attached to the substantial amendment.

The County of Orange is required by HUD [24 CFR 91.505 (b)] to identify the criteria to be used in determining if a proposed action will be considered a *Substantial Amendment*. The following criteria will be used by the County – if any one criterion applies, a substantial amendment will be required:

1. A new activity is not previously listed and described in the Consolidated Plan/Annual Action Plan;
2. A proposal is made to amend the description of an existing activity in such a way that the newly described purpose, scope, or beneficiaries differ significantly from the original activity's purpose, scope, or beneficiaries; or
3. An increase in the amount of Federal Community Planning Development and/or local funds* is allocated to an existing activity when/if the following apply:
 - a. An increase in funding for a public service activity is in an amount greater than a 50% increase over the current funded amount.
 - b. An increase in the funding for public facility improvements/housing rehabilitation is in an amount greater than a 50% increase over the current funded amount.

*local funds do not require a public 30-day notification as required for substantial amendment to Federal funding.

In an effort to efficiently utilize CDBG funds within the time frames required by HUD, the County will consider the reprogramming of unspent CDBG balances from completed and cancelled CDBG-funded activities to other eligible activities as a "Non-Substantial Amendment". In the event that any of these "administrative" reprogramming actions fall under the "substantial amendment" criteria, the proposed actions are subject to the Citizen Participation process, requires formal action by the Board of Supervisors, and subsequent approval by HUD.

The County will maintain and provide for public review a Reprogramming Action File that provides details for every reprogramming action (Substantial and Non-Substantial) taking place during the program year.

Amendment to Citizen Participation Plan

During the County's administration of the CPD programs, it may become necessary to amend the Citizen Participation Plan. Any proposed amendment to the Citizen Participation Plan requires a thirty-day public notice, formal action by the Board of Supervisors, and approval by HUD.

G. Access to Information

The County shall provide opportunities for residents, public agencies, and other interested parties, including those most affected, with reasonable and timely

access to information and records relating to the County's consolidated plan, as well as the proposed, actual and past use of funds covered by this Citizen Participation Plan.

Standard documents will be available for public review on-line at <http://www.occommunityservices.org/hcd> and look for the CP Plan link or on the County Libraries site at www.ocpl.org.

These materials will also be available in a form accessible to persons with disabilities, upon request. Comments, questions, or suggested amendments should be directed to our Community Development Manager at Craig.Fee@occr.ocgov.com.

Standard program documents that shall be made accessible for public review and comment throughout the preparation process include: the proposed and final Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Report (CAPER), Substantial Amendments, and this Citizen Participation Plan.

It is the policy of the County of Orange to maintain and provide access to all applicable and appropriate records pertaining to the administration of the CDBG, ESG, and HOME programs. Records retention is a component of the County's CPD Program File Management System. Accordingly, the County will maintain and provide access to documentation and records for a period of five (5) years.

H. Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970 and 49 CFR 24

The County of Orange will replace all occupied and vacant "occupiable" lower-income housing demolished or converted to a use other than lower-income housing in connection with a project assisted with funds provided under the Residential Anti-Displacement and Relocation Assistance Policy HOME Program [24 CFR 42.325 and 91.353 and HOME Investment Partnership Act.

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the County of Orange to provide funds for a project that will directly result in demolition or conversion, the County will make public by publication in a newspaper of general circulation and submit to HUD the following information in writing:

1. A description of the proposed assisted project;
2. The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to use other than as lower income housing as a result of an assisted project;
3. A time schedule for the commencement and completion of the demolition or conversion;

4. To the extent known, the address, number of bedrooms, and location on a map of the replacement housing that has been or will be provided.
5. The source of funding and a time schedule for the provision of the replacement housing;
6. The basis for concluding that the replacement housing will remain lower income housing for at least 45 years from the date of initial occupancy;
7. Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom units with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

To the extent that the specific location of the replacement housing and other data in items 4 through 7 are not available at the time of general submission, the County of Orange will identify the general location of such housing on a map and complete the disclosure and submission requirements as soon as the specific data are available.

OC Housing & Community Development is responsible for tracking the replacement of lower income housing and ensuring that it is provided within the required period. The Owner/Developer will be responsible for providing relocation payments and other relocation assistance to any lower income person displaced by the demolition of any housing or the conversion of lower income housing to another use.

Consistent with the goals and objectives of activities assisted under the Act, the County of Orange will take the following steps where appropriate to minimize the direct and indirect displacement of persons from their homes:

1. Coordinate code enforcement with rehabilitation and housing assistance programs.
2. Stage rehabilitation of apartment units to allow tenants to remain in the building/complex during and after the rehabilitation, working with empty units first.
3. Require a relocation Plan to house persons who must be relocated temporarily during rehabilitation.
4. Adopt Notice of Funding Availability (NOFA) policies for Affordable Rental Housing displacement resulting from public investment in acquisition rehabilitation to 20% or less per project.

I. Performance Reports

Each fiscal year the County is required to prepare and submit a Consolidated Annual Performance and Evaluation Report (CAPER) to HUD for the previous program year. The information compiled in this document is necessary to assess the progress on funding received by the County, participating cities, non-profits, and other agencies or organizations. Data gathered in the compilation of the annual report will be used to supply information to HUD and the public on the accomplishments and services provided. The information will include the number of people served, ethnicity, income category, objective and outcome, and type of service received, as well as the current status on housing, public facilities and improvements, and other projects. The information is also used to determine future funding considerations.

The CAPER requires a 15-day public notice and is published in newspapers of general circulation in English, Spanish and Vietnamese so that Citizens will be provided reasonable notice to review and present comments on performance reports. A copy of the CAPER will be available at QC Community Services website: www.occommunityservices.org/hcd. Click on the Community Development link and look for the CAPER link.

Citizen's comments or views received in writing or orally at the public hearing will be considered. A summary of the comments or views shall be attached to the performance report. The CAPER shall be submitted to HUD within ninety (90) days after the end of the program year and prior to September 30 of each year. Final reporting documents will also be made available to any interested parties upon request.

J. Technical Assistance

Technical assistance is made available as necessary to groups and organizations representing persons of low and moderate-income that request such assistance in developing proposals for funding assistance under the Consolidated Plan.

Prior to the release of the Request for Proposals, OC Housing & Community Development makes technical assistance available to current and potential activity sponsors through the Program Managers who are the main source of information on CPD programs and the application process. Program Managers provide assistance at community meetings. Although the Program Managers are the primary contact to the communities and service providers, all OC Housing & Community Development resources will be made available.

K. Complaints

Residents or other interested parties may submit complaints to the County in relation to administration of the CPD-funded programs. Complaints may be made via telephone or in writing to: OC Housing & Community Development, 1501 E. St. Andrew Place, Santa Ana, CA 92705. The complaining party should state the nature of the complaint, what prior efforts have been made to resolve the problem and any other pertinent information that would help staff determine a solution. All

complaints will receive careful consideration and a timely, substantive response will be provided within ten (10) working days.

III. MONITORING AND EVALUATION

In accordance with HUD CPD program regulations, the County continually monitors all CPD-funded sub-recipients and their activities. The County's CPD Program Monitoring Policies were developed and adopted in April 2006, through Administrative Program Notice 2006.01, to ensure compliance with 24 CFR 570.502 (CDBG), 24 CFR 576.61 (ESG), and 24 CFR Part 85.40 (a).

HUD regulation 24 CFR Part 85.40 (a) provides for the general program monitoring responsibilities of the County in the administration of the HUD-funded CPD programs.

Grantees are responsible for managing the day-to-day operations of grant and sub grant supported activities. Grantees must monitor grant and sub grant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

IV. DEFINITIONS

Annual Action Plan (AAP): This document updates the Consolidated Plan on an annual basis and allocates one year's funding (entitlement and program income) to specific projects and activities for the CDBG, ESG, and HOME programs.

CAPER (Consolidated Annual Performance Evaluation Report): This document reports on the progress made in carrying out the Consolidated Plan and One-Year Action Plan. The Agency prepares the report annually in accordance with 24 CFR Part 91.

CDBG: Community Development Block Grant, a HUD grant which provides for a variety of community development programs that benefit low and moderate-income persons.

Community Planning and Development (CPD): The office of Community Planning and Development (CPD), at HUD, oversees the CDBG, HOME and ESG programs and seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expand economic means toward this end is the development of partnerships among all levels of government and the private sector, including for-profit and non-profit organizations.

Consolidated Plan: This document is submitted to HUD and serves as the planning documents of the jurisdiction and application for funding CDBG, ESG, and HOME. The document is developed in accordance with 24 CFR Part 91 and sets forth the priorities and strategies of the programs for a five-year period.

ESG: Emergency Solution Grant, a HUD grant that provides funds for homeless shelters and supportive services.

HOME: Home Investment Partnership Program, a HUD grant that provides funds to expand the supply of decent and affordable housing for low-income households.

HUD: The U.S. Department of Housing and Urban Development.

Low and Moderate Income Persons: An individual from a household with a total income does not exceed eight-percent (80%) of the median household income for the area Orange County, adjusted for family size.



U.S. Department of Housing and Urban Development
Community Planning and Development

Special Attention of:

CPD Division Directors
All HOME Coordinators
All HOME Participating Jurisdictions

Notice: CPD-21-10

Issued: September 13, 2021

Expires: **This NOTICE is effective until it is amended, superseded, or rescinded**

Cross Reference: 24 CFR Part 92

Subject: Requirements for the Use of Funds in the HOME-American Rescue Plan Program

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Appendix – Waivers and Alternative Requirements for HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP)

I. PURPOSE

This Notice establishes requirements for funds appropriated under section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) (“**ARP**”) for the HOME Investment Partnerships Program (HOME) to provide homelessness assistance and supportive services.

II. BACKGROUND

On March 11, 2021, President Biden signed ARP into law, which provides over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses.

To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These activities include: (1) development and support of affordable housing, (2) tenant-based rental assistance (TBRA), (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter units. The program described in this notice for the use of the \$5 billion in ARP funds is the **HOME-American Rescue Plan** or “**HOME-ARP**.”

ARP defines qualifying individuals or families as those that are (1) homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. 11302(a)) (“**McKinney-Vento**”); (2) at risk of homelessness, as defined in section 401 of McKinney-Vento; (3) fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; (4) part of other populations where providing supportive services or assistance would prevent a family’s homelessness or would serve those with the greatest risk of housing instability; or (5) veterans and families that include a veteran family member that meet the criteria in one of (1)-(4) above.

ARP authorized HUD to allocate HOME-ARP funds to states, units of general local government, insular areas, and consortia of units of general local government that qualified for an allocation of HOME funds in Fiscal Year (FY) 2021, pursuant to section 217 of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 et seq.) (“**NAHA**”). On April 8, 2021, HUD allocated HOME-ARP funds to 651 grantees using the HOME formula established at [24 CFR 92.50](#) and [92.60](#). The HOME-ARP allocation amounts can be found [here](#).

III. ESTABLISHMENT OF HOME-ARP REQUIREMENTS

ARP provides funds for homelessness and supportive services assistance under the HOME statute of Title II of NAHA (42 U.S.C. 12721 et seq.) and authorizes the Secretary of HUD to waive or specify alternative requirements for any provision of NAHA or regulation for the administration of the HOME-ARP program, except requirements related to fair housing, civil rights, nondiscrimination, labor standards, and the environment, upon a finding that the waiver

or alternative requirement is necessary to expedite or facilitate the use of HOME-ARP funds. Pursuant to ARP, the per-unit cost limits (42 U.S.C. 12742(e)), commitment requirements (42 U.S.C. 12748(g)), matching requirements (42 U.S.C. 12750), and set-aside for housing developed, sponsored, or owned by community housing development organizations (CHDOs) (42 U.S.C. 12771) in NAHA do not apply to HOME-ARP funds.

This Notice describes the requirements applicable to a participating jurisdiction's (PJ's) use of HOME-ARP funds. Consolidated plan requirements for HOME are in title I of NAHA and [24 CFR part 91](#). HOME program regulations are in [24 CFR part 92](#). Except as described in ARP and this Notice, HOME statutory and regulatory provisions apply to a PJ's use of HOME-ARP funds. Sections I-IX of this Notice describe the HOME-ARP requirements imposed on a PJ for the use of HOME-ARP funds to assist the qualifying populations through HOME-ARP projects or activities. The Appendix describes the waivers and alternative requirements imposed on PJs for the use of HOME-ARP funds and is included in any reference to "this Notice." Specific citations in the Notice shall mean the statute or regulation cited, as may be revised by the Appendix to this Notice. PJs and insular areas must comply with all applicable statutory, regulatory, and alternative requirements, as described in this Notice, including the Appendix.

IV. QUALIFYING POPULATIONS, TARGETING AND PREFERENCES

ARP requires that funds be used to primarily benefit individuals and families in the following specified "qualifying populations." Any individual or family who meets the criteria for these populations is eligible to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria). All income calculations to meet income criteria of a qualifying population or required for income determinations in HOME-ARP eligible activities must use the annual income definition in [24 CFR 5.609](#) in accordance with the requirements of [24 CFR 92.203\(a\)\(1\)](#).

A. Qualifying Populations

1. **Homeless**, as defined in [24 CFR 91.5](#) *Homeless* (1), (2), or (3):

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

- (iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) An individual or family who will imminently lose their primary nighttime residence, provided that:
- (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;
- (3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
- (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);
 - (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
 - (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

2. At risk of Homelessness, as defined in [24 CFR 91.5](#) *At risk of homelessness*:

- (1) An individual or family who:

(i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;

(ii) Does not have sufficient resources or support networks, *e.g.*, family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42

U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

3. Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

Domestic violence, which is defined in [24 CFR 5.2003](#) includes felony or misdemeanor crimes of violence committed by:

- 1) A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
- 2) A person with whom the victim shares a child in common;
- 3) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;
- 4) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
- 5) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

Dating violence which is defined in [24 CFR 5.2003](#) means violence committed by a person:

- 1) Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- 2) Where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - a. The length of the relationship;
 - b. The type of relationship; and
 - c. The frequency of interaction between the persons involved in the relationship.

Sexual assault which is defined in [24 CFR 5.2003](#) means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

Stalking which is defined in [24 CFR 5.2003](#) means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

- 1) Fear for the person's individual safety or the safety of others; or
- 2) Suffer substantial emotional distress.

Human Trafficking includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:

- 1) *Sex trafficking* means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- 2) *Labor trafficking means* the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

4. **Other Populations** where providing supportive services or assistance under section 212(a) of NAHA ([42 U.S.C. 12742\(a\)](#)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

- (1) **Other Families Requiring Services or Housing Assistance to Prevent Homelessness** is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in [24 CFR 91.5](#), are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

(2) **At Greatest Risk of Housing Instability** is defined as household who meets either paragraph (i) or (ii) below:

- (i) has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);

- (ii) has annual income that is less than or equal to 50% of the area median income, as determined by HUD, **AND** meets one of the following conditions from paragraph (iii) of the “At risk of homelessness” definition established at [24 CFR 91.5](#):
- (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - (B) Is living in the home of another because of economic hardship;
 - (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
 - (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
 - (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan

Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

B. Use of Funds to Benefit Qualifying Populations

ARP states that funds must be used to primarily benefit the qualifying populations through the four eligible activities: (1) TBRA, (2) development and support of affordable housing, (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter (NCS) units. Recognizing the urgent needs of individuals and families in qualifying populations, HUD is requiring that:

- 100% of HOME-ARP funds used by a PJ for TBRA, supportive services, and acquisition and development of non-congregate shelter units must benefit individuals and families in qualifying populations. Individuals and families in qualifying populations may be assisted by one or more of the HOME-ARP eligible activities, consistent with the requirements in this Notice.
- Not less than 70 percent of affordable rental housing units acquired, rehabilitated, or constructed with HOME-ARP funds by a PJ must be occupied by households in the qualifying populations. Units that are not restricted to occupancy by qualifying populations are subject to income targeting and rent requirements established under the

HOME-ARP Rental Program rules and are only permitted in projects with rental units restricted for occupancy by qualifying populations.

HUD recognizes that, because many households in the qualifying populations are unable to pay rents sufficient to cover unit operating costs, PJs and project owners should attempt to obtain Federal or state project-based rental subsidies, if available. Since project-based rental subsidies can be difficult to secure, additional flexibility may be necessary to structure and underwrite projects so that they remain both affordable and financially viable. HUD is providing PJs with additional flexibilities in [Section VI.B.](#) to structure and underwrite HOME-ARP rental projects so they remain financially viable during the minimum compliance period. One of these flexibilities is permitting up to 30 percent of HOME-ARP rental housing units funded by a PJ to be occupied by low-income households. PJs are encouraged to use this flexibility only when it is required to facilitate development of a HOME-ARP rental project. PJs must determine and document that households meet the definition of a qualifying population or, for the portion of HOME-ARP rental units not restricted to these populations, that households are low-income.

C. Preferences Among Qualifying Populations, Referral Methods, and Subpopulations

1. Preferences

ARP establishes the qualifying populations that are eligible for assistance with HOME-ARP funds. A PJ may establish reasonable preferences among the qualifying populations to prioritize applicants for HOME-ARP projects or activities based on the PJ's needs and priorities, as described in its HOME-ARP allocation plan. For example, a PJ may set a preference among qualifying individuals and families for a HOME-ARP non-congregate shelter for individuals and families who are homeless; fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; and veterans and families with a veteran family member that meet the criteria of one of these prior qualifying populations, consistent with its HOME-ARP allocation plan.

The PJ must comply with all applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in [24 CFR 5.105\(a\)](#) when applying preferences through its referral methods. Persons who are eligible for a preference must have the opportunity to participate in all HOME-ARP activities of the PJ in which they are eligible under this Notice, including activities that are not separate or different, and cannot be excluded because of any protected characteristics or preferential status.

Targeted assistance: If HOME-ARP funds are used for TBRA, the PJ may establish a preference for individuals with special needs or persons with disabilities among the HOME-ARP qualifying populations. Within the qualifying populations, participation may be limited to persons with a specific disability only, if necessary, to provide effective housing, aid, benefit, or services that would be as effective as those provided to others in accordance with [24 CFR 8.4\(b\)\(1\)\(iv\)](#). The PJ may also provide a preference for a specific category of individuals with disabilities (e.g., persons with HIV/AIDS or chronic mental illness) within the qualifying

populations only if the specific category is identified in the PJ's HOME-ARP allocation plan as having unmet need and the preference is needed to narrow the gap in benefits and services received by such persons.

2. Referral Methods for Projects or Activities

A PJ may use the referral methods described below to administer HOME-ARP assistance to qualifying individuals and families. Regardless of the referral method used by the PJ, HUD holds the PJ responsible for determining and documenting that beneficiaries meet the definition of a qualifying population or, for the portion of HOME-ARP rental units not restricted to qualifying populations, that beneficiaries are low-income.

A PJ may use the coordinated entry or coordinated entry process (CE) of a continuum of care (CoC) for referrals for projects and activities as described below. Under 24 CFR 578.3, a CE is a centralized or coordinated process designed to coordinate program participant intake assessment and provision of referrals within a defined area. HUD requires each CoC to establish and operate a CE with the goal of increasing the efficiency of local crisis response systems and improving fairness and ease of access to resources, including mainstream resources. A PJ may permit a CoC CE to collect information and documentation required to determine whether an individual or family meets the criteria of a HOME-ARP qualifying population at any point in the coordinated entry process, (i.e., after or concurrently with the assessment and intake processes) as long as that information is not used to rank a person for HOME-ARP assistance other than as specified by the preferences or method of prioritization established by the PJ, in accordance with HOME-ARP requirements. If the PJ uses CE, the PJ cannot require HOME-ARP victim service providers to use the CE but may permit them to do so.

The PJ must comply with all applicable nondiscrimination and equal opportunity laws and requirements listed in [24 CFR 5.105\(a\)](#) and any other applicable fair housing and civil rights laws and requirements when using the following referral methods:

i. Use of Expanded CE in HOME-ARP

Under this referral method, a PJ may use a CE established by a CoC operating within its boundaries for one or more projects or activities if the CE accepts all HOME-ARP qualifying populations eligible for those activities or projects, in accordance with the preferences and prioritization, if any, established or approved by the PJ in its HOME-ARP allocation plan and imposed through the PJ's written agreements.

Before using a CoC's CE, PJs should consider whether the CE covers the same service area as the HOME-ARP project or activity that would use that CE. At a minimum, the PJ must establish policies and procedures that describe the relationship of the geographic area(s) served by the project or activity to the geographic area(s) covered by the CoC CE and address how the CE will provide access and implement uniform referral processes in situations where a project's geographic area(s) is broader than the geographic area(s) covered by the CE.

The PJ must require a project or activity to use CE along with other referral methods (as provided in section ii below) or to use only a project/activity waiting list (as provided in section iii below) if:

1. the CE does not have a sufficient number of qualifying individuals and families to refer to the PJ for the project or activity;
2. the CE does not include all HOME-ARP qualifying populations; or,
3. the CE fails to provide access and implement uniform referral processes in situations where a project's geographic area(s) is broader than the geographic area(s) covered by the CE.

ii. Use of CE with Other Referral Methods

The PJ may use a CoC CE with additional referrals from outside organizations or project-specific waiting lists consistent with HOME-ARP requirements. If using this referral method, the PJ must establish or approve any preferences or prioritization criteria applied by a CoC CE or other referral sources. The PJ may also use a waiting list to receive referrals from a CoC CE and other referral agencies for a project or activity, where a CoC CE or referral agency refers an applicant that is placed on the waiting list for that project or activity in chronological order.

If applicable, a PJ must establish policies and procedures for applying a PJ's established preferences and method of prioritization, if any, when accepting direct referrals from a CoC CE and other referral agencies and must document that such the policies and procedures were followed for each applicant served.

iii. Use of a Project/Activity Waiting List

The PJ may establish a waiting list for each HOME-ARP project or activity. All qualifying individuals or families must have access to apply for placement on the waiting list for an activity or project. Qualifying individuals or families on a waiting list must be accepted in accordance with the PJ's preferences, if any, consistent with this Notice or, if the PJ did not establish preferences, in chronological order, insofar as practicable.

3. Limiting Eligibility to Subpopulations

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

HOME-ARP rental housing or NCS may be limited to a specific subpopulation of a qualifying population identified in [Section IV.A.](#) of this Notice, so long as admission does not discriminate against any protected class under federal nondiscrimination laws in [24 CFR 5.105](#) (*e.g.*, the housing may be limited to homeless households and at risk of homelessness households,

veterans and their families, victims of domestic violence, dating violence, sexual assault, stalking or human trafficking and their families).

Recipients may limit admission to or provide a preference for HOME-ARP rental housing or NCS to households who need the specialized supportive services that are provided (e.g., domestic violence services). However, no otherwise eligible individuals with disabilities or families including an individual with a disability who may benefit from the services provided may be excluded on the grounds that they do not have a particular disability.

Consistent with the statutory authority under ARP, HOME-ARP NCS may be converted to permanent housing under the CoC program or used as shelters under the ESG program, when all program and fair housing and nondiscrimination requirements are met. As such, HOME-ARP NCS may need to limit eligibility to households that are homeless and/or at risk of homelessness if the shelter will be converted to permanent housing under the CoC program or used as an emergency shelter in the ESG program.

V. HOME-ARP ALLOCATION PLAN

PJs develop annual action plans as part of their application for HOME funding. To receive its HOME-ARP funds, a PJ must engage in consultation and public participation processes and develop a HOME-ARP allocation plan that meets the requirements established in this section of the Notice and submit it to HUD as a substantial amendment to its Fiscal Year 2021 annual action plan. HUD is using the waiver and alternative requirement authority provided by ARP to establish requirements for the HOME-ARP allocation plan in this Notice. The HOME-ARP allocation plan must describe how the PJ intends to distribute HOME-ARP funds, including how it will use these funds to address the needs of HOME-ARP qualifying populations. A PJ's HOME-ARP allocation plan must include:

- A summary of the consultation process and results of upfront consultation;
- A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reasons why;
- A description of HOME-ARP qualifying populations within the jurisdiction;
- An assessment of unmet needs of each qualifying population;
- An assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system;
- A summary of the planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations;
- An estimate of the number of housing units for qualifying populations the PJ will produce or preserve with its HOME-ARP allocation; and
- A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population.

All the above required elements of the HOME-ARP allocation plan shall be part of the FY 2021 annual action plan for purposes of the HOME-ARP program. Consequently, PJs are not required to amend their consolidated plans.

A. Consultation

Before developing its HOME-ARP allocation plan, a PJ must consult with agencies and service providers whose clientele include the HOME-ARP qualifying populations to identify unmet needs and gaps in housing or service delivery systems. In addition, a PJ should use consultation to determine the HOME-ARP eligible activities currently taking place within its jurisdiction and potential collaborations for administering HOME-ARP. This consultation will provide a basis for the PJ's strategy for distributing HOME-ARP funds for eligible activities to best meet the needs of qualifying populations. At a minimum, a PJ must consult with the CoC(s) serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities. State PJs are not required to consult with every PHA or CoC within the state's boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction. In its plan, a PJ must describe its consultation process, list the organizations consulted, and summarize the feedback received from these entities.

B. Public Participation

PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submitting the HOME-ARP allocation plan to HUD, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of no less than 15 calendar days. The PJ must follow its adopted requirements for "reasonable notice and an opportunity to comment" for plan amendments in its current citizen participation plan. In addition, PJs must hold at least one public hearing during the development of the HOME-ARP allocation plan prior to submitting the plan to HUD.

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- The amount of HOME-ARP funds the PJ will receive.
- The range of activities the PJ may undertake.

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing, when preparing the HOME-ARP allocation plan. In its plan, a PJ must describe its public participation process, including any efforts made to broaden public participation. In its plan, the PJ must also include a summary of comments and recommendations received through the public participation process and any comments or recommendations not accepted and the reasons why.

Throughout the HOME-ARP allocation plan public participation process, the PJ must follow its applicable fair housing and civil rights requirements and procedures for effective communication, accessibility and reasonable accommodation for persons with disabilities and providing meaningful access to participation by limited English proficient (LEP) residents that are in its current citizen participation plan as required by [24 CFR 91.105](#) and [91.115](#).

C. HOME-ARP Allocation Plan Requirements

The HOME-ARP allocation plan must describe the distribution of HOME-ARP funds and the process for soliciting applications and/or selecting eligible projects. The plan must also identify any preferences being established for eligible activities or projects. However, PJs are not required to identify specific projects that will be funded in the HOME-ARP allocation plan.

1. **Needs Assessment and Gaps Analysis:** A PJ must evaluate the size and demographic composition of qualifying populations within its boundaries and assess the unmet needs of those populations. In addition, a PJ must identify any gaps within its current shelter and housing inventory as well as the service delivery system. A PJ should use current data, including point in time count, housing inventory count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services. A PJ should identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing. A PJ must consider the housing and service needs of qualifying populations, including but not limited to:
 - Sheltered and unsheltered homeless populations;
 - Those currently housed populations at risk of homelessness;
 - Other families requiring services or housing assistance to prevent homelessness; and
 - Those at greatest risk of housing instability or in unstable housing situations.

A PJ should include data in its HOME-ARP allocation plan that describes the qualifying populations.

In addition, a PJ must include a narrative description that:

- Identifies the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions under HUD's definition of "other populations" as established in [Section IV.A.4.2.ii.G.](#) of this Notice.
 - Identifies the PJ's priority needs for qualifying populations; and,
 - Explains how the PJ determined the level of need and gaps in its shelter and housing inventory and service delivery systems.
2. **HOME-ARP Activities:** The HOME-ARP allocation plan must describe how a PJ will distribute HOME-ARP funds in accordance with its priority needs. The plan must describe the PJ's method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly. If the PJ will provide any portion of its HOME-ARP administrative funds to a subrecipient or contractor prior to HUD's acceptance of the PJ's HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ's entire HOME-ARP grant, the plan must identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ's HOME-ARP program.

PJs must indicate in the HOME-ARP allocation plan the amount of HOME-ARP funding that is planned for each eligible HOME-ARP activity type, including administrative and

planning activities. In addition, a PJ must demonstrate that any planned funding for nonprofit organization operating assistance, as described in [Section VI.F](#), nonprofit capacity building, and administrative costs is within HOME-ARP limits. PJs must also include a narrative description about how the characteristics of its shelter and housing inventory, service delivery system, and the needs identified in the PJ's gap analysis provided a rationale for its plan to fund eligible activities.

3. **HOME-ARP Production Housing Goals:** The HOME-ARP allocation plan must estimate the number of affordable rental housing units for qualifying populations that a PJ will produce or support with its HOME-ARP allocation. The plan must also include a narrative about the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs.
4. **Preferences:** The HOME-ARP allocation plan must identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project. For example, PJs may include a preference for:
 - homeless individuals and families as defined in the ESG and CoC programs;
 - individuals with special needs or persons with disabilities among qualifying individuals and families;
 - a specific category of qualifying individuals and families (e.g., chronically homeless as defined in [24 CFR 91.5](#)).

PJs are not required to describe specific projects to which the preferences will apply in the HOME-ARP allocation plan. However, a PJ must explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ's needs assessment and gap analysis. The PJ must also describe how it will still address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in a preference through the use of HOME-ARP funds.

Preferences cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in [24 CFR 5.105\(a\)](#). The PJ must comply with all applicable nondiscrimination and equal opportunity laws and requirements listed in [24 CFR 5.105\(a\)](#) and any other applicable fair housing and civil rights laws and requirements when establishing preferences or methods of prioritization.

5. **HOME-ARP Refinancing Guidelines:** If a PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, it must state its refinancing guidelines in accordance with [24 CFR 92.206\(b\)\(2\)](#). The guidelines must describe the conditions under which the PJ will refinance existing debt for a HOME-ARP rental project. At a minimum, the guidelines must:
 - Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity.

- Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.
 - State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - Specify whether the required compliance period is the minimum 15 years or longer.
 - State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.
6. **Substantial Amendments to the HOME-ARP Allocation Plan:** PJs must make a substantial amendment to the HOME-ARP allocation plan for changes in the method of distributing funds; to carry out an activity not previously described in the plan; or, to change the purpose, scope, location, or beneficiaries of an activity, including new preferences not previously described in the plan. In addition, the requirements for substantial amendments at [24 CFR 92.63](#) apply to the HOME-ARP allocation plan for insular areas. PJs are not required to make a substantial amendment to describe individual projects selected for funding if the eligible activity is included in the PJ's plan. PJs must make the proposed substantial amendment public and provide for a 15-day public comment period prior to submission. Upon completion of the public comment period, PJs must submit substantial amendments to HUD in accordance with the process for submitting the HOME-ARP allocation plan as described in [Section V.D.](#)
7. **Certifications and SF-424:** PJs must submit the required certifications in accordance with the requirements in this Notice, including the following:
- a. Affirmatively Further Fair Housing;
 - b. Uniform Relocation Assistance and Real Property Acquisition Policies Act and Anti-displacement and Relocation Assistance Plan;
 - c. Anti-Lobbying;
 - d. Authority of Jurisdiction;
 - e. Section 3; and,
 - f. HOME-ARP specific certification that a PJ will only use HOME-ARP funds consistent with ARP and the HOME-ARP Notice for eligible activities and eligible costs.

PJs must also submit the SF-424, SF-424B, and SF-424D with the HOME-ARP allocation plan.

D. Submission and Review Process

1. **HOME-ARP Submission and the eCon Planning Suite:** Upon completion of the HOME-ARP allocation plan, a PJ must submit the HOME-ARP allocation plan to HUD. To submit the HOME-ARP allocation plan, PJs must follow the process in IDIS to make an amendment to the Fiscal Year (FY) 2021 annual action plan. Once the FY 2021 annual action plan is reopened, a PJ must upload a Microsoft Word or PDF version of the plan as an attachment next to the "HOME-ARP allocation plan" option on the AD-26 screen (for

PJs whose FY. 2021 annual action plan is a Year 2-5 annual action plan) or the AD-25 screen (for PJs whose FY 2021 annual action plan is a Year 1 annual action plan that is part of the 2021 consolidated plan), unless instructed by HUD to follow a different submission procedure. PJs are not required to make any other edits to the FY 2021 annual action plan or applicable consolidated plan screens in the eCon Planning Suite. For more information on how to upload an attachment in the eCon Planning Suite, PJs can refer to the [eCon Planning Suite Desk Guide](#).

2. **HUD Review of the HOME-ARP Allocation Plan:** The PJ must submit its HOME-ARP allocation plan to HUD for review in accordance with [24 CFR 91.500](#), as revised by this Notice. Unless instructed otherwise by HUD, the HOME-ARP allocation plan is received by HUD when the SF-424 is submitted electronically, which means that it is uploaded in the eCon Planning Suite as an attachment on AD-25 or AD-26 screen, as applicable, and the action plan status is changed to “Submitted for Review.” HUD will review a PJ’s HOME-ARP allocation plan to determine that it is:

- Substantially complete, and
- Consistent with the purposes of ARP.

HUD may disapprove a PJ’s HOME-ARP allocation plan in accordance with [24 CFR 91.500\(b\)](#). HUD may also disapprove a HOME-ARP allocation plan or a portion of a plan if HUD determines that the plan is inconsistent with the purposes of ARP or substantially incomplete. A PJ’s plan is inconsistent with ARP if it allocates HOME-ARP funds for uses other than a HOME-ARP eligible activity, as described in this Notice. A PJ’s HOME-ARP allocation plan is substantially incomplete if:

- The PJ does not complete the required public participation or consultation or fails to describe those efforts in the plan;
- The PJ fails to include the required elements outlined in this Notice, including the amount of HOME-ARP funds for each eligible HOME-ARP activity type;
- The PJ fails to identify and describe the responsibilities of the subrecipient or contractor administering all of its HOME-ARP award, if applicable; or,
- HUD rejects the PJ’s HOME-ARP certification as inaccurate.

In accordance with section 105(c) of NAHA (42 U.S.C. 12705(c)) and [24 CFR 91.500\(a\)](#), if the PJ’s HOME-ARP allocation plan is not disapproved within 45 days, then the plan is deemed approved 45 days after HUD receives the plan, and HUD shall notify the PJ that the plan is accepted.

If HUD determines that the plan is substantially incomplete or that the plan is inconsistent with ARP, HUD will notify the PJ in writing with the reasons for disapproval, in accordance with [24 CFR 91.500\(c\)](#). If a PJ’s plan is disapproved, the PJ may revise or resubmit the plan for HUD review within 45 days after the first notification of disapproval. HUD will respond to accept or disapprove the resubmitted plan within 30 days of receiving the revisions or resubmission.

Once HUD notifies a PJ that the plan is accepted, the PJ must make the final HOME-ARP allocation plan available to the public in accordance with the same requirements in the PJ’s

current citizen participation plan that are followed to make the PJ's adopted consolidated plan and substantial amendments available to the public, including the availability of materials in a form accessible to persons with disabilities, and translated materials in different languages to accommodate LEP persons, upon request.

3. **HUD Review of the HOME-ARP Allocation Plan for Insular Areas:** In addition to the standards for review described in [Section V.D.2](#), HUD will review an insular area's HOME-ARP allocation plan in accordance with [24 CFR 92.62](#). If HUD cannot make a determination based on the information submitted that the HOME-ARP allocation plan complies with HOME-ARP allocation plan requirements, or if the eligible activities described in the plan are not within the insular area's management capability as demonstrated by past performance in housing and community development programs, HUD will notify the insular area within 30 days of receipt of the HOME-ARP allocation plan that supporting documentation is needed. The insular area will have a mutually agreed upon period to submit the necessary supporting information or to revise the eligible activities in its HOME-ARP allocation plan.

VI. ELIGIBLE ACTIVITIES

A. Administration and Planning

The PJ may expend, for payment of reasonable administrative and planning costs, up to 15 percent of its HOME-ARP allocation. Reasonable administrative and planning costs for the HOME-ARP program include:

1. Reasonable costs of overall HOME-ARP program management, coordination, monitoring, and evaluation. Such HOME-ARP costs include, but are not limited to, necessary expenditures for the following:
 - a. Salaries, wages, and related costs of the PJ's staff. If a PJ charges costs to this category, the PJ may either include the entire salary and related costs allocable to the HOME-ARP program of each person whose *primary* responsibilities with regard to the HOME-ARP program involves program administration assignments, or the prorated share of the salary, wages, and related costs of each person whose job includes *any* program administrative assignments. A PJ may only use one of these two methods. Program administration includes:
 - i. Developing systems and schedules for complying with HOME-ARP program requirements, including systems to prevent a duplication of benefits among beneficiaries of HOME-ARP activities;
 - ii. Developing interagency agreements and agreements with entities receiving HOME-ARP funds;
 - iii. Monitoring HOME-ARP activities for progress and compliance with HOME-ARP program requirements;
 - iv. Preparing HOME-ARP reports and other documents related to the HOME-ARP program for submission to HUD;

- v. Coordinating the resolution of audit and monitoring findings on HOME-ARP activities;
 - vi. Evaluating HOME-ARP program results against stated objectives in the HOME-ARP allocation plan, and
 - vii. Managing or supervising persons whose primary responsibilities with regard to the HOME-ARP program include such assignments as those described above.
 - b. Travel costs incurred for official business in carrying out the HOME-ARP program.
 - c. Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services.
 - d. Other costs for goods and services required for administering the HOME-ARP program, such as: rental or purchase of equipment, insurance, information systems necessary to track and implement beneficiaries of HOME-ARP activities in accordance with the requirements of this Notice, utilities, office supplies, and rental and maintenance (but not purchase) of office space.
 - e. Costs of administering HOME-ARP TBRA and HOME-ARP supportive services programs.
2. Staff and overhead costs of the PJ directly related to carrying out a HOME-ARP project, in accordance with [24 CFR 92.207\(b\)](#).
 3. The provision of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of projects being assisted with HOME-ARP funds.
 4. Activities to affirmatively further fair housing (AFFH) in accordance with 24 CFR 5.151 and the PJ's certification as required under this Notice and 24 CFR 5.152. The AFFH definition in HUD's Interim Final Rule entitled, "Restoring Affirmatively Furthering Fair Housing Definitions and Certifications" (86 FR 30779, June 10, 2021), as amended, at 24 CFR 5.151, and the AFFH certification requirement, at 24 CFR 5.152, available at <https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmatively-furthering-fair-housing-definitions-and-certifications>.
 5. Indirect costs may be charged to the HOME-ARP program under a cost allocation plan prepared in accordance with [2 CFR part 200, subpart E](#), as amended.
 6. Preparation of the HOME-ARP allocation plan as required in this Notice. Preparation includes the costs of public hearing, consultations, and publications.
 7. Costs of complying with the applicable Federal requirements in [24 CFR part 92, subpart H](#). Project-specific environmental review costs may be charged as administrative or project costs in accordance with [24 CFR 92.206\(d\)\(8\)](#) and is at the discretion of the PJ.

Funds available under the HOME-ARP appropriation for administration and planning may not be used to pay costs attributable to the regular HOME Program.

PJs may provide all or a portion of its HOME-ARP administrative funds to subrecipients and contractors that are administering activities on behalf of the PJ (e.g., CoC entity, other non-Federal entity), in accordance with the requirements in this Notice. However, from the obligation date of the HOME-ARP funds in the HOME-ARP Grant Agreement and prior to HUD's acceptance of the PJ's HOME-ARP allocation plan, a subrecipient or contractor to the PJ may only incur and expend HOME-ARP funds for eligible administrative and planning costs if the subrecipient or contractor is responsible for the use of the PJ's entire HOME-ARP award and has executed a HOME-ARP written agreement that complies with [24 CFR 92.504](#) and this [Notice](#). The PJ must also identify the subrecipient or contractor administering the PJ's entire HOME-ARP award and describe the subrecipient or contractor's responsibilities in the PJ's HOME-ARP allocation plan.

All costs must comply with the Cost Principles contained in subpart E of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR part 200](#), as amended (Uniform Administrative Requirements).

Once HUD obligates the HOME-ARP funds, as described in [Section VIII.C.2](#) of this Notice, the PJ may incur and expend up to 5 percent of its HOME-ARP allocation on eligible administrative and planning costs, as described in this section and [24 CFR 92.207](#). Before HUD's acceptance of the PJ's HOME-ARP allocation plan, the PJ is only permitted to incur and expend HOME-ARP funds on eligible administrative and planning costs.

If the PJ does not submit a HOME-ARP allocation plan or if the PJ's plan is not accepted within a reasonable period of time, as determined by HUD, all HOME-ARP administrative and planning costs incurred by the PJ will be ineligible costs and any HOME-ARP funds expended by the PJ must be repaid to the PJ's HOME Investment Trust Fund Treasury account, in accordance with guidance issued by HUD. Moreover, if the PJ's HOME-ARP allocation plan does not identify or include a description of the responsibilities of the subrecipient or contractor that is responsible for the PJ's entire HOME-ARP award, if applicable, the administrative and planning costs incurred or expended by the subrecipient or contractor will also be ineligible and any HOME-ARP funds expended by the PJ's subrecipient or contractor must be repaid to the PJ's HOME Investment Trust Fund Treasury account, in accordance with guidance from HUD.

B. HOME-ARP Rental Housing

HOME-ARP funds may be used to acquire, rehabilitate, or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations described in [Section IV.A](#) of this Notice ("**qualifying households**"). Unlike the regular HOME Program, which targets HOME-assisted rental units based on tenant income, 70 percent of all HOME-ARP units will admit households based only upon their status as qualifying households. This complicates the underwriting and operation of projects that include HOME-ARP units. As a result, the requirements for HOME-ARP rental housing provide significant flexibilities to enable HOME-ARP rental projects to remain

financially viable and affordable for the qualifying populations throughout the minimum compliance period.

Eligible HOME-ARP rental housing includes “housing” as defined at [24 CFR 92.2](#), including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME-ARP program. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing.

Developing financially feasible rental housing for qualifying households is challenging in the absence of project-based rental assistance. Most HOME-assisted rental projects rely on tenant rents to cover all or a portion of the debt service and project operating costs. Most HOME-ARP qualifying households will be unable to pay a rent that covers allocated debt service or operating costs, requiring PJs to use other techniques to determine that HOME-ARP units are affordable and that projects containing HOME-ARP units are sustainable throughout the minimum compliance period. PJs are encouraged to work with local PHAs and other state or local agencies to obtain project-based rental assistance for units funded with HOME-ARP. In the absence of such project-based rental assistance, the HOME-ARP units for qualifying households may require substantial capital investment through HOME-ARP and other Federal, state, local, or private sources to eliminate debt service on the units. ARP suspended the maximum per-unit subsidy limit for HOME-ARP units, enabling HOME-ARP funds to pay the entire cost to acquire, rehabilitate and/or construct the HOME-ARP rental units, eliminating the need for the HOME-ARP units to support debt. In mixed-income developments, revenue from market rate or higher income-restricted units may also provide an internal subsidy to cover a portion of the operating costs of HOME-ARP units.

To address these challenges and maintain affordability, HUD is using its HOME-ARP statutory authority to:

- Establish alternative rent requirements to [24 CFR 92.252\(b\)](#) and extend an owner’s ability to charge the maximum rent permissible under a rental assistance program (to units occupied by recipients of tenant-based rental assistance (e.g., Housing Choice Vouchers, HOME TBRA, HOME-ARP TBRA).
- Establish a minimum compliance period of 15 years for all HOME-ARP rental units irrespective of the amount of subsidy per unit or whether the units are acquired, rehabilitated, and/or newly constructed.
- Permit the use of HOME-ARP funds to provide ongoing operating cost assistance or capitalize a project operating cost assistance reserve to address operating deficits of the HOME-ARP units restricted for qualifying households during the compliance period.
- Allow not more than 30 percent of the total number of rental units assisted with HOME-ARP funds by the PJ to be restricted to households that are low-income as defined in [24 CFR 92.2](#) (“low-income households”). These units may only be located in projects containing HOME-ARP units restricted for qualifying households. The HOME-ARP rental units occupied by low-income households must operate under the regulations applicable to HOME rental units at [24 CFR 92.252](#) (i.e., be occupied by low-income

households and bearing a rent not greater than the lesser of a. the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or b. a rent equal to 30 percent of the adjusted income of a family with annual income at 65 percent of median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit).

1. **Targeting and Occupancy Requirements:** ARP requires HOME-ARP activities to primarily benefit households in the qualifying populations. To improve the feasibility and maintain the long-term viability of projects with HOME-ARP rental units for qualifying households, a PJ may invest HOME-ARP funds in units that are not restricted for occupancy solely for qualifying populations as described in this section. Specifically, participating jurisdictions must comply with the following requirements:
 - a. **Targeting:** HOME-ARP funds can only be invested in units restricted for qualifying households or low-income households as follows:
 - i. Not less than 70 percent of the total number of rental units assisted with HOME-ARP funds by the PJ must be restricted for occupancy by households that are qualifying households at the time of the household's initial occupancy; and,
 - ii. Not more than 30 percent of the total number of rental units assisted with HOME-ARP funds by the PJ may be restricted to low-income households. These rental units do not have to be restricted for occupancy by qualifying households, however rental units restricted to low-income households are only permitted in projects that include HOME-ARP units for qualifying households.
 - b. **Occupancy Requirements:**
 - i. **Qualifying Households.** Units restricted for occupancy by qualifying households must be occupied by households that meet the definition of a qualifying population at the time of admission to the HOME-ARP unit. A qualifying household after admission retains its eligibility to occupy a HOME-ARP rental unit restricted for qualifying populations, irrespective of the qualifying household's changes in income or whether the household continues to meet the definition of a qualifying population. As such, a unit restricted for a qualifying household remains in compliance with the HOME-ARP unit restriction as long as the unit is occupied by a qualifying household that met the definition of a qualifying population at the time of admission.
 - ii. **Low-Income Households.** At initial occupancy, units restricted for low-income households must be occupied by households that meet the definition of low-income in [24 CFR 92.2](#). If a tenant's income increases above the applicable low-income limit during the compliance period, the unit will be considered temporarily out of compliance. Noncompliance requires the PJ to take action in accordance with the rent and unit mix requirements in [Sections VI.B.15](#) and [VI.B.17](#) of this Notice, respectively.

2. **Eligible Activities:** A PJ may use HOME-ARP funds for acquisition, construction, and rehabilitation, including reconstruction as defined in [24 CFR 92.2](#), of affordable rental housing for qualifying and low-income households. Acquisition of vacant land or demolition must be undertaken only with respect to a particular housing project intended to provide HOME-ARP rental housing within the timeframes provided in [Section VI.B.](#) of this Notice. A HOME-ARP rental project must meet the definition of *project* in [24 CFR 92.2](#).

HOME-ARP funds may be used to assist one or more units in a project. Only the eligible development costs of the HOME-ARP units may be charged to the HOME-ARP program. Cost allocation in accordance with [24 CFR 92.205\(d\)\(1\)](#) is required if the assisted and non-assisted units are not comparable. After project completion, the number of HOME-ARP units in a project cannot be reduced. During the HOME-ARP minimum compliance period and prior to the end of the HOME-ARP budget period, a PJ may invest additional HOME-ARP funds to provide operating cost assistance but is prohibited from investing additional HOME-ARP funds for capital costs except within the 12 months after project completion. A qualifying household admitted to a HOME-ARP rental unit may still receive HOME-ARP supportive services or TBRA in accordance with the requirements in this Notice.

3. **Forms of Assistance:** The PJ may invest HOME-ARP funds in accordance with the eligible forms of assistance described in [24 CFR 92.205\(b\)](#). Each PJ has the right to establish the terms of assistance, subject to the HOME-ARP requirements described in this Notice.
4. **Minimum Amount of Assistance:** The minimum amount of HOME-ARP funds that must be invested in a rental housing project is \$1,000 times the number of HOME-ARP-assisted units in the project as established in [24 CFR 92.205\(c\)](#).
5. **Eligible Costs:** HOME-ARP funds may be used to pay for up to 100% of the following eligible costs associated with the acquisition, development, and operation of HOME-ARP rental units:
 - a. Development hard costs – defined in [24 CFR 92.206\(a\)](#).
 - b. Refinancing – the cost to refinance existing debt secured by a rental project that is being rehabilitated with HOME-ARP funds in accordance with [24 CFR 92.206\(b\)\(2\)](#) and the PJ's HOME-ARP refinancing guidelines, as stated in their HOME-ARP Allocation Plan.
 - c. Acquisition – the costs of acquiring improved or unimproved real property.
 - d. Related soft costs – defined in [24 CFR 92.206\(d\)](#).
 - e. Relocation costs – as defined in [24 CFR 92.206\(f\)](#), [24 CFR 92.353](#), and described in this Notice.
 - f. Costs relating to payment of loans – If the HOME-ARP funds are not used to directly pay a cost specified in this HOME-ARP rental housing section, but are used to pay off a

construction loan, bridge financing loan, or guaranteed loan, the payment of principal and interest for such loan is an eligible cost only if: (1) the loan was used for eligible costs specified in this HOME-ARP rental housing section, and (2) the HOME-ARP funds are part of the original financing for the project and the project meets the requirements of this Notice.

- g. *Operating Cost Assistance* – A PJ may pay ongoing operating cost assistance or capitalize an operating cost assistance reserve for HOME-ARP-assisted units restricted for occupancy by qualifying populations in a project where the PJ determines in its underwriting that the reserve is necessary to maintain the HOME-ARP units' long-term operational feasibility. However, HOME-ARP funds cannot be used for both a capitalized operating cost assistance reserve and ongoing payments for operating cost assistance during the minimum compliance period. The allowable amount of the reserve shall not exceed the amount determined by the PJ to be necessary to provide operating cost assistance for HOME-ARP units restricted for occupancy by qualifying populations for the 15-year HOME-ARP minimum compliance period.

The operating cost assistance reserve for HOME-ARP units for qualifying households must be held by the project owner in a separate interest-bearing account and sized, based on an analysis of projected deficits remaining after the expected payments toward rent by qualifying households are applied to the units' share of operating costs. Funds in a capitalized operating cost assistance reserve can only be drawn to address operating deficits associated with HOME-ARP units restricted for occupancy by the qualifying populations. A PJ must use the definition of operating costs in this Notice in its calculation of operating deficits to determine the amount of HOME-ARP funds needed for an operating cost assistance reserve or when providing operating cost assistance. Unexpended operating cost assistance reserve amounts remaining at the end of the minimum compliance period must be returned in accordance with [Section VI.B.24](#) of this Notice.

A PJ may provide operating cost assistance to a HOME-ARP rental project to cover an operating deficit associated with HOME-ARP units restricted for occupancy by qualifying households except for when an operating cost assistance reserve is already established for the project. Operating cost assistance committed to a project cannot be provided beyond the HOME-ARP budget period, as described in [Section VIII.C.4](#) of this Notice.

Operating costs include costs for administrative expenses, property management fees, insurance, utilities, property taxes, and maintenance of a unit that is designated as a HOME-ARP-assisted unit and required to be occupied by a qualifying household. . Operating costs must be reasonable and appropriate for the area, size, population(s) served, and type of project.

Project administrative expenses include payroll costs, which are gross salaries and wages paid to employees assigned to the property, including payroll taxes, employee compensation, and employee benefits; employee education, training, and travel; advertising; and general administrative costs which are costs for goods and services

required for administration of the housing, including rental or purchase of equipment, supplies, legal charges, bank charges, utilities, telephone/internet services, insurance, and other administrative costs that are reasonable and customary for the general administration of a rental unit occupied by qualifying populations. HOME-ARP permits the pro-rated staffing costs of a Resident Services Coordinator to be included in the operating costs allocated to a HOME-ARP unit for low-income or qualifying households if such costs are not already paid by another source. Typically, the role of a Resident Services Coordinator is to arrange community activities for residents and link residents to outside service agencies as needed.

A property management fee includes the total fee paid to a management agent by the owner for the day-to-day management of a HOME-ARP rental unit restricted for occupancy by qualifying populations. A management agent must cover its costs of supervising and overseeing operations of a HOME-ARP unit out of the fee they receive.

A reserve for replacement must be based on the useful life of each major system and expected replacement cost in a HOME-ARP project. Scheduled payments to a reserve for replacement of major systems included in the operating costs allocated to a HOME-ARP unit restricted for a qualifying household may be made from the operating cost assistance reserve. A reserve for replacement allocated to the HOME-ARP units may also be capitalized in the initial year of the minimum compliance period of the HOME-ARP units. HOME-ARP funds cannot be used to both capitalize a reserve for replacement and provide payments to the reserve for replacement from a capitalized operating reserve during the minimum compliance period.

Supportive services costs are not eligible operating costs of HOME-ARP units, however, qualifying households occupying HOME-ARP rental units may receive supportive services through the HOME-ARP supportive services eligible activity.

6. **Prohibited Activities and Fees:** HOME-ARP may not be used for any of the prohibited activities, costs or fees in [24 CFR 92.214](#), as revised by the Appendix to this Notice.
7. **HOME-ARP Funds and Public Housing:** HOME-ARP funds must be used in accordance with the requirements in [24 CFR 92.213\(a\)-\(c\)](#).
8. **Commitment:** The affordable housing requirements in the definition of *Commitment* in [24 CFR 92.2](#), including the provisions in (2) *Commit to a specific local project*, apply to rental housing units assisted with HOME-ARP funds. This includes but is not limited to the requirements that the PJ and project owner have an executed legally binding written agreement under which HOME-ARP assistance will be provided to the owner for an identifiable project for which all necessary financing has been secured, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within 12 months of the agreement date.
9. **Maximum Per-Unit Subsidy and Limitations on Costs:** The maximum per-unit subsidy established in NAHA does not apply to HOME-ARP units. PJs may pay up to 100 percent of the eligible and reasonable HOME-ARP costs allocated to a HOME-ARP unit, including

operating cost assistance associated with units restricted for occupancy by qualifying households. All costs paid by HOME-ARP funds must comply with the requirements of this Notice and the Cost Principles at [2 CFR part 200](#), subpart E of the Uniform Administrative Requirements, as amended.

- 10. Underwriting, Subsidy Layering:** Before the PJ can commit HOME-ARP funds to a project, it must evaluate the project to determine the amount of HOME-ARP capital subsidy and operating cost assistance necessary to provide quality affordable housing that meets the requirements of this Notice and is financially viable throughout the minimum 15-year HOME-ARP compliance period. The PJ must evaluate the project in accordance with underwriting and subsidy layering guidelines it has developed for HOME-ARP projects.

The PJ's project underwriting must include an in-depth review of underlying project assumptions, development sources and uses, and projected operating income and expenses, and the project's long-term financial viability to determine the project's need for HOME-ARP assistance while preventing over-subsidization of the project. HUD anticipates that project developers will rely on Low-Income Housing Tax Credit (LIHTC) financing, HOME funds, Housing Trust Fund grants, project-based vouchers, project-based rental assistance, operating cost reserves, state or local sources, or a combination of these and other resources to create a feasible HOME-ARP project and maintain compliance with HOME-ARP requirements. HOME-ARP units for qualifying households that do not receive a commitment of project-based vouchers or project-based rental assistance may require both deep capital subsidy and operating cost assistance to remain financially sustainable for the minimum 15-year HOME-ARP compliance period. However, the PJ, through its underwriting, must also determine that the HOME-ARP capital and operating subsidies do not result in over-subsidization of the project.

To secure HOME-ARP rental units for qualifying households, HOME-ARP funds may be invested in different types of projects, including permanent supportive housing, mixed-finance affordable housing, and market-rate projects. While the viability of the HOME-ARP units is the PJ's primary concern, it must not limit its underwriting analysis to the HOME-ARP units. The long-term viability of HOME-ARP units is contingent upon the financial health of the entire project. PJs must therefore take a holistic approach to underwriting that examines the overall feasibility of the entire project to determine that the property will be financially sustainable for the duration of the 15-year HOME-ARP compliance period.

For projects that will receive operating cost assistance through a capitalized operating cost assistance reserve or on-going operating cost assistance for a specific period, the on-going operating cost assistance or operating cost assistance reserve must be included in the underwriting. Unless placed into an operating cost assistance reserve, operating cost assistance committed to a project for a specific period cannot be provided beyond the budget period, as described in [Section VIII.C.4.](#) of this Notice. HOME-ARP units that have commitments for a form of project-based rental assistance must be underwritten with the projected rental assistance and not with operating cost assistance. An operating cost assistance reserve must be sized based on an analysis of projected operating deficits

remaining after the expected payments toward rent by qualifying households are applied to the HOME-ARP unit's share of operating costs. While a PJ may offer on-going project operating cost assistance instead of providing an operating cost assistance reserve, it may find this approach makes it more difficult to develop HOME-ARP units.

- a. *Underwriting and Subsidy Layering Guidelines*: PJs must develop standardized underwriting guidelines for HOME-ARP rental projects. These guidelines must provide for underwriting that accommodates and is appropriate for different types of projects. For example, a standard market analysis does not provide the necessary data for a project where 100% of the units are restricted as permanent supportive housing for qualifying populations. In contrast, if a mixed-income property relies on rental income from market-rate units to subsidize the operating costs of permanent supportive housing units for which little or no tenant-paid rental income is projected, then a market study confirming that the proposed market rents are achievable is needed to demonstrate the long-term financial viability of the project.

PJs with existing HOME rental underwriting standards may use these standards as the foundation for their HOME-ARP underwriting guidelines, but all PJs are required to develop and implement standardized underwriting guidelines for HOME-ARP that require the following:

- i. An examination of the sources and uses of funds for the project and a determination that costs are necessary and reasonable. In examining a project's proposed sources and uses, a PJ must determine the amount of HOME-ARP development subsidy required to fill the gap between other committed funding sources and the cost to develop the project.

A developer fee is a permitted development cost under the HOME-ARP program, but the PJ must review the fee and determine that it is reasonable. A PJ may set limits on the developer fee and other fees (e.g., asset management fee, property management fee) to be paid by HOME-ARP funds that differ from other funding sources (e.g., LIHTC underwriting standards).

- ii. An assessment of the current market demand for the proposed project.
 - (1) For HOME-ARP units for qualifying households, a market assessment is not required. Rather, the PJ can demonstrate that there is unmet need among qualifying populations for the type of housing proposed through their gap analysis, CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for permanent housing for the qualifying populations.
 - (2) For projects containing units restricted for occupancy by low-income households or market-rate households, the PJ must conduct a market assessment in accordance with [24 CFR 92.250\(b\)\(2\)](#). A third-party market assessment completed by the developer or another funder meets this requirement, but the PJ must review the assessment and provide a written, dated acknowledgement that it accepts the assessment's findings and conclusions. The market assessment and the PJ's written, dated

acknowledgement must be retained for recordkeeping purposes.

- iii. Review of and determination that the developer's experience and financial capacity are satisfactory based on the size and complexity of the project. When assessing the developer, the PJ must review, at minimum, prior experience with similar projects and the current capacity to develop the proposed project. When determining whether the developer has the financial capacity to undertake the project, the PJ should examine financial statements and audits to determine the developer's net worth, portfolio risk, pre-development funding, and liquidity.
- iv. Firm written financial commitments for the project.
- v. A careful review of the project's operating budget, including the basis for assumptions, projections of a project's net operating income, and reasonably expected changes in revenue and expenses during the minimum compliance period, to determine if any HOME-ARP-funded operating cost assistance is necessary and if applicable, an operating cost assistance reserve is sized appropriately. Operating income of the project must be sufficient to cover operating expenses throughout the minimum compliance period. For HOME-ARP units for qualifying households, the proforma or budget projections should include any anticipated ongoing operating cost assistance or draws from an operating cost assistance reserve, if applicable, that will offset operating deficits associated with those units to demonstrate sufficient operating support.
 - (1) If project-based vouchers or project-based rental assistance is or will be awarded, this analysis must include that rental assistance revenue because operating cost assistance cannot be used for units for qualifying households with project-based vouchers or project-based rental assistance.
 - (2) A PJ's underwriting standards may permit projects to generate reasonable net operating income throughout the minimum compliance period. However, HOME-ARP operating cost assistance may only be used to offset operating deficits, in accordance with the requirements of this Notice. Net operating income resulting from HOME-ARP operating cost assistance is not permitted and must be prohibited in the written agreement between the participating jurisdiction and the owner.
- vi. An assessment of the project's overall viability through the minimum compliance period based on the households (i.e., qualifying households, low-income households, market-rate households) it will serve.

11. Property Standards: HOME-ARP rental units must comply with all property standards applicable to rental projects required in [24 CFR 92.251](#) paragraphs (a) new construction, (b) rehabilitation projects, (c)(1) and (2) acquisition of standard housing, (e) manufactured housing, and (f) on-going property condition standards.

12. Determining Household Income: The PJ must require all HOME-ARP units to be restricted for eligible households (i.e., either qualifying or low-income households)

throughout the minimum compliance period. Qualifying households are eligible for admission to HOME-ARP rental units solely by meeting the definition of one of the qualifying populations (i.e., HOME-ARP does not impose income restrictions on units restricted for qualifying populations). If there is no income requirement in the qualifying population's definition, a PJ is not required to perform an initial determination of household income except as necessary to determine an affordable rental contribution by the qualifying household or to establish eligibility for another funding source in the unit that imposes income restrictions (e.g., LIHTC). Each subsequent year during the compliance period, starting 1 year after initial occupancy, the PJ must use the definition of annual income as defined in [24 CFR 5.609](#) to examine the income of qualifying households to determine the household's contribution to rent. For low-income households, the PJ must use the definition of annual income as defined in [24 CFR 5.609](#) to examine the household's income at initial occupancy and each subsequent year during the compliance period to determine the household's ongoing income eligibility and applicable rental contribution.

- a. *Qualifying populations*: For purposes of establishing the qualifying household's rental contribution after initial occupancy, a PJ must examine a HOME-ARP qualifying household's income using [24 CFR 92.203\(a\)\(1\)\(i\) or \(iii\)](#), starting 1 year after initial occupancy. Each year during the minimum compliance period, the owner must examine the household's annual income in accordance with any one of the options in [24 CFR 92.203\(a\)\(1\)](#) specified by the PJ. A project owner who re-examines household income through a statement and certification in accordance with [24 CFR 92.203\(a\)\(1\)\(ii\)](#), must examine the income of each household, in accordance with [24 CFR 92.203\(a\)\(1\)\(i\)](#), every sixth year of the compliance period. Otherwise, an owner who accepts the household's statement and certification in accordance with [24 CFR 92.203\(a\)\(1\)\(ii\)](#) is not required to examine the household's income unless there is evidence that the household's written statement failed to completely and accurately state information about the household's size or income.
- b. *Low-income Households*: In accordance with [24 CFR 92.252\(h\)](#), the income of each low-income household must be determined initially in accordance with [24 CFR 92.203\(a\)\(1\)\(i\)](#), and each year following the initial determination during the minimum compliance period in accordance with any one of the options in [24 CFR 92.203\(a\)\(1\)](#) specified by the PJ. An owner who re-examines household income through a statement and certification in accordance with [24 CFR 92.203\(a\)\(1\)\(ii\)](#), must examine the income of each household, in accordance with [24 CFR 92.203\(a\)\(1\)\(i\)](#), every sixth year of the minimum compliance period. Otherwise, an owner who accepts the household's statement and certification in accordance with [24 CFR 92.203\(a\)\(1\)\(ii\)](#) is not required to examine the household's income unless there is evidence that the household's written statement failed to completely and accurately state information about the household's size or income.
- c. *Households Assisted by Other Programs*: Notwithstanding paragraphs (a) and (b), if a family is applying for or living in a HOME-ARP-assisted rental unit, and the unit is assisted by a Federal or State project based rental subsidy then a PJ must accept a public housing agency, section 8 project owner, or CoC recipient or subrecipient's

determination of the family's annual income and adjusted income under that program's rules and does not need to obtain source documentation in accordance with [24 CFR 92.203\(a\)\(1\)](#) or calculate the annual income of the family. If a family is applying for or living in a HOME-ARP rental unit, and the family is assisted by a Federal tenant-based rental assistance program (e.g. housing choice vouchers) then a PJ may choose to accept the rental assistance provider's determination of the family's annual and adjusted income under that program's rules without need for review under [24 CFR 92.203\(a\)\(1\)](#).

13. Rent limitations: This Notice establishes rent limits for HOME-ARP units restricted for qualifying populations and for units that may be restricted for low-income households.

- a. *Units Restricted for Occupancy by Qualifying Households:* In no case can the HOME-ARP rents exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits on an annual basis.

Notwithstanding the foregoing, a unit that receives a Federal or state project-based rental subsidy and is occupied by a qualifying household that pays as a contribution to rent no more than 30 percent of the household's adjusted income, may charge the rent allowable under the Federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program). If a household receives tenant-based rental assistance, the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

The rent limits for HOME-ARP units for qualifying households include the rent plus the utility allowance established pursuant to [Section VI.B.13.d](#) of this Notice.

- b. *Rent limitations – low-income households:* HOME-ARP rental units occupied by low-income households must comply with the rent limitations in [24 CFR 92.252\(a\)](#) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent of the income of a family at 65 percent of median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit). Notwithstanding the foregoing, when a household receives a form of Federal tenant-based rental assistance (e.g., housing choice vouchers), the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rent subsidy allowable under the rental assistance program). The rent limits for low-income households apply to the rent plus the utility allowance established pursuant to [Section VI.B.13.d](#) of this Notice.
- c. *Rent limitations – Single Room Occupancy (SRO) Units:* A HOME-ARP rental project may consist of SRO units. For the purposes of HOME-ARP rental, a SRO unit is defined as a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities. A project's

designation as a SRO cannot be inconsistent with the building's zoning and building code classification.

If the SRO units have both sanitary *and* food preparation facilities, the maximum HOME-ARP rent is based on the zero-bedroom fair market rent. If the SRO unit has only sanitary facilities, the maximum HOME-ARP rent is based on 75 percent of the zero-bedroom fair market rent. The rent limits for SRO units must also include the utility allowance established pursuant to [Section VI.B.13.d](#) of this Notice.

- d. *Initial Rent Schedule and Utility Allowance:* The PJ must establish maximum allowances for utilities and services and update the allowances annually. The PJ may adopt the utility allowance schedule of the PHA.

The PJ must review and approve the HOME-ARP rents proposed by the owner, subject to the HOME-ARP rent limitations. For HOME-ARP units where the tenant is paying utilities and services (e.g., trash collection), the PJ must determine that the rent for the unit does not exceed the maximum rent minus the monthly allowance for utilities and services.

- 14. Tenant Contribution to Rent – Qualifying Households:** The PJ must determine that the qualifying household's contribution to rent is affordable to the qualifying household based on a determination of the household's income. If the household is receiving project-based or tenant-based rental assistance, the household cannot be required to contribute more towards rent than the amount permitted by the requirements of the applicable rental assistance program (See [Section VI.B.13.a](#) of this Notice). If a qualifying household is not receiving project-based or tenant-based rental assistance and cannot contribute any income toward rent, or the contribution is insufficient to cover the unit rent, the project owner may draw from the project's operating cost assistance reserve if projected rental revenue minus the operating costs of the unit results in a deficit. If an operating cost assistance reserve was not capitalized at project completion:

- The PJ may provide ongoing HOME-ARP operating cost assistance to cover the operating deficits associated with units occupied by qualifying households, subject to the requirements in this Notice.
- The qualifying household may receive HOME-ARP TBRA to remain housed in the HOME-ARP rental unit or the PJ may offer, in conjunction with a qualifying household's admittance into a HOME-ARP rental unit, a simultaneous award of supportive services to the qualifying household in accordance with [Section VI.D](#) of this Notice. Any provision of supportive services must comply with all requirements of [Section VI.D](#) of the Notice and the PJ's policies and procedures.
- Operating cost assistance, HOME-ARP TBRA, and supportive services funds committed to a project cannot be provided beyond the budget period for the HOME-ARP funds, as described in [Section VIII.C.4](#) of this Notice.

- 15. Changes in Income and Over-income Households:**

A household that met the definition of one of the HOME-ARP qualifying populations at initial occupancy and whose annual income at the time of income re-certification is above

50 percent of median income for the area but at or below 80 percent of the median income for the area must pay the rent specified in [24 CFR 92.252\(a\)](#).

HOME-ARP-assisted units restricted for low-income households continue to qualify as HOME-ARP rental housing despite a temporary noncompliance caused by increases in the incomes of existing households if actions satisfactory to HUD are taken so that all vacancies are filled in accordance with HOME-ARP requirements until the noncompliance is corrected.

A qualifying or low-income household that is not low-income at the time of income recertification (i.e., whose income is above 80 percent of the median income for the area) must pay rent that complies with the over income regulatory requirements at [24 CFR 92.252\(i\)\(2\)](#), which includes requirements applicable to HOME units that also have LIHTC restrictions.

- 16. Unit Designation:** The PJ must determine the number of HOME-ARP units in the project restricted for qualifying households and low-income households, respectively, and whether the units are fixed or floating units at the time of project commitment. The total number of HOME-ARP rental units restricted for occupancy by qualifying households and the total number of HOME-ARP rental units restricted for low-income households must be identified as separate totals in the written agreement. In a project containing HOME-ARP and other units, the PJ must designate fixed or floating HOME-ARP units in accordance with [24 CFR 92.252\(j\)](#). The PJ must maintain this unit mix throughout the compliance period.
- 17. Maintaining Unit Mix:** At the time of admission to a HOME-ARP rental unit, a household must meet the definition for at least one qualifying population or be determined to be a low-income household, depending on the applicable HOME-ARP restriction on the rental unit to which it is being admitted and in accordance with the written agreement.

For HOME-ARP rental units restricted for occupancy by qualifying populations, a household that meets the definition of a qualifying population at the time of admission retains its eligibility to occupy a HOME-ARP rental unit restricted for occupancy by qualifying populations, irrespective of changes in income or whether the household continues to meet the definition of a qualifying population after initial occupancy. As an example, a household that qualifies as “Homeless” at admission does not meet the Homeless definition once the household occupies a HOME-ARP unit but remains a qualifying household and is eligible to remain in a HOME-ARP rental unit restricted for qualifying populations. Income determinations for qualifying households are therefore only for purposes of establishing a qualifying household’s rental contribution as described in [Section VI.B.15](#) of this Notice and not for maintaining continued eligibility in the HOME-ARP program. In a project with floating units, PJs are encouraged but not required to shift the HOME-ARP qualifying population designation to another unit to serve another qualifying household if the household’s income subsequently is certified to be at or above 80 percent AMI and the household no longer meets the definition of any qualifying population.

For HOME-ARP rental units restricted for occupancy by low-income households, units will be considered temporarily out of compliance if the household's income increases above 80 percent of area median income. The requirements for correcting any noncompliance using vacancies or redesignation of units depends on whether the HOME-ARP rental units are fixed or floating and whether other funding sources (e.g., LIHTC) impose income or other restrictions on the units. Please note, in accordance with the requirements in 24 CFR 92.253 and in [Section VI.B.19.c](#), an increase in a tenant's income does not constitute good cause to evict or refuse to renew a tenant's lease, regardless of program requirements associated with other funding sources such as LIHTC. In addition, compliance with unit restrictions for low-income households requires adjustment of rents as described in [Section VI.B.15](#) of this Notice.

- 18. Minimum Compliance Period:** HOME-ARP-assisted units must comply with the requirements of this Notice for a minimum period of 15 years, irrespective of the amount of HOME-ARP funds invested in the project or the activity being undertaken. A PJ may impose a longer compliance period but should plan for the project's financial feasibility for the longer period without HOME-ARP funds. The PJ may not use HOME-ARP funds to provide operating cost assistance, including a capitalized operating cost assistance reserve, to cover deficits during a PJ's extended compliance period.

If a project-based rental assistance Housing Assistance Payments (HAP) contract is awarded to a HOME-ARP rental project, a PJ must impose a minimum compliance period that is the greater of 15 years or the term of the HAP contract. PJs are also encouraged to extend restrictions for occupancy of the HOME-ARP units in accordance with the requirements in this section to match the term of eligible HAP contract renewals.

The provisions at [24 CFR 92.252\(e\)\(1\)-\(4\)](#) apply, including the requirement that the PJ must impose the HOME-ARP rental requirements through a deed restriction, covenant running with the land, legally binding agreement restricting the use of the property and recorded on the property in accordance with State recordation laws, or other mechanisms approved by HUD. The chart providing minimum affordability periods based on rental housing activity that is contained in 24 CFR 92.252(e) does not apply. The enforceable restriction must provide that units assisted with HOME-ARP comply with the requirements of this Notice throughout the minimum 15-year compliance period, including:

- a. Units restricted for qualifying populations must be occupied by households that met the definition of a qualifying population at the time of initial occupancy. The household's contribution toward rent during this period must be affordable in accordance with [Section VI.B.14](#) of this Notice. The rents for these units must comply with the rent limitations established in this Notice, including the rent provisions specified in [24 CFR 92.252\(i\)\(2\)](#) for households whose income increases above 80 percent of area median income and whose contribution to rent complies with the requirements in [Section VI.B.15](#).
- b. Units available for low-income households must be continuously occupied by households who are income eligible. The rents for these units must comply with the rent

limitations established in this Notice, including the rent provisions specified in [24 CFR 92.252\(i\)\(2\)](#) for households whose income increases above 80 percent of area median income.

- c. The units must comply with the ongoing property condition standards of [24 CFR 92.251\(f\)](#) throughout the compliance period as demonstrated by an on-site inspection within 12 months of project completion and an on-site inspection at least once every three years thereafter as required by [24 CFR 92.504](#).
- d. Each household that occupies a HOME-ARP unit has an executed lease that complies with the tenant protections required in [Section VI.B.19](#) of this Notice.

19. Tenant Protections: PJs must verify that each household that occupies a HOME-ARP assisted unit has an executed lease that complies with the tenant protection requirements of this Notice. The lease must be either be between the project owner and the household or between the project owner and a HOME-ARP sponsor with a sublease between the qualifying household and HOME-ARP sponsor. A HOME-ARP sponsor is a nonprofit organization that provides housing or supportive services to qualifying households and facilitates the leasing of a HOME-ARP rental unit to a qualifying household or the use and maintenance of HOME-ARP TBRA by a qualifying household. PJs may permit a HOME-ARP sponsor to lease a HOME-ARP unit from an owner or execute a master lease with the owner of a HOME-ARP project for HOME-ARP units restricted for occupancy by qualifying households. The HOME-ARP sponsor may then sublease the HOME-ARP rental unit to the qualifying household. The sublease between the HOME-ARP sponsor and the qualifying household must comply with the rent limitations and tenant protection requirements of this Notice.

- a. *Lease Requirement:* There must be a lease between the qualifying household or the low-income household and the owner of the HOME-ARP-assisted project in accordance with [24 CFR 92.253\(a\)](#), except that a sublease is permitted if a HOME-ARP sponsor has executed a master lease or lease with the project owner for the leasing of the units restricted for occupancy by qualifying households.
- b. *Prohibited Lease Terms:* The lease between the low-income household, qualifying household, or HOME-ARP sponsor and the HOME-ARP project owner or the sublease between the HOME-ARP sponsor and a qualifying household may not contain any of the prohibited lease terms specified in [24 CFR 92.253\(b\)](#).
- c. *Termination of tenancy:* An owner may not terminate the tenancy or refuse to renew the lease of a tenant of a HOME-ARP unit or of a HOME-ARP sponsor with a sublease with a qualifying household except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws; or for other good cause. Similarly, a HOME-ARP sponsor may not refuse to renew a sublease with a qualifying household except for serious or repeated violation of the terms and conditions of the sublease; for violation of applicable Federal, State, or local laws; or for

other good cause. An increase in the tenant's or sublessee's income does not constitute good cause.

In addition, if HOME-ARP funds were or are used to capitalize an operating cost assistance reserve or there is a current contract for the PJ to provide operating cost assistance to the project, an owner may not terminate the tenancy or refuse to renew the lease of a qualifying household because of the household's inability to pay rent during the minimum compliance period. A qualifying household's inability to pay rent shall mean that the qualifying household cannot pay more than 30 percent of the qualifying household's income toward rent, based on an income determination made by the PJ in the last 30 days.

Where there is no capitalized operating reserve or other operating cost assistance to cover the operating deficit for a HOME-ARP unit occupied by a qualifying household, the PJ may assist the qualifying household with HOME-ARP TBRA or supportive services in accordance with the requirements of this Notice.

The above tenant protections are necessary as HOME-ARP requires the PJ to perform underwriting that reviews the operating feasibility of units occupied by qualifying households for the 15-year compliance period to determine how HOME-ARP funds may address the potential for qualifying households to have little to no income to contribute toward rent.

To terminate or refuse to renew tenancy for any household occupying a HOME-ARP unit, the owner must serve written notice upon the tenant (and the HOME-ARP sponsor if the lease is between an owner and HOME-ARP sponsor) at least 30 days before termination of tenancy, specifying the grounds for the action. In the case of a sublease, to terminate or refuse to renew tenancy of a qualifying household, the HOME-ARP sponsor, in accordance with the policy established by the PJ, must notify the PJ in advance of serving written notice to the qualifying household and must serve written notice upon the qualifying household at least 30 days before termination of tenancy, specifying the grounds for the action.

20. Coordinated Entry and Project-Specific Waitlists: In accordance with [Section IV.C](#) of this Notice, PJs must determine whether an owner may use a CoC's CE, a CoC's CE and other referral sources, or a project-specific waitlist, to select qualifying households for HOME-ARP units restricted for occupancy by qualifying populations. PJs will make this determination on a project-by-project basis. Regardless of which method is selected, in all cases, the PJ must use a project-specific waitlist when selecting households to occupy units restricted for occupancy by low-income households. Any preferences among qualifying households must be disclosed in the HOME-ARP allocation plan through the PJ's public participation process in accordance with [Section V.C.](#) of this Notice. The written agreement between the PJ and the project owner must specify the method the owner must use for selecting qualifying households for admission to HOME-ARP units.

- a. The owner of a HOME-ARP rental project must adopt and follow written tenant selection policies and criteria for HOME-ARP units that:

- i. Limits eligibility to households that meet one of the HOME-ARP qualifying populations definitions or low-income households in accordance with HOME-ARP requirements; Preferences for households in one or more of the HOME-ARP qualifying populations must comply with the PJ's preferences and the PJ's policies and procedures for applying those preferences, if any, and must not violate nondiscrimination requirements in [24 CFR 92.350](#).
 - ii. Do not exclude an applicant with a voucher under the section 8 Housing Choice Voucher Program ([24 CFR 982](#)), or an applicant participating in HOME, HOME-ARP or other Federal, state or local tenant-based rental assistance program because of the status of the prospective tenant as a holder of such a certificate, voucher, or comparable tenant-based assistance document;
 - iii. Limits eligibility or gives a preference to a particular qualifying population or segment of the qualifying population if permitted in its written agreement with the participating jurisdiction (and only if the limitation or preference is described in the participating jurisdiction's HOME-ARP allocation plan). A preference for households in one or more of the HOME-ARP qualifying populations must comply with the PJ's determined preference(s) and the PJ's policies and procedures for applying the preference(s), if any;
 - iv. Any limitation or preference must not violate nondiscrimination requirements in [24 CFR 92.350](#). If the PJ requires the use of a project-specific waitlist to select qualifying households and/or low-income households for occupancy of HOME-ARP units, provide for the selection of households from a written waiting list in the chronological order of their application, insofar as is practicable;
 - v. Gives prompt written notification to any rejected applicant of the grounds for any rejection; and,
 - vi. Complies with the VAWA requirements as described in [24 CFR 92.359](#).
- b. *Project-Specific Waitlist – Low-Income Households*: A project owner must use a project-specific waitlist to select households to occupy units restricted for occupancy by low-income households in accordance with the tenant selection requirements of [24 CFR 92.253\(d\)](#).

21. Project Completion and Occupancy: HOME-ARP rental projects must meet the definition of project completion at [24 CFR 92.2](#). If the PJ fails to complete a project within 4 years of project commitment, it must comply with the terminated project requirements at [24 CFR 92.205\(e\)\(2\)](#). If the HOME-ARP units are not occupied by eligible qualifying households or low-income households within six months following project completion, the PJ, as applicable, must submit to HUD information on its efforts to coordinate with a CoC, homeless service providers, social service, and other public agencies to fill units for qualifying households or must submit marketing information and, if appropriate, a marketing plan to fill units for low-income households. The PJ must repay any HOME-ARP funds invested in units that are not rented to eligible qualifying or low-income households within 12 months of project completion.

22. Penalties for Noncompliance: The PJ must repay HOME-ARP funds invested in rental housing that is terminated before completion or otherwise does not comply with initial or ongoing requirements of this Notice during the compliance period, as follows:

- a. If the noncompliance or termination occurs within the first 10 years of the compliance period, the PJ must repay the entire amount of HOME-ARP funds invested in the project.
- b. If the noncompliance or termination occurs in years 11 through 15, the repayment amount will be reduced by 20 percent for each year beyond the initial 10-years during which time the project was compliant.

Repayment of the HOME-ARP funds is not required if the project owner sells or transfers, either voluntarily or involuntarily, the HOME-ARP project during the compliance period if (1) the HOME-ARP restrictions remain, (2) the project and new project owner continues to comply with all HOME-ARP requirements, and (3) any HOME-ARP funds remaining in a project's operating cost assistance reserve or reserve for replacement remain with the project and convey upon sale or transfer of the project as a restricted operating cost assistance reserve or reserve for replacement subject to HOME-ARP Notice requirements.

23. Operating Cost Assistance Reserve - Management and Oversight: The PJ must require that any HOME-ARP funds expended for project operating cost assistance reserves are held by the project owner in a separate interest-bearing account. The PJ must require the project owner to request written approval from the PJ prior to disbursing funds from the project operating cost assistance reserve. The PJ must review each requested distribution from the operating cost assistance reserve, including supporting documentation, to determine that the distribution is reasonable and necessary to cover the operating deficit associated with HOME-ARP units occupied by qualifying households. The PJ must, no less than annually, review the operating cost assistance reserve account to determine that the account is appropriately sized based on the projected operating deficits of HOME-ARP units restricted for occupancy by qualifying households. The PJ may require the project owner to enter into a deposit account control agreement for the operating cost assistance reserve where the PJ must approve disbursements from the account.

24. End of Compliance Period and Return of Operating Cost Assistance Reserve: Any unexpended operating cost assistance reserve remaining at the end of the compliance period must be returned as follows:

- a. If the HOME-ARP rental project will continue to operate in accordance with the HOME-ARP requirements and serve qualifying households beyond the HOME-ARP 15-year compliance period as demonstrated by enforceable restrictions imposed by the PJ, the project can retain the operating cost assistance reserve amount to address any operating deficits associated with the HOME-ARP units occupied by qualifying households.
- b. If the HOME-ARP project will not continue to operate in accordance with the HOME-ARP requirements and serve qualifying households beyond the 15-year HOME-ARP compliance period and the HOME-ARP grant has expired or is closed out, the remaining operating cost assistance reserve funds must be deposited in the PJ's local HOME

account and recorded as HOME program income receipt in the Integrated Disbursement and Information System (IDIS) and used for eligible costs under [24 CFR part 92](#).

C. Tenant-Based Rental Assistance (TBRA)

HOME-ARP funds may be used to provide tenant-based rental assistance to qualifying households (“**HOME-ARP TBRA**”). In HOME-ARP TBRA, the PJ assists a qualifying household with payments to cover the entire or insufficient amounts that the qualifying household cannot pay for housing and housing-related costs, such as rental assistance, security deposits, and utility deposits. HOME-ARP TBRA assisted households may choose to rent a unit in a HOME-ARP rental project or any other eligible rental unit. HOME-ARP TBRA is a form of rental assistance that is attached to the household and not a particular rental unit. Therefore, the HOME-ARP TBRA assisted household may choose to move to another unit with continued HOME-ARP TBRA as long as the new unit meets the applicable property standards of this Notice. If a HOME-ARP TBRA assisted household chooses to move, the rental assistance contract terminates and a new rental assistance contract for the new unit will be executed according to HOME-ARP TBRA requirements. The HOME-ARP TBRA assisted household must notify the PJ before moving in order to receive continued HOME-ARP TBRA.

- 1. Tenant Selection:** Only individuals and families in the qualifying populations are eligible to receive HOME-ARP TBRA assistance. PJs must perform tenant selection in accordance with [Section IV.C](#) of this Notice. The PJ must select qualifying households for HOME-ARP TBRA in accordance with written tenant selection policies and criteria that are based on local housing needs established in the HOME-ARP allocation plan. The PJ must follow written tenant selection policies and criteria that:
 - a. Limit eligibility to households that meet one of the HOME-ARP qualifying populations definitions in accordance with HOME-ARP requirements. Preferences for households in one or more of the HOME-ARP qualifying populations, if any, must comply with the preferences and/or method of prioritization in the PJ’s HOME-ARP allocation plan and the PJ’s policies and procedures for applying such preferences, if any, and must not violate nondiscrimination requirements in [24 CFR 92.350](#).
 - b. If the PJ selects HOME-ARP TBRA applicants off a waiting list, it must provide for the selection of qualifying households from a written waiting list in accordance with the PJ’s preferences or method of prioritization in the chronological order of their application, insofar as is practicable.
 - c. Give prompt written notification to any rejected applicant of the grounds for any rejection, and
 - d. Comply with the VAWA requirements as described in [24 CFR 92.359](#).

Finally, the PJ may offer, in conjunction with HOME-ARP TBRA assistance, a simultaneous award of services in accordance with [Section VI.D](#) of this Notice, and also provide particular types of other nonmandatory services that may be most appropriate for persons with a special need or a particular disability. Any provision of supportive services must comply with all requirements of [Section VI.D](#) of the Notice and the PJ’s policies and procedures.

2. **Tenant Protections:** PJs must require and verify that there is an executed lease between the qualifying household that receives HOME-ARP TBRA and the owner of the rental unit or between the owner of the rental unit and a HOME-ARP sponsor with a sublease between the qualifying households and the HOME-ARP sponsor, in accordance with [24 CFR 92.253\(a\)](#). A HOME-ARP sponsor is a nonprofit organization that provides housing or supportive services to qualifying households and facilitates the leasing of a rental unit to a qualifying household or the use and maintenance of HOME-ARP TBRA by a qualifying household. PJs may permit a HOME-ARP sponsor, as defined in [Section VI.B.19](#), to execute a lease or master lease with a project owner. The HOME-ARP sponsor must then sublease a unit to a qualifying household. The lease between the qualifying household and the rental unit owner or the sublease between the HOME-ARP sponsor and the qualifying household cannot contain any of the prohibited lease terms specified in [24 CFR 92.253\(b\)](#).
3. **Eligible Costs:** Eligible costs under HOME-ARP TBRA include rental assistance, security deposit payments, and utility deposit assistance to qualifying households. HOME-ARP funds may be used to pay for up to 100% of these eligible costs. A PJ may use HOME-ARP TBRA funds to provide loans or grants to qualifying households for security deposits for rental units regardless of whether the PJ provides any other HOME-ARP TBRA assistance. The amount of funds that may be provided for a security deposit may not exceed the equivalent of two months' rent for the unit. Utility deposit assistance is an eligible cost only if rental assistance or a security deposit payment is provided. Costs of inspecting the housing are also eligible as costs of HOME-ARP TBRA. Administration of HOME-ARP TBRA is an eligible cost only if executed in accordance with general management oversight and coordination at [24 CFR 92.207\(a\)](#), except that the costs of inspecting the housing and determining the income eligibility of the family are eligible project costs under HOME-ARP TBRA.
4. **Ineligible Costs:** HOME-ARP TBRA may not be used to pay for the homebuyer program as defined at [24 CFR 92.209\(c\)\(2\)\(iv\)](#).
5. **Portability of Assistance:** A PJ may require the HOME-ARP TBRA assisted household to use HOME-ARP TBRA within the PJ's boundaries or may permit the household to use the assistance outside its boundaries pursuant to [24 CFR 92.209\(d\)](#).
6. **Term of Rental Assistance Contract:** The requirements at [24 CFR 92.209\(e\)](#) defining the term of the rental assistance contract for providing assistance with HOME funds are waived for HOME-ARP TBRA. The PJ must determine the maximum term of the rental assistance contract. The rental assistance contract continues until the end of the rental assistance contract term, as determined by the PJ, or until the lease or sublease is terminated, whichever occurs first. The term of the rental assistance contract may be renewed, subject to the availability of HOME-ARP funds. The term of the rental assistance contract must begin on the first day of the term of the lease or sublease. HOME-ARP TBRA funds cannot be used after the end of the budget period.
7. **Maximum Subsidy:** The PJ must establish policies for the allowable maximum subsidy, which may differ from the maximum subsidy requirements at [24 CFR 92.209\(h\)](#). PJs may

provide up to 100 percent subsidy for rent, security deposit payments, and utility bills. The PJ must also establish policies for determining any household contribution to rent based on a determination of the qualifying household's income.

8. **Rent Standard:** Consistent with [24 CFR 92.209\(h\)\(3\)](#), PJs must also establish a rent standard for HOME-ARP TBRA by unit size that is based upon local market conditions or the section 8 Housing Choice Voucher program under [24 CFR part 982](#). The PJ must determine whether the rent for a HOME-ARP TBRA household complies with the rent standard established by the PJ for the HOME-ARP program and must disapprove a lease if the rent does not meet the PJ's rent standard for HOME-ARP TBRA.
9. **Housing Quality Standards:** Housing occupied by a household receiving HOME-ARP TBRA must comply with all housing quality standards required in [24 CFR 982.401](#) (or successor inspection standards issued by HUD) unless the tenant is residing in a HOME or HOME-ARP unit, in which case the PJ may defer to initial and ongoing inspection standards.
10. **Program Operation:** The PJ may operate HOME-ARP TBRA itself or may contract with a PHA or other entity with the capacity to operate a rental assistance program. In either case, the PJ or entity operating the program must approve the lease. HOME-ARP TBRA may be provided through an assistance contract with (1) an owner that leases a unit to a qualifying household; (2) the qualifying household, or (3) an owner and the qualifying household in a tri-party contract. In the case of HOME-ARP TBRA provided in coordination with a HOME-ARP sponsor, as described below, the PJ may require that payments be made directly to the HOME-ARP sponsor that will make rental payments to the owner on behalf of the qualifying household or require payments directly to the owner of the unit.
11. **HOME-ARP TBRA with a HOME-ARP Sponsor:** HOME-ARP TBRA may be provided in coordination with a HOME-ARP sponsor. As defined in [Section VI.B.19](#), a HOME-ARP sponsor is a nonprofit organization that provides housing or supportive services to qualifying households and facilitates the leasing of a HOME-ARP rental unit to a qualifying household or the use and maintenance of HOME-ARP TBRA by a qualifying household. A HOME-ARP sponsor may make rental subsidy payments and a security deposit payment on behalf of a qualifying household. Under HOME-ARP TBRA, a qualifying household may reside in housing leased by a HOME-ARP sponsor if there is a sublease that complies with HOME-ARP lease requirements between the HOME-ARP sponsor and the qualifying household.
 - a. **Rental Assistance Contract:** There must be a rental assistance contract between the PJ and at least one of the following:
 - HOME-ARP sponsor;
 - Qualifying household; or
 - Owner of the housing.

Rental subsidy payments are made on behalf of the HOME-ARP TBRA household pursuant to a rental assistance contract. The rental assistance contract continues until the

lease is terminated or the term of the rental assistance contract expires (and is not renewed). Regardless of the role of the HOME-ARP sponsor, the HOME-ARP TBRA household has the right to continued HOME-ARP TBRA assistance if the household chooses to move from the unit. HOME-ARP TBRA funds cannot be used beyond the end of the HOME-ARP budget period.

The HOME-ARP sponsor may only receive the TBRA subsidy directly from the PJ on behalf of the qualifying household if the rental assistance contract is between the HOME-ARP sponsor and the PJ or the HOME-ARP sponsor and the PJ have entered into a written agreement as outlined below. The HOME-ARP sponsor must make rental subsidy payments to the owner on behalf of the qualifying household per the terms and conditions of the HOME-ARP TBRA contract or written agreement with the PJ. When the HOME-ARP TBRA assisted household moves to a new unit, the HOME-ARP sponsor is not required to continue its sponsor relationship with the HOME-ARP TBRA assisted household for the new rental unit but may do so with the consent of the HOME-ARP TBRA household.

The PJ must establish policies and procedures regarding termination of HOME-ARP TBRA assistance for qualifying households who are absent from the rental unit for a minimum of 60 days and where a HOME-ARP sponsor is leasing the rental unit and subleasing to the qualifying household or providing HOME-ARP TBRA rental subsidy payments on behalf of the household.

- b. Lease and Sublease: PJs must require and verify that each household that receives HOME-ARP TBRA assistance has an executed lease that complies with the tenant protection requirements of this Notice. The lease agreement may be between the project owner and the HOME-ARP TBRA household, or PJs may permit a HOME-ARP sponsor to execute a lease with an owner for an individual unit or a master lease for more than one unit restricted for occupancy by HOME-ARP TBRA households. If the lease agreement is between the HOME-ARP sponsor and owner, the HOME-ARP sponsor must execute a sublease agreement with a HOME-ARP TBRA household. The sublease between the HOME-ARP sponsor and the HOME-ARP TBRA household must meet the tenant protection requirements of this Notice.
- c. Written Agreement with HOME-ARP Sponsor: The PJ must enter into a written agreement with the HOME-ARP sponsor if the HOME-ARP TBRA rental assistance contract is not with the HOME-ARP sponsor and the HOME-ARP sponsor will receive the HOME-ARP TBRA subsidy directly from the PJ. The written agreement must specify the requirements for the HOME-ARP sponsor receiving the HOME-ARP TBRA subsidy on behalf of the qualifying household and the HOME-ARP sponsor's obligation to provide the HOME-ARP TBRA payment to the owner for the unit's required rent.

12. Project Completion: Project completion for a HOME-ARP TBRA project means the final drawdown has been disbursed for the project.

D. Supportive Services

HOME-ARP funds may be used to provide a broad range of supportive services to qualifying individuals or families as a separate activity or in combination with other HOME-ARP activities. Supportive services include: a) services listed in section 401(29) of the McKinney-Vento Homeless Assistance Act (“**McKinney-Vento Supportive Services**”)¹ (42 U.S.C. 11360(29)); b) homelessness prevention services, as described in [Section VI.D.3.](#) and [D.4](#) below; and c) housing counseling services.

1. **Eligible Program Participants:** Supportive services may be provided to individuals and families who meet the definition of a qualifying population under [Section IV.A](#) of this Notice and who are not already receiving these services through another program. Program participants in other HOME-ARP activities are eligible for supportive services under this Notice in accordance with policies and procedures developed by the PJ. These policies and procedures should identify the length of time that program participants may be served by HOME-ARP TBRA and/or HOME ARP rental housing before they will no longer be eligible as a qualifying population for purposes of this section.
2. **Client Selection:** HOME-ARP funds may only be used to provide supportive services to individuals or families that meet the definition of a qualifying population in [Section IV.A](#) of this Notice. PJs must develop policies and procedures for the selection of program participants for services under this section of the Notice that comply with [Section IV.C](#) and this section of this Notice.
3. **Eligible Supportive Services under HOME-ARP:** There are three categories specifically included as supportive services under HOME-ARP:
 - a. *McKinney-Vento Supportive Services:* McKinney-Vento Supportive Services under HOME-ARP are adapted from the services listed in section 401(29) of McKinney-Vento.
 - b. *Homelessness Prevention Services:* HOME-ARP Homelessness Prevention Services are adapted from eligible homelessness prevention services under the regulations at [24 CFR 576.102](#), [24 CFR 576.103](#), [24 CFR 576.105](#), and [24 CFR 576.106](#), and are revised, supplemented, and streamlined in [Section VI.D.4.c.i](#) below.
 - c. *Housing Counseling Services:* Housing counseling services under HOME-ARP are those consistent with the definition of housing counseling and housing counseling services defined at [24 CFR 5.100](#) and [5.111](#), respectively, except where otherwise noted. The requirements at [24 CFR 5.111](#) state that any housing counseling, as defined in [24 CFR 5.100](#), required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under [24 CFR part 214](#) to provide housing counseling, consistent with [12 U.S.C. 1701x](#).

¹ The Consolidated Appropriations Act, 2021 (P.L. 116-260) enacted changes that renumbered section 401(27) to (29) of McKinney-Vento.

HUD-approved Housing Counseling Agencies can be found on HUD’s website at:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc.

Program requirements and administration under [24 CFR part 214](#) apply to the provision of HOME-ARP Housing Counseling supportive services except those provisions related to current homeowners do not apply. Eligible HOME-ARP topics under Housing Counseling include but are not limited to the following examples:

Rental Housing Counseling Topics (24 CFR 214.300(e)(4))	Pre-Purchase Homebuying Topics (24 CFR 214.300(e)(1))	Homeless Services Topics (24 CFR 214.300(e)(5))
HUD rental and rent subsidy programs	Advice regarding readiness and preparation	Homeless assistance information regarding emergency shelter
Other federal, state, or local assistance	Federal Housing Administration insured financing	Other emergency services
Fair housing	Housing selection and mobility	Transitional housing
Rental search assistance	Housing search assistance	Referral to local, state, and federal resources (24 CFR 214.300(b)(2))
Landlord tenant laws	Fair housing and predatory lending	
Lease terms	Budgeting and credit	
Rent delinquency	Loan product comparison	
Referrals to local, state, and federal resources	Purchase procedures and closing costs	
	Referrals to local, state, and federal resources	

Housing Counseling surrounding the following topics are **ineligible** under HOME-ARP:

- Resolving or preventing mortgage delinquency, including, but not limited to default and foreclosure, loss mitigation, budgeting, and credit;
- Home maintenance and financial management for homeowners, including, but not limited to: Escrow funds, budgeting, refinancing, home equity, home improvement, utility costs, energy efficiency, rights and responsibilities of homeowners, and reverse mortgages.

In accordance with [24 CFR 214.300\(a\)\(2\)](#), housing counselors must establish an action plan for each participating qualifying individual or family. Additionally, as per [24 CFR](#)

[214.300\(c\)](#), housing counselors must also make reasonable efforts to have follow-up communications with participating qualifying individuals, when possible, to assure that the individual or family is progressing toward the housing goal established in the plan, to modify or terminate housing counseling, and to learn and report outcomes.

4. **Eligible Costs of Supportive Services for Qualifying Individuals and Families:** HOME-ARP funds may be used to pay eligible costs associated with the HOME-ARP supportive services activity in accordance with the requirements in this Notice. Eligible costs that may be paid using HOME-ARP funds are limited to only those identified in [Section VI.D.4.c](#) below. Any ineligible costs paid using HOME-ARP funds must be repaid in accordance with the requirements of this Notice.

HUD has used its discretion in ARP to include eligible costs for supportive services that are necessary to assist the qualifying populations, prevent homelessness, or to enable qualifying households to obtain and maintain housing. The list of eligible costs associated with McKinney-Vento Supportive Services and Homelessness Prevention Services is in [Section VI.D.4.c.i](#) of this Notice.

While all qualifying households are eligible to receive supportive services under this activity, the PJ must establish requirements for documenting eligible costs for an individual or family in a qualifying population (as defined in [Section IV.A](#) of this Notice) as McKinney-Vento supportive services, homelessness prevention services, or Housing Counseling.

If a person is homeless, then the person is eligible to be provided the supportive services as McKinney-Vento supportive services for the costs allowable in [Section VI.D.4.c](#) below. If a person is housed and the supportive services are intended to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing to achieve stability in that housing then the person is eligible for homelessness prevention services for the costs allowable in [Section VI.D.4.c.i](#) below. Housing Counseling services may be provided regardless of whether a person is homeless or currently housed.

PJs must document in their files which types of supportive services they wish to offer program participants. If PJs are using a supportive services provider, PJs must document in their written agreements with supportive service providers whether they are authorizing McKinney-Vento supportive services, homelessness prevention services, Housing Counseling services or some combination of the three. Only the supportive services that are authorized in the written agreement with the supportive service provider may be provided to program participants by that supportive service provider and only program participants that are eligible for those supportive services may be served. As such, supportive services providers must demonstrate through their documentation that the individuals served were eligible to receive the supportive services that were authorized under the written agreement in order for those costs to be eligible.

Consistent with the requirements in this section, the PJ may set a maximum dollar amount that a program participant may receive for each type of service described in [Section VLD.4.c.](#) below and may also set a maximum period for which a program participant may receive any of the types of assistance or services.

- a. *Oversight of Eligible Costs:* All supportive service costs paid for by HOME-ARP must comply with the requirements of this Notice, including requirements in [2 CFR part 200](#), subpart E, Cost Principles that require costs be necessary and reasonable. If a qualifying household is already receiving the same eligible supportive service or has been approved to receive the same service through another program or provider, the program participant does not have a need for the HOME-ARP service and the costs related to the service do not comply with the Cost Principles. The PJ is responsible for establishing requirements that allow a program participant to receive only the HOME-ARP services needed so there is no duplication of services or assistance in the use of HOME-ARP funds for supportive services. This may include the use of systems such as Homeless Management Information Systems in coordination with local supportive service providers, CoCs, and other nonprofit organizations.
- b. *Direct provision of services:* PJs contracting with service providers engaged directly in the provision of services under the HOME-ARP eligible supportive services categories, shall have written agreements or contracts that comply with the requirements of this Notice and, to the extent practicable, enter into agreements or contracts in amounts that cover the actual total program costs and administrative overhead to provide the services contracted.

If the services outlined in paragraph c. below are being directly delivered by the PJ or a subrecipient, the following costs are eligible project delivery costs for those services:

- the costs of labor or supplies and materials incurred by the PJ or subrecipient in directly providing supportive services to program participants.
- the salary and benefit packages of the PJ and subrecipient staff who directly deliver the services.

These project delivery costs must be attributable to the identifiable objective of the service delivered, otherwise they are administrative costs of the PJ or subrecipient.

- c. *Eligible Costs:*
 - i. *Eligible Costs for McKinney Vento Supportive Services and Homelessness Prevention Services:* Eligible costs for supportive services under either of these two categories include costs associated with the following services:
 - (A) *Child care:* The costs of child care for program participants, including providing meals and snacks, and comprehensive and coordinated developmental activities, are eligible. The child care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible. The following conditions also apply:

- Children must be under the age of 13 unless the children have a disability.
 - Children with a disability must be under the age of 18.
- (B) Education services: The costs of improving knowledge and basic educational skills are eligible costs including:
- Instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED).
 - Screening, assessment, and testing; individual or group instruction; tutoring; provision of books, supplies, and instructional material; counseling; and referral to community resources.
- (C) Employment assistance and job training: The costs of establishing and/or operating employment assistance and job training programs are eligible, including classroom, online and/or computer instruction, on-the-job instruction, services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to program participants in employment assistance and job training programs is also an eligible cost.
- Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates.
 - Services that assist individuals in securing employment consist of:
 - Employment screening, assessment, or testing;
 - Structured job skills and job-seeking skills;
 - Special training and tutoring, including literacy training and pre-vocational training;
 - Books and instructional material;
 - Counseling or job coaching; and
 - Referral to community resources.
- (D) Food: The cost of providing meals or groceries to program participants is eligible.
- (E) Housing search and counseling services: Costs of assisting eligible program participants to locate, obtain, and retain suitable housing are eligible. Services are:
- Development of an action plan for locating housing;
 - Housing search;
 - Tenant counseling;
 - Securing utilities;
 - Making moving arrangements;
 - Outreach to and negotiation with owners;
 - Assistance submitting rental applications and understanding leases;
 - Assessment of housing for compliance with HOME-ARP requirements for TBRA assistance in [Section VI.C](#) of this Notice and financial

assistance for short-term and medium-term rental payments provided under [Section VI.D.4.c.i.\(R\)](#) below;

- Assistance obtaining utilities; and
- Tenant counseling;
- Mediation with property owners and landlords on behalf of eligible program participants;
- Credit counseling, accessing a free personal credit report, and resolving personal credit issues; and
- Payment of rental application fees;
- Other Housing counseling costs, as defined in [24 CFR 5.100](#), funded with or provided in connection with grant funds must be carried out in accordance with [24 CFR 5.111](#).

Please Note: When PJs or subrecipients provide housing services to eligible persons that are incidental to a larger set of holistic case management services, these services do not meet the definition of Housing counseling, as defined in [24 CFR 5.100](#), and therefore are not required to be carried out in accordance with the certification requirements of [24 CFR 5.111](#).

- (F) Legal services: Eligible costs are the fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with a qualifying individual or family's ability to obtain and retain housing.
- Eligible subject matters are child support; guardianship; paternity; emancipation; legal separation; orders of protection and other legal remedies for victims of domestic violence, dating violence, sexual assault, human trafficking, and stalking; appeal of veterans and public benefit claim denials; landlord-tenant disputes; and the resolution of outstanding criminal warrants; landlord/tenant matters, provided that the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.
 - Legal services for immigration and citizenship matters and for issues related to mortgages and homeownership are ineligible. Retainer fee arrangements and contingency fee arrangements are prohibited.
 - Services may include client intake, receiving and preparing cases for trial, provision of legal advice, representation at hearings, and counseling.
 - Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the subrecipient is a legal services provider and performs the services itself, the eligible costs are the subrecipient's employees' salaries and other costs necessary to perform the services.

- (G) Life skills training: The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, dating violence, sexual assault, stalking, human trafficking, substance abuse, and homelessness are eligible. These services must be necessary to assist the program participant to function independently in the community. Life skills training includes:
- the budgeting of resources and money management, household management, conflict management, shopping for food and other needed items, nutrition, the use of public transportation, and parent training.
- (H) Mental health services: Eligible costs are the direct outpatient treatment of mental health conditions that are provided by licensed professionals.
- Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management.
 - Services are crisis interventions; counseling; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.
- (I) Outpatient health services: Eligible costs are the direct outpatient treatment of medical conditions when provided by licensed medical professionals including:
- Providing an analysis or assessment of a program participant's health problems and the development of a treatment plan;
 - Assisting program participants to understand their health needs;
 - Providing directly or assisting program participants to obtain and utilize appropriate medical treatment;
 - Preventive medical care and health maintenance services, including in-home health services and emergency medical services;
 - Provision of appropriate medication;
 - Providing follow-up services; and
 - Preventive and non-cosmetic dental care.
- (J) Outreach services: The costs of activities to engage qualified populations for the purpose of providing immediate support and intervention, as well as identifying potential program participants, are eligible.
- Eligible costs include the outreach worker's transportation costs and a cell phone to be used by the individual performing the outreach.
 - Costs associated with the following services are eligible: initial assessment; crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries; actively connecting and providing people with information and referrals to homeless and

mainstream programs; and publicizing the availability of the housing and/or services provided within the PJ's geographic area.

- (K) Substance abuse treatment services: Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. The costs include:
- Program participant intake and assessment;
 - Outpatient treatment;
 - Group and individual counseling
 - Drug testing;
 - Inpatient detoxification and other inpatient drug or alcohol treatment are ineligible.
- (L) Transportation: Eligible costs are:
- The costs of program participant's travel on public transportation or in a vehicle provided by the PJ or subrecipient to and from medical care, employment, childcare, or other services eligible under this Notice;
 - Mileage allowance for service workers to visit program participants and to carry out housing inspections;
 - The cost of purchasing or leasing a vehicle in which staff transports program participants and/or staff serving program participants;
 - The cost of gas, insurance, taxes, and maintenance for the vehicle;
 - The costs of PJ or subrecipient staff to accompany or assist program participants to utilize public transportation; and
 - If public transportation options are not sufficient within the area, the PJ may make a one-time payment on behalf of a program participant needing car repairs or maintenance required to operate a personal vehicle, subject to the following:
 - Payments for car repairs or maintenance on behalf of the program participant may not exceed 10 percent of the Blue Book value of the vehicle (Blue Book refers to the guidebook that compiles and quotes prices for new and used automobiles and other vehicles of all makes, models, and types);
 - Payments for car repairs or maintenance must be paid by the PJ or subrecipient directly to the third party that repairs or maintains the car; and
 - PJs or subrecipients may require program participants to share in the cost of car repairs or maintenance as a condition of receiving assistance with car repairs or maintenance.
 - The PJ must establish policies and procedures surrounding payments for the cost of gas, insurance, taxes, the one-time payment for car repairs or maintenance described above, and maintenance for vehicles of program participants. Such costs must be limited to program participants with the inability to pay for such costs and who, without such assistance, would not be able to participate in eligible services under this [Section VI.D.4.c.i.](#)

- (M) Case management: The costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant(s) are eligible costs. PJs and subrecipients providing these supportive services must have written standards for providing the assistance. Eligible costs are those associated with the following services and activities:
- Conducting the initial evaluation, including verifying and documenting eligibility, for individuals and families applying for supportive services;
 - Counseling;
 - Developing, securing, and coordinating services;
 - Using a centralized or coordinated assessment system that complies with the requirements of [Section IV.C](#) of the Notice;
 - Obtaining federal, State, and local benefits;
 - Monitoring and evaluating program participant progress;
 - Providing information and referrals to other providers;
 - Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, stalking, and human trafficking;
 - Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
 - Conducting re-evaluations of the program participant's eligibility and the types and amounts of assistance the program participant needs.
- (N) Mediation: HOME-ARP funds may pay for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.
- (O) Credit repair: HOME-ARP funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.
- (P) Landlord/Tenant Liaison: Costs of liaison services between property managers/owners and program participants are eligible HOME-ARP costs and may include:
- Landlord outreach;
 - Physical inspections and rent reasonable studies as needed to secure units;
 - Rental application fees and security deposits for clients, in accordance with the financial assistance costs requirements in [\(R\)](#);
 - Mediation services in [\(N\)](#) for housing issues that may arise between owner, property manager, or other residents and clients;

- Coordination or assistance with the provision of other HOME-ARP eligible services to assist clients to maintain permanent housing.
- (Q) Services for special populations: HOME-ARP funds may be used to provide services for special populations, such as victim services, so long as the costs of providing these services are eligible under this section. The term victim services means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, stalking, or human trafficking.
- (R) Financial assistance costs: HOME-ARP funds may be used to pay housing owners, utility companies, and other third parties for the following costs, as applicable:
- Rental application fees: Rental housing application fee that is charged by the owner to all applicants.
 - Security deposits: A security deposit that is equal to no more than 2 months' rent. This assistance is separate and distinct from the provision of financial assistance for First and Last Month's rent provided under this section and cannot be used to duplicate those costs.
 - Utility deposits: HOME-ARP funds may pay for a standard utility deposit or initiation fee required by the utility company or owner (if owner-paid utilities are provided) for all program participants for the following utilities:
 - Gas
 - Electric
 - Water
 - Sewer
 - Utility payments: HOME-ARP funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 24 months of utility assistance within any 3-year period.
 - Moving costs: HOME-ARP funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance under this section of the Notice and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

- First and Last month's rent: If necessary to obtain housing for a program participant, HOME-ARP funds may be used to make a pre-payment of the first and last month's rent under a new lease to the owner at the time the owner is paid the security deposit for the program participant's tenancy in the housing. This assistance must not exceed two month's rent and must be tracked for purposes of determining the total short- and medium-term financial assistance for rent that the program participant may receive. This assistance is separate and distinct from financial assistance for Security Deposits provided under this section and cannot be used to duplicate those costs.
- Payment of rental arrears: HOME-ARP funds may be used for a one-time payment for up to 6 months of rent in arrears, including any late fees or charges on those arrears, if necessary for the household to maintain their existing housing or, for those without housing, if necessary to remove a demonstrated barrier to obtaining housing.

(S) Short-term and medium-term financial assistance for rent: Subject to the following conditions, a PJ may provide a program participant with short-term or medium-term financial assistance for rent, provided that the total financial assistance provided, including any pre-payment of first and last month's rent as described above, does not exceed 24 months of rental payments over any 3-year period.

- Short-term means up to 3 months.
- Medium-term means more than 3 months but not more than 24 months.
- The PJ may make rental payments only to an owner with whom the PJ has entered into a financial assistance agreement for rental payment. The financial assistance agreement must set forth the terms under which rental payments will be provided, including the requirements that apply under this Notice. The financial assistance agreement must provide that, during the term of the agreement, the owner must give the PJ a copy of any notice to the program participant to vacate the housing unit or any complaint used under State or local law to commence an eviction action against the program participant. The owner must serve written notice upon the program participant at least 30 days before termination of tenancy specifying the grounds for the action. Each financial assistance agreement that is executed or renewed must comply with the requirements in [24 CFR 92.359](#).
- The PJ must make timely payments to each owner in accordance with the financial assistance agreement. The financial assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease. The PJ is solely responsible for paying late payment penalties that it incurs with non-HOME-ARP funds.
 - Rental payments cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under [24 CFR](#)

[part 888](#), and complies with HUD's standard of rent reasonableness, as established under [24 CFR 982.507](#).

- Each program participant receiving financial assistance for rental payments must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the financial assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. New leases must have an initial term of 1 year unless a shorter period is agreed upon by the program participant and owner. The lease requirements in [24 CFR 92.359](#) apply to this financial assistance.
- PJs must establish requirements to prevent the provision of short- or medium-term financial assistance for rent for the same period for which a program participant is receiving rental assistance or living in housing provided with ongoing assistance (such as project-based rental assistance or operating subsidies).
- If a program participant receiving financial assistance for short- or medium-term rental payments under this section meets the conditions for an emergency transfer under [24 CFR 5.2005\(e\)](#), HOME-ARP funds may be used to pay amounts owed for breaking a lease to effectuate an emergency transfer. These costs are not subject to the 24-month limit on rental payments.

Ineligible costs - Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public sources. Financial assistance also cannot be provided to a program participant who has been provided with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 USC 4601 et seq.) and its implementing regulations at [49 CFR part 24](#), or Section 104(d) of the Housing and Community Development Act of 1974 (42 USC 5304(d) and its implementing regulations at [24 CFR part 42](#), during the period of time covered by the replacement housing payments.

- ii. *Eligible Costs Associated with Housing Counseling under 24 CFR 5.100 and 5.111*: Costs associated with housing counseling services as defined at [24 CFR 5.100](#) and [5.111](#) are eligible under HOME-ARP. As homeowner assistance and related services are not eligible HOME-ARP activities, costs for the provision of services related to mortgages and homeownership to existing homeowners are also not eligible under HOME-ARP. If a program participant is a candidate for homeownership, costs associated with pre-purchase homebuying counseling, education and outreach are eligible under HOME-ARP. Eligible costs are those costs associated with the services listed in [24 CFR part 214](#) and include, but are not limited to:

- (A) Staff salaries and overhead costs of HUD-certified housing counseling agencies related to directly providing eligible housing counseling services to HOME-ARP program participants;
- (B) Development of a housing counseling workplan;
- (C) Marketing and outreach;
- (D) Intake;
- (E) Financial and housing affordability analysis;
- (F) Action plans that outline what the housing counseling agency and the client will do to meet the client's housing goals and that address the client's housing problem(s);
- (G) Follow-up communication with program participants.

5. Termination of assistance to program participants:

- a. *Termination of assistance:* The PJ may terminate assistance to a program participant who violates program requirements or conditions of occupancy or no longer needs the services as determined by the PJ. Termination under this section does not bar the PJ from providing further assistance at a later date to the same individual or family under this Notice.
- b. *Due process:* The PJ must establish policies and procedures for termination of assistance to program participants. In terminating assistance to a program participant, the PJ must provide a formal process that recognizes the rights of individuals receiving assistance under the due process of law. This process, at a minimum, must consist of:
 - i. Providing the program participant with a written copy of the program rules and the termination process before the participant begins to receive assistance;
 - ii. Written notice to the program participant containing a clear statement of the reasons for termination;
 - iii. A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and
 - iv. Prompt written notice of the final decision to the program participant.

During this process, the PJ must provide effective communication and accessibility for individuals with disabilities, including the provision of reasonable accommodations. Similarly, the PJ must provide meaningful access to persons with LEP.

- 6. Commitment:** For supportive services, commitment means that before disbursing any HOME-ARP funds to any entity, the PJ executed a legally binding written agreement that complies with HOME-ARP requirements with the contractor or subrecipient providing the supportive service (that includes the date of the signature of each person signing the agreement).
- 7. Policies and Procedures:** PJs must establish the following policies and procedures in compliance with this notice:

- a. Tenant selection procedures in accordance with [Section IV.C.2](#) and this section;
 - b. Eligibility of program participants in other HOME-ARP activities for supportive services under [Section VI.D.4.c.i](#) above including the length of time that program participants may be served by HOME-ARP TBRA and/or HOME ARP rental housing before they will no longer be eligible as a qualifying population for purposes of this section;
 - c. If the PJ chooses to set maximum amounts and/or maximum periods for assistance or services, the maximum dollar amount that a program participant may receive for each type of service described in [Section VI.D.4.c.i](#) above and/or maximum periods for which a program participant may receive any of the types of assistance or services under this section;
 - d. Documentation of eligible costs;
 - e. Requirements that allow a program participant to receive only the HOME-ARP services needed so there is no duplication of services or assistance in the use of HOME-ARP funds for supportive services;
 - f. Payments for the cost of gas, insurance, taxes, the one-time payment for car repairs or maintenance described above, and maintenance for vehicles of program participants;
 - g. Financial assistance for short-term and medium-term rental payments under this Notice, including requirements to prevent a duplication of rental or financial assistance provided to a program participant;
 - h. Housing stability case management; and
 - i. Termination of assistance to program participants.
8. **Project Completion:** Project completion for a HOME-ARP Supportive Services project means the final drawdown has been disbursed for the project.

E. Acquisition and Development of Non-Congregate Shelter

A non-congregate shelter (NCS) is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement. HOME-ARP funds may be used to acquire and develop HOME-ARP NCS for individuals and families in qualifying populations. This activity may include but is not limited to the acquisition of land and construction of HOME-ARP NCS or acquisition and/or rehabilitation of existing structures such as motels, hotels, or other facilities to be used for HOME-ARP NCS. HOME-ARP funds may not be used to pay the operating costs of HOME-ARP NCS. Consequently, PJs must consider the availability of ongoing operating funds for the HOME-ARP NCS so that the HOME-ARP NCS can remain viable through the restricted use period specified in this Notice.

During the restricted use period, HOME-ARP NCS may:

- Remain as HOME-ARP NCS in compliance with the requirements of this Notice.
- Be used as a non-congregate emergency shelter under the Emergency Solutions Grants (ESG) program (Subtitle B of title IV of the McKinney-Vento Homeless Assistance [Act](#)) (42 USC 11371 et seq.), in which case the non-congregate shelter must be operated in compliance with all requirements at [24 CFR part 576](#) that apply when ESG funds are provided for operating costs or essential services in the shelter. During any period for which ESG funds are provided, the applicable ESG requirements shall govern in the event of any conflict with HOME-ARP requirements.
- Be converted to permanent affordable housing according to the requirements established in [Section VI.E.11](#) of this Notice.
- Be converted to permanent housing as defined in Subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 USC 11381 et seq.) according to requirements of this Notice and [24 CFR part 578](#).

1. **Admission and Occupancy:** HOME-ARP NCS units may only be occupied by individuals or families that meet the criteria for one or more of the qualifying populations as defined in [Section IV.A.](#) of this Notice. Where applicable, occupancy of NCS units by qualifying populations must be in accordance with the requirements in [Section IV.C](#) of this Notice. The PJ must not allow qualifying populations to be charged occupancy fees or other charges to occupy a HOME-ARP NCS unit unless the PJ determines such fees and charges to be customary and reasonable and the charges comply with [24 CFR 578.77\(b\)](#).

To ensure that access to HOME-ARP NCS by qualifying populations is effectively integrated with other assistance and services, PJs are encouraged to incorporate each HOME-ARP NCS into the CE established by the CoC(s) for the area the NCS is funded to serve, provided that the CE is used in accordance with [Section IV.C](#) of this Notice. Whether or not packaged with NCS funding, HOME-ARP supportive services may also be provided as needed to qualifying individuals and families served by the HOME-ARP NCS in accordance with the requirements contained in [Section VI.D](#) of this Notice.

No individual or family may be denied admission to or removed from a HOME-ARP NCS unit on the basis or as a direct result of the fact that the individual or family is or has been a victim of domestic violence, dating violence, sexual assault, stalking, or human trafficking if the individual or family meets the criteria of one of the qualifying populations.

2. **Eligible Activities:** HOME-ARP funds may be used to acquire and/or rehabilitate or construct HOME-ARP NCS units to serve qualifying populations. Acquisition of vacant land or demolition of existing structures may be undertaken only as part of a HOME-ARP NCS project. HOME-ARP NCS units acquired and/or developed with HOME-ARP funds must meet the requirements of this Notice, i.e., be used as HOME-ARP NCS or used as emergency shelter under ESG for the restricted use period established in [Section VI.E.9](#) of this Notice.
3. **Eligible Costs:** HOME-ARP funds may be used for actual costs of acquiring NCS or developing HOME-ARP NCS as follows:

- a. Acquisition Costs: Costs to acquire improved or unimproved real property.
- b. Demolition Costs: Costs of demolishing existing structures for the purpose of developing HOME-ARP NCS.
- c. Development Hard Costs: Costs identified in [24 CFR 92.206\(a\)](#) to rehabilitate or construct HOME-ARP NCS units, except costs must be for meeting the physical standards established in [Section VI.E.7](#) of this Notice.
- d. Site Improvements: Costs to make improvements to the project site, including installation of utilities or utility connections, and the construction or rehabilitation of laundry, community facilities, on-site management, or supportive service offices.
- e. Related Soft Costs: Reasonable and necessary costs incurred by the PJ and owner associated with the financing, acquisition, and development of HOME-ARP NCS projects, including costs identified in [24 CFR 92.206\(d\)](#) with the following exceptions:
 - i. Costs to provide information services such as affirmative marketing to prospective homeowners and tenants are not eligible.
 - ii. Costs of funding an initial operating deficit reserve are not eligible.
 - iii. Costs of project-specific assistance to community housing development organizations, including technical assistance and site control loans or seed money loans as specified in [24 CFR 92.301](#) are not eligible.
- f. Replacement Reserve: Costs to capitalize a replacement reserve to pay the reasonable and necessary costs of replacing major systems and their components whose useful life will end during the restricted use period. Major systems include structural support, roofing, cladding, and weatherproofing, plumbing, electrical and HVAC. The costs of replacing major systems must be determined through a Capital Needs Assessment or documented in writing after an inspection by the PJ or PJ-selected contractor to assess the remaining useful life of major systems expected upon completion of the HOME-ARP NCS project. The costs of a replacement reserve must be included in the project budget in the written agreement along with a list of major systems to be replaced with the reserve and projected replacement schedule during the restricted use period (i.e., reserve for replacement analysis). Rehabilitation planned to be completed with HOME-ARP NCS reserve funds at a later date must be included in IDIS as a rehabilitation activity at initial commitment.

4. Prohibited Costs: HOME-ARP funds **may not** be used to:

- a. Pay any operating costs of a HOME-ARP NCS project.
- b. Provide additional HOME-ARP investment in a HOME-ARP NCS project during the restricted use period, except that additional HOME-ARP funds can be invested in the project up to one year after project completion in IDIS for eligible costs.

- c. Pay costs of a conversion of HOME-ARP NCS as described in [Section VI.E.11](#) of this Notice.
 - d. Provide non-Federal matching contributions required under any other Federal program.
 - e. Provide assistance for uses authorized under section 9 of the U.S. Housing Act of 1937 (42 U.S.C. 1437g) (Public Housing Capital and Operating Funds).
 - f. Provide assistance to eligible low-income housing under [24 CFR part 248](#) (Prepayment of Low-Income Housing Mortgages).
 - g. Pay for the acquisition of property owned by the PJ, except for property acquired by the PJ with HOME-ARP NCS funds, or property acquired in anticipation of carrying out a HOME-ARP NCS project.
 - h. Pay delinquent taxes, fees, or charges on properties to be assisted with HOME-ARP NCS funds.
 - i. Pay for any cost that is not eligible under this Notice.
5. **Commitment:** PJs must commit HOME-ARP funds before disbursing funds for a HOME-ARP NCS project. HOME-ARP funds are committed to a HOME-ARP NCS project when the PJ executes a legally binding written agreement that meets the requirements in this Notice.

If the project is an acquisition-only activity, the PJ may commit HOME-ARP funds if it reasonably expects the project will be operated as HOME-ARP NCS within 6 months of the date of acquisition. Acquisition-only HOME-ARP NCS projects may be performed when the PJ reasonably determines that the units acquired will not require rehabilitation to meet the property standards in [Section VI.E.7](#) of this Notice. If the project is not in active use as HOME-ARP NCS within 6 months of the acquisition, HUD may require the PJ to submit a schedule for placing the project into operation within a period determined by HUD or may require the PJ to repay the funds to its HOME-ARP Treasury Account.

For projects that will involve rehabilitation or new construction with or without acquisition, the PJ may commit HOME-ARP funds if it reasonably expects development to begin within 12 months of the date of commitment.

6. **Project Development Due Diligence:** HOME-ARP NCS projects must meet the requirements of this Notice for the restricted use period. Consequently, before awarding HOME-ARP funds to a HOME-ARP NCS project, PJs must determine that acquisition and/or development is financially feasible. The PJ is responsible for maintaining continued operation of the NCS in accordance with this Notice throughout the restricted use period. Therefore, the PJ must consider whether the HOME-ARP NCS project has secured or has a high likelihood of securing operating funding because operating costs cannot be paid with HOME-ARP.

PJs must assess HOME-ARP NCS projects, including a review of information from the owner and/or developer that demonstrates the project's financial feasibility throughout the restricted use period. Before awarding funds for HOME-ARP NCS, the PJ must:

- Require that the developer submit evidence of appropriate skills and experience related to the development of shelters or similar facilities.
- Require the owner to submit evidence of prior experience with operating shelters.
- Require an acquisition or development budget, timeline, and sources and uses statement for the acquisition and/or development of the project be submitted for review.
- Require the owner to submit a proposed operating budget, including secured sources for operating costs and any operating gap that will require additional assistance. If there is a gap in the operating budget, the PJ should require the owner to submit a plan for securing additional private, local, state, or Federal funding sufficient for successful operation of the project.

Before committing funds, PJs should also determine whether the owner intends to continue operating the project as HOME-ARP NCS or emergency shelter NCS under ESG for the entire full restricted use period or plans to convert the HOME-ARP NCS to permanent affordable housing or CoC permanent housing during the restricted use period, once the minimum use period for HOME-ARP NCS established in this section is completed. If a HOME-ARP NCS project owner intends to convert the project to CoC permanent housing or permanent supportive housing during the restricted use period, the PJ is encouraged to pursue partnership and leveraging opportunities with the CoC early in the planning stage of a HOME-ARP NCS project. In such instances, the PJ should consider the physical design needs of an eventual conversion in its evaluation of the HOME-ARP NCS project.

7. **Property and Habitability Standards:** HOME-ARP NCS projects must meet the minimum HOME-ARP property standards prior to occupancy and the HOME-ARP NCS ongoing property standards throughout the restricted use period as described in this Notice. An “acquisition only” project must meet the HOME-ARP NCS minimum property standards described in paragraph a. below at the time of acquisition. If the project requires rehabilitation or repair to meet the minimum property standards, the project is considered acquisition and rehabilitation irrespective of the source of funds used for the rehabilitation or repair and must meet the NCS rehabilitation standards in paragraph b. below. In addition, PJs must meet the standards required in this Notice for rehabilitation or new construction, as applicable. The PJ must determine that construction contracts and documents describe the work to be completed in adequate detail to establish a basis for inspection to determine that all work was completed to contracted specifications and that the project met the HOME-ARP NCS property standards. Project classification as rehabilitation or new construction is determined by the PJs local code requirements based on specific work to be completed. PJs may also choose to adopt a standard that exceeds the minimum standards described here. The written agreement must impose the HOME-ARP NCS property standards or the PJ's locally developed standards and require that the PJ or its representatives have access to the property to perform inspections during development and throughout the restricted use period.

- a. *Minimum HOME-ARP NCS Property Standards:* All HOME-ARP NCS units and common areas must meet all applicable State and local codes, ordinances, and requirements and the applicable provisions of HUD's Lead Safe Housing Rules at [24 CFR Part 35](#). In addition, all HOME-ARP NCS projects must meet the following minimum safety, sanitation, accessibility, and privacy standards:
- i. Must be structurally sound to protect occupants from the elements and not pose any threat to health and safety of the occupants.
 - ii. Must be accessible in accordance with section 504 of the Rehabilitation Act ([29 U.S.C. 794](#)) and implementing regulations at [24 CFR part 8](#); the Fair Housing Act ([42 U.S.C. 3601 et seq.](#)) and implementing regulations at [24 CFR part 100](#); and Title II of the Americans with Disabilities Act ([42 U.S.C. 12131 et seq.](#)) and implementing regulations at [24 CFR part 35](#), all as applicable.
 - iii. Must provide each individual or family with an acceptable, individual room to sleep which includes adequate space and security for themselves and their belongings.
 - iv. Must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of occupants.
 - v. Must have a water supply free of contamination.
 - vi. Must have in-unit sanitary facilities that are in proper operating condition and are adequate for personal cleanliness and the disposal of human waste.
 - vii. Must provide necessary heating/cooling facilities in proper operating condition.
 - viii. Must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances.
 - ix. Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.
 - x. Must provide one working smoke detector and one working carbon monoxide detector in each unit. All smoke and carbon monoxide detectors and alarm systems must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector and one carbon monoxide detector. There must also be a second means of exiting the building in the event of fire or other emergency.

Minimum HOME-ARP NCS Rehabilitation Standards: HOME-ARP NCS rehabilitation projects must meet all applicable State and local codes, ordinances, and requirements , or in the absence of such codes, International Residential Code or the International Building Code (as applicable), and must comply with the Lead Safe Housing Rule at [24 CFR Part 35](#). Additionally, PJs must consider the remaining useful life of major systems. PJs are encouraged to use a Capital Needs Assessment to determine the reasonable and necessary investment of HOME-ARP funding in rehabilitation projects and expected cost of ongoing replacement needs during the restricted use period. If HOME-ARP funding will capitalize a replacement reserve, the PJ must determine the remaining useful life of major systems through a Capital Needs Assessment or other PJ inspection documented in writing, in accordance with requirements for capitalized replacement reserve costs in [V.I.E.3](#).

Minimum HOME-ARP NCS New Construction Standards: HOME-ARP NCS projects that are newly constructed must meet all applicable State and local codes, ordinances, and requirements, or in the absence of such codes, the International Residential Code or the International Building Code (as applicable to the type of structure). HOME-ARP funds cannot be used to fund a replacement reserve for newly constructed HOME-ARP NCS.

- b. On-going Property Standards and Inspections: PJs must develop ongoing inspection procedures to verify that HOME-ARP NCS projects meet the minimum HOME-ARP NCS property standards established in this Notice throughout the restricted use period. A PJ's inspection procedures must require annual inspections that are applied consistently to all HOME-ARP NCS projects. When deficiencies are identified, a follow-up inspection to verify that deficiencies are corrected must occur within 6 months. The PJ may establish a list of non-hazardous deficiencies for which correction can be verified by third party documentation (e.g., paid invoice or work order) rather than reinspection. If life-threatening deficiencies exist, the owner or operator of the HOME-ARP NCS must correct such deficiencies immediately. In such instances, the PJ must re-inspect to verify the deficiency has been corrected within 14 days.

8. Project Completion: Project Completion for HOME-ARP NCS means:

- All necessary title transfer requirements and construction work has been performed;
- The project complies with the requirements of this Notice, including the HOME-ARP NCS property standards as evidenced by a final inspection;
- The project is actively operating as a HOME-ARP NCS;
- Final drawdown of HOME-ARP funds has been disbursed; and
- Project completion information is entered into IDIS.

All HOME-ARP NCS projects must be completed within 4 years of the date of commitment of the HOME-ARP funds based on the date of the last signature on the written agreement. If the PJ fails to complete a project within 4 years of project completion, it must comply with the terminated project requirements at [24 CFR 92.205\(e\)\(2\)](#). HOME-ARP NCS rehabilitation and new construction projects must begin operating as active shelters within 6 months after the date of completion of the construction work. If the HOME-ARP NCS project is not in use within 6 months, HUD may require the PJ to submit a schedule for placing the project into operation as an active shelter within a period determined by HUD or may require the PJ to repay the HOME-ARP funds to its HOME-ARP Treasury Account.

- 9. Restricted Use Period:** HOME-ARP NCS projects must comply with the requirements of this Notice for not less than the restricted use period specified in this Notice. PJs must impose the HOME-ARP NCS requirements through a deed restriction, covenant running with the land, legally binding agreement restricting the use of the property and recorded on the property in accordance with State recordation laws, or other mechanism approved by HUD. The use restriction should not identify that the property is prioritized for victims of domestic violence, dating violence, sexual assault, stalking or human trafficking. This use restriction must require that the property is operated as HOME-ARP NCS or non-congregate emergency shelter under ESG for the required restricted use period except that HOME-ARP

NCS projects may be converted to permanent affordable housing or CoC permanent housing after being operated as HOME-ARP NCS for the applicable minimum use period prior to conversion as described in [Section VI.E.11](#). If the HOME-ARP NCS is converted, the PJ must amend its use restriction to reflect the change in requirements for the remainder of the restricted use period.

The restricted use period begins at project completion as defined in [Section VI.E.8](#) of this Notice and must be imposed for at least the following periods:

- a. *New Construction*: Newly constructed HOME-ARP NCS units must be operated as HOME-ARP NCS units for qualifying populations for a restricted use period of 15 years, regardless of the amount of HOME-ARP funds invested in the project.
- b. *Rehabilitation*: HOME-ARP NCS units which receive any amount of HOME-ARP funds for rehabilitation but are not designated as new construction by the PJ's state or local building code requirements must be operated as HOME-ARP NCS units for qualifying populations for a restricted use period of 10 years.
- c. *Acquisition Only*: Units acquired for use as HOME-ARP NCS that do not require rehabilitation for occupancy must serve the qualifying populations for a restricted use period of 10 years.
- d. PJs may impose longer restricted use periods but must require the project remain financially viable for the extended period.

10. Return of Replacement Reserve: HOME-ARP funds may capitalize a replacement reserve for HOME-ARP NCS projects performing rehabilitation as described in [Section VI.E.3](#) of this Notice. Any unexpended HOME-ARP funds remaining in a project's replacement reserve at the completion of the restricted use period or upon conversion must be used or returned as follows:

- a. If the HOME-ARP NCS project will continue to operate in accordance with the HOME-ARP NCS requirements and serve qualifying households beyond the HOME-ARP NCS restricted use period demonstrated by enforceable restrictions imposed by the PJ in accordance with [Section VI.E.9](#), the project can retain the replacement reserve to pay reasonable and necessary costs of replacing major systems and their components.
- b. If the HOME-ARP NCS project will not continue to operate in accordance with the HOME-ARP NCS requirements because the NCS is being converted to either CoC permanent housing or permanent affordable housing as described in [Section VI.E.11](#) of this Notice and the HOME-ARP grant is still open, the remaining HOME-ARP funds in the replacement reserve must be returned to the PJ's HOME Investment Trust Fund Treasury account.
- c. If the HOME-ARP NCS grant has expired or is closed out, any remaining HOME-ARP funds in the replacement reserve must be deposited in the PJ's local HOME account,

recorded as a program income receipt in IDIS and used for eligible costs under [24 CFR part 92](#).

11. Conversion of Non-Congregate Shelter to Rental Housing: The ARP authorizes the conversion of HOME-ARP NCS units into permanent housing under subtitle C of title IV of McKinney-Vento or permanent affordable housing as described in this section, during the restricted use period. No HOME-ARP funds may be used for conversion. The written agreement between the PJ and the owner of the HOME-ARP NCS project must describe conversion as a possible outcome of the HOME-ARP NCS project; specify the conditions under which conversion will be permitted; and require that the PJ approve any conversion in advance.

- a. Minimum Use Period: All HOME-ARP NCS projects must be operated as NCS for a minimum period of time prior to conversion. The minimum use period prior to conversion varies based on the original HOME-ARP NCS eligible activity undertaken and the amount of funds invested in the project. If the HOME-ARP NCS project involves rehabilitation, the minimum use period prior to conversion is based on the total cost of the rehabilitation as a percentage of the total appraised value of the improved property. A larger investment for rehabilitation will require operation as HOME-ARP NCS for a longer minimum use period prior to conversion.
 - i. Acquisition Only: HOME-ARP NCS activities not requiring rehabilitation for occupancy must be operated as HOME-ARP NCS for no less than 3 years from project completion prior to conversion.
 - ii. Moderate Rehabilitation: Occurs when an NCS HOME-ARP project requires rehabilitation and the total rehabilitation expenditure from all sources of less than 75 percent of the total appraised value of the improved property. HOME-ARP NCS projects that receive moderate rehabilitation must be operated as HOME-ARP NCS for no less than 5 years from project completion prior to conversion.
 - iii. Substantial Rehabilitation: Occurs when an NCS HOME-ARP project requires rehabilitation and the total rehabilitation expenditure from all sources exceeds 75 percent of the total appraised value of the improved property. HOME-ARP NCS projects that receive substantial rehabilitation must be operated as HOME-ARP NCS for no less than 10 years from project completion before conversion.
 - iv. New Construction: Any HOME-ARP NCS project defined by the PJ's state or local code requirements as new construction must be operated as HOME-ARP NCS for no less than 10 years from project completion prior to conversion.

Requirements for conversions vary depending on the type of conversion, as follows:

- b. Permanent Affordable Housing: During the HOME-ARP NCS restricted use period but only after the HOME-ARP NCS minimum use period, a PJ may provide written approval to convert the project from HOME-ARP NCS to permanent affordable housing (e.g., affordable multifamily rental housing, transitional housing) in accordance with the requirements prescribed in the PJ's written agreement with the HOME-ARP NCS owner.

The converted permanent affordable housing project must meet the following requirements:

- i. Additional HOME-ARP Investment: The PJ is prohibited from investing additional HOME-ARP funds to pay for the cost of converting the project from HOME-ARP NCS to permanent affordable housing or to pay for operating the project as permanent affordable housing. However, the PJ must determine that adequate financial resources are committed to the project to bring it into compliance with the property standards of [Section VI.B.11](#) of this Notice and maintain the financial feasibility of the project to be operated as permanent affordable housing for the qualifying populations throughout the remaining restricted use period. If permitting conversion of HOME-ARP NCS into permanent affordable housing, a PJ must develop and evaluate the project in accordance with standardized underwriting guidelines for conversion. At minimum, the PJ's underwriting guidelines for conversion must include an examination of the sources and uses of funds for the conversion and a careful review of the project's operating budget, including the assumptions, projections, and reasonably expected increases in expenses throughout the minimum compliance period defined in the section below, to determine that the project will remain financially feasible to serve the qualifying populations for the remainder of the restricted use period.

The PJ may assist households living in affordable rental housing units in converted projects by providing HOME-ARP TBRA in accordance with [Section VI.C](#) of this Notice or financial assistance services in accordance with [Section VI.D.4.c.i.R.](#)

- ii. Minimum Compliance Period: The minimum compliance period for converted housing is the period that the housing must continue to comply with the requirements of this Notice and is equal to the balance of the HOME-ARP NCS restricted use period. A PJ may impose a longer compliance period but should plan for the project's financial feasibility for the longer period. The PJ may not use HOME-ARP funds to provide operating assistance, including a capitalized operating reserve, to cover deficits during the minimum or an extended compliance period.

The PJ must amend the use restriction for HOME-ARP NCS to reflect the conversion to permanent affordable housing. The provisions for imposing affordability requirements at [24 CFR 92.252\(e\)\(1\) through \(e\)\(4\)](#) apply to the amended use restriction. In addition, the amended use restriction for the permanent affordable housing must be enforceable to maintain compliance with the requirements of this Notice for the minimum compliance period, including the following:

- (1) The same number of units that were operated as HOME-ARP NCS for qualifying populations must be restricted for and must be occupied by households that meet the definition of a qualifying population at the time of initial occupancy of the permanent affordable housing. The household's contribution toward rent during this period must be affordable in accordance with [Section VI.E.11](#) of this Notice.

- (2) The units must comply with the ongoing property condition standards of [24 CFR 92.251\(f\)](#) throughout the minimum compliance period as demonstrated by an on-site inspection within 12 months of project completion and an on-site inspection at least once every three years thereafter as required by [24 CFR 92.504\(d\)\(ii\)](#).
 - (3) Each household that occupies a HOME-ARP assisted rental unit must have an executed lease that complies with the tenant protections required in [Section VI.B.18](#) of this Notice.
- iii. Property Standards: For the remaining restricted use period, the PJ must require that project owners maintain the housing as decent, safe and sanitary housing in good repair in accordance with the ongoing property condition standards of [24 CFR 92.251\(f\)](#) as demonstrated by an on-site inspection at least once every three years in accordance with [24 CFR 92.504\(d\)\(ii\)](#).
- iv. Tenant Contribution to Rent: The PJ must confirm that the qualifying household's contribution to rent is affordable to the household based on a determination of the household's income. If the household is receiving project-based or tenant-based rental assistance, it cannot contribute towards rent more than is permitted in accordance with the requirements of the applicable program. If a qualifying household cannot contribute to rent, or the contribution is insufficient to cover the unit rent, the PJ may provide HOME-ARP TBRA or supportive services to assist the qualifying household but may not provide operating cost assistance or fund an operating cost assistance reserve.
- v. Tenant Protections: Following conversion, each qualifying household that occupies a permanent affordable housing unit must have an executed lease or sublease that complies with the tenant protections requirements of this Notice.
 - (1) Lease Requirement: There must be a lease between the qualifying household and the owner of the permanent affordable housing project or, if there is a sublease with a qualifying household, a lease between a HOME-ARP sponsor and the owner in accordance with [24 CFR 92.253\(a\)](#).
 - (2) Prohibited Lease Terms: The lease between the qualifying household and the owner, lease between HOME-ARP sponsor and the owner, and sublease between a HOME-ARP sponsor and qualifying household may not contain any of the prohibited lease terms specified in [24 CFR 92.253\(b\)](#).
 - (3) Termination of tenancy: An owner may not terminate the tenancy or refuse to renew the lease of a qualifying household (or of a HOME-ARP sponsor with a sublease with a qualifying household) in a permanent affordable housing unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws, or for other good cause. An increase in the qualifying household's income does not constitute good cause.

To terminate or refuse to renew tenancy, the owner must serve written notice upon the qualifying household and the HOME-ARP sponsor if the lease is between an owner and HOME-ARP sponsor, specifying the grounds for the action at least 30 days before termination of tenancy. In the case of a sublease, to terminate or refuse to renew tenancy of a qualifying household, the HOME-ARP sponsor, in accordance with the policy established by the PJ, must notify the PJ in advance of serving written notice to the qualifying household and must serve written notice upon the qualifying household at least 30 days before termination of tenancy, specifying the grounds for the action.

- vi. Coordinated Entry and Project-Specific Waitlists: On a project-by-project basis, the PJ must use the method of tenant selection in [Section VI.B.19](#) of this Notice to select qualifying households for occupancy of permanent affordable housing.
- vii. Penalties for Noncompliance: The PJ must repay HOME-ARP funds invested in HOME-ARP NCS that was converted to permanent affordable housing if the permanent affordable housing does not comply with initial or ongoing requirements of this Notice during the compliance period.
- c. CoC Permanent Housing: During the HOME-ARP NCS restricted use period but only after the HOME-ARP NCS minimum use period, a PJ may permit the conversion of a HOME-ARP NCS project to permanent housing or permanent supportive housing under [24 CFR 578.43](#) (acquisition) and/or [24 CFR 578.45](#) (rehabilitation) of the CoC program regulations. Conversions may only occur in accordance with the requirements prescribed in the PJ's written agreement with the HOME-ARP NCS owner. If conversion is approved by the PJ, the HOME-ARP NCS use restrictions must remain in place until the project is approved for CoC funding and the required CoC restrictions are imposed on the property.

Conversion to CoC permanent housing or permanent supportive housing may serve the following eligible households as defined in [24 CFR 578.3](#), subject to any further eligibility conditions that may apply to the use of CoC Program funds to provide rental assistance in the housing or otherwise support the project:

- Chronically homeless individuals
- Homeless individuals or families

PJs are prohibited from investing additional HOME-ARP funds to pay for the cost of converting the project to CoC permanent housing or permanent supportive housing. The CoC designates eligible applicants for grant funds under [24 CFR Part 578](#), which includes nonprofit organizations, States, local governments, and instrumentalities of State or local governments. For-profit entities are not eligible to apply for CoC grants or to be subrecipients of grant funds. Consequently, if a HOME-ARP NCS project owner intends to convert the project to CoC permanent housing or permanent supportive housing during the restricted use period, the PJ is encouraged to pursue partnership and leveraging opportunities with the CoC early in the planning stage of a HOME-ARP NCS

project. Additionally, PJs may provide supportive services or HOME-ARP TBRA to qualifying households that must move because of the conversion. (See [Section VII.F.4.b](#) for more information on relocations involving shelter occupants).

F. Nonprofit Operating and Capacity Building Assistance

A PJ may use up to 5 percent of its HOME-ARP allocation to pay operating expenses of CHDOs and other nonprofit organizations that will carry out activities with HOME-ARP funds. A PJ may also use up to an additional 5 percent of its allocation to pay eligible costs related to developing the capacity of eligible nonprofit organizations to successfully carry out HOME-ARP eligible activities.

PJs may award operating expense assistance or capacity building assistance to a nonprofit organization if it reasonably expects to provide HOME-ARP funds to the organization for any of the eligible HOME-ARP activities within 24 months of the award.

1. Eligible Costs

- a. *Operating Expense Assistance:* Operating expenses are defined as reasonable and necessary costs of operating the nonprofit organization. These costs include employee salaries, wages and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, materials, and supplies.

HOME-ARP funds used for operating expenses must be used for the “**general operating costs**” of the nonprofit organization. These operating costs must not have a particular final cost objective, such as a project or activity, or must not be directly assignable to a HOME-ARP activity or project. For example, HOME-ARP funds for operating expenses may *not* be used for staffing costs to provide supportive services or develop HOME-ARP rental housing (as operating costs to develop HOME-ARP rental housing are paid for by a developer fee which is a project delivery or soft cost). Because ARP does not permit any HOME-ARP funds to be used to operate a shelter, all costs related to operating a non-congregate shelter (e.g., allocable overhead and staffing costs, insurance, utilities) also cannot be paid with HOME-ARP funds.

The actual costs of implementing a specific activity or project, including staff costs to deliver supportive services or administer HOME-ARP TBRA, are considered HOME-ARP project delivery costs or project soft costs and are not eligible costs under Nonprofit Operating and Capacity Building Assistance. HOME-ARP project delivery costs are those allowable costs incurred for implementing and carrying out eligible HOME-ARP projects or activities, such as supportive services. All project delivery costs are allocable to a HOME-ARP project, including direct project and related delivery costs integral to developing the project or providing the activity. HOME-ARP project delivery costs may be paid, if eligible, by HOME-ARP funds provided under a written agreement for the activity or project and must not be paid with nonprofit operating expense or capacity building assistance.

- b. **Capacity Building Assistance:** Capacity building expenses are defined as reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully carry out eligible HOME-ARP activities. Eligible costs include salaries for new hires including wages and other employee compensation and benefits; costs related to employee training or other staff development that enhances an employee's skill set and expertise; equipment (e.g., computer software or programs that improve organizational processes), upgrades to materials and equipment, and supplies; and contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.
2. **Limitations on Assistance:** NAHA and the HOME regulations limit the amount of operating expense assistance that an organization can receive annually. ARP extends this limitation to the capacity building assistance paid with HOME-ARP funds.
- In any fiscal year, operating assistance provided to a nonprofit organization may not exceed the greater of 50 percent of the general operating expenses of the organization, as described above, for that fiscal year or \$50,000.
- In any fiscal year, capacity building assistance provided to a nonprofit organization may not exceed the greater of 50 percent of the general operating expenses of the organization, as described above, or \$50,000.
- If an organization receives both operating assistance and capacity building assistance in any fiscal year, the aggregate total amount of assistance it may receive is the greater of 50 percent of the organization's total operating expenses for that fiscal year or \$75,000.
- To implement the above limitations on assistance, HUD has established separate fund types in IDIS for operating expense assistance and capacity building assistance. This will facilitate accurate tracking and ensure that PJs do not exceed the limits established in NAHA and ARP.
3. **Commitment of Operating Expense and Capacity Building Assistance:** A PJ commits operating expense assistance or capacity building assistance when it enters into a legally binding agreement with the nonprofit organization to provide the assistance.

VII. OTHER FEDERAL REQUIREMENTS

HOME-ARP funds are federal financial assistance and, therefore, are subject to requirements applicable to such funds. PJs must comply with the following requirements: [24 CFR part 92, subpart H](#), 92.352 – Environmental review; 92.353 – Displacement, relocation, and acquisition; and 92.355 – Lead-based paint.

A. Other Federal Requirements and Nondiscrimination

The requirements in [24 CFR 92.350](#) apply to the HOME-ARP program. PJs must comply with the Federal requirements set forth in [24 CFR part 5, subpart A](#), including: nondiscrimination and equal opportunity; disclosure requirements; debarred, suspended or ineligible contractors; drug-free work; and housing counseling and the nondiscrimination requirements at section 282 of NAHA. The requirements in section 282 of NAHA are waived in connection with the use of HOME-ARP funds on lands set aside under the Hawaiian Homes Commission Act, 1920 (42 Stat. 108). PJs must also comply with the Violence Against Women Act (VAWA) requirements set forth in 24 CFR 92.359.

B. Affirmative Marketing and Minority Outreach

The requirements in [24 CFR 92.351](#) apply to HOME-ARP activities.

C. National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and Related Laws

The environmental requirements in [24 CFR 92.352](#) apply to eligible activities under this Notice. The environmental effects of each activity carried out with HOME-ARP funds must be assessed in accordance with the provisions of NEPA and the related authorities listed in HUD's implementing regulations at [24 CFR part 58](#). The applicability of the provisions of [24 CFR part 58](#) is based on the HOME-ARP project as a whole (i.e., all individual project activities, such as acquisition and rehabilitation, aggregated according to the requirements at [24 CFR 58.32](#)), not on the type of the cost paid with HOME-ARP funds. In accordance with the provisions in [24 CFR part 58](#), activities undertaken with HOME-ARP funds are subject to environmental review by a PJ or State recipient. The PJ or State recipient (referred to as the "Responsible Entity" or "RE") must assume responsibility for environmental review, decision making, and action for each activity that it carries out with HOME-ARP funds, in accordance with the requirements at [24 CFR Part 58](#). A state PJ must assume responsibility for approval of Requests for Release of Funds and Certification (RROF/C) submitted by State recipients.

No funds may be committed to a HOME-ARP activity or project before the completion of the environmental review and approval of the RROF/C, as applicable. Neither a HOME-ARP recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance on an activity or project until the environmental review has been completed and HUD or the state has approved the recipient's RROF/C from the RE as applicable. In addition, until the RROF/C have been approved, neither a HOME-ARP recipient nor any participant in the development process may commit non-HUD funds on or undertake a HOME-ARP activity or project if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Therefore, it is important for REs to begin and complete any required environmental reviews as soon as possible.

1. HOME-ARP TBRA and Supportive Services

HOME-ARP TBRA and supportive services as defined at [24 CFR 58.35\(b\)](#) are categorically excluded, not subject to the Federal laws and authorities at [24 CFR 58.5](#) (CENST) or exempt from review under NEPA. A RE may complete a single CENST review categorized under [24 CFR 58.35\(b\)](#) for their supportive services program or their HOME-ARP TBRA program where participants choose their own unit and are not restricted to units within a pre-determined specific project site or sites. There is no need to complete reviews for every unit selected by participants.

2. HOME-ARP Rental Housing

Acquisition of a structure to be used as HOME-ARP rental housing is categorically excluded, subject to the Federal laws and authorities referenced at [24 CFR 58.5](#) (CEST) under [24 CFR 58.35\(a\)\(5\)](#) (with the possibility of converting to exempt under [24 CFR 58.34\(a\)\(12\)](#)) if the structure acquired will be retained for the same use (e.g., residential). Rehabilitation of buildings for residential use with one to four units for HOME-ARP rental housing is CEST under [24 CFR 58.35\(a\)\(3\)\(i\)](#), if the density is not increased beyond four units, and the land use is not changed. Rehabilitation of buildings for use as HOME-ARP multifamily rental housing is CEST [under 24 CFR 58.35\(a\)\(3\)\(ii\)](#) only if:

1. the unit density is not changed more than 20 percent;
2. the project does not involve changes in land use from residential to non-residential; and
3. the estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation.

Rehabilitation for HOME-ARP rental housing that does not meet the thresholds for multifamily residential buildings listed above requires completion of an Environmental Assessment in accordance with [24 CFR Part 58, Subpart E](#). An Environmental Assessment is also required for new construction, demolition, acquisition of vacant land for new construction, and acquisition of non-residential structures for demolition and new construction.

3. HOME-ARP NCS

HOME-ARP NCS activities are subject to environmental review by the RE under [24 CFR part 58](#). Acquisition of a structure to be used as HOME-ARP NCS is CEST under [24 CFR 58.35\(a\)\(5\)](#) (with the possibility of converting to exempt under [24 CFR 58.34\(a\)\(12\)](#)) if the structure acquired will be retained for the same use (e.g., residential). Rehabilitation of a structure for HOME-ARP NCS is CEST if the project meets the thresholds listed at [24 CFR 58.35\(a\)\(3\)\(i\) or \(ii\)](#). Rehabilitation that does not meet these thresholds requires completion of an Environmental Assessment pursuant to [24 CFR part 58, subpart E](#). An Environmental Assessment is also required for new construction, demolition, acquisition of vacant land for new construction, and acquisition of non-residential structures for demolition and new construction.

HOME-ARP NCS projects which may convert to emergency shelter or permanent housing pursuant to Sec. 3204(a)(4)(B) or (C) of the ARP may complete a single environmental review that covers all proposed HUD funding sources and project activities. Conversion to a program using project-based rental assistance is CEST and requires completion of an environmental review. If conversion or other additional HUD funding sources are proposed after the

environmental review has been completed, a CENST review for supplemental assistance under [24 CFR 58.35\(b\)\(7\)](#) can be performed if the review is completed by the same RE that conducted the original review and if re-evaluation is not required by [24 CFR 58.47](#).

The PJ or subrecipient, or any contractor of the PJ or subrecipient, may not acquire, rehabilitate, convert, repair, dispose of, demolish, or construct property for a HOME-ARP NCS project, or commit or expend HUD or non-HUD funds for NCS under HOME-ARP, until the RE has completed an environmental review under [24 CFR part 58](#) and received HUD or state approval of the RROF/C, as applicable.

D. Labor Standards

The requirements in [24 CFR 92.354](#) apply to HOME-ARP activities.

E. Lead Hazard Control Requirements

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at [24 CFR Part 35](#), subparts A, B, J, K, M, and R apply to HOME-ARP-assisted activities.

For HOME-ARP NCS, a project must comply with [24 CFR part 35, Subpart K](#) when the HOME-ARP activity is acquisition only. HOME-ARP NCS projects that involve rehabilitation of pre-1978 facilities, whether the rehabilitation is funded with HOME-ARP or other funds, must comply with the requirements of [24 CFR part 35, Subpart J](#).

F. Uniform Relocation Assistance and Real Property Acquisition Policies Act, Section 104(d), and HOME-ARP Displacement, Relocation and Acquisition Program Requirements

HOME-ARP funding is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and section 104(d) of the Housing and Community Development Act of 1974, in addition to the Displacement, Relocation and Acquisition regulatory requirements of [24 CFR 92.353](#). This Notice also includes HOME-ARP program specific relocation requirements applicable to HOME-ARP-assisted projects. PJs must comply with all applicable requirements, as described in this section.

1. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970:

Costs incurred to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. § 4601 *et seq.*) (URA) are eligible HOME-ARP project costs pursuant to this Notice and [24 CFR 92.206\(f\)](#). The URA establishes minimum requirements for the acquisition of real property and the displacement of persons from their homes, businesses, or farms as a direct result of acquisition, rehabilitation, or demolition for federally-assisted programs and projects. The URA implementing regulations at [49 CFR part 24](#) establish:

- Requirements for the provision of replacement housing assistance, advisory services, and moving costs to persons displaced as a result of a program or project that receives federal financial assistance;
- Requirements for acquisitions, including the payment of just compensation pursuant to [49 CFR part 24, subpart B](#), and provisions for voluntary acquisitions set forth in [49 CFR 24.101](#).
- Minimum requirements for temporary relocation of persons, businesses, or farms as a result of a project or program that receives federal financial assistance. These requirements are found in [Appendix A, Section 24.2\(a\)\(9\)\(ii\)\(D\)](#).

Additional HUD URA policy and guidance is available in [HUD Handbook 1378](#).

2. **Section 104(d) of the Housing and Community Development Act of 1974:** HOME-ARP is HOME funding and subject to the requirements in section 104(d) of the Housing and Community Development Act of 1974, as amended, (42 USC § 5304(d)), (“section 104(d)”) unless waived, as described in this section and Appendix. Costs incurred to comply with section 104(d) requirements are eligible HOME-ARP project costs under [24 CFR 92.206\(f\)](#). section 104(d) applies to the demolition or conversion, as defined in [24 CFR 42.305](#), of a lower-income dwelling unit in connection with a HOME or Community Development Block Grant Program (CDBG) assisted activity. section 104(d) includes the following requirements:

- A PJ must have a residential anti-displacement and relocation assistance plan (RARAP);
- A PJ must provide relocation assistance to displaced lower-income persons; and
- A PJ must perform one-for-one replacement of lower-income dwellings demolished or converted to a use other than a lower-income dwelling unit. A lower-income dwelling unit is defined in [24 CFR 42.305](#) as a dwelling unit with a market rent (including utility costs) that does not exceed the applicable Fair Market Rent (FMR) for existing housing, as defined by HUD.

Section 104(d) implementing federal regulations can be found at [24 CFR part 42 Subpart C](#).

HOME-ARP Section 104(d) Waiver / One-for-One Replacement Housing.

For purposes of , the one-for-one replacement housing requirements of section 104(d)(2)(A)(i) and (ii) and (d)(3) (42 U.S.C. 5304(d)(2)(A)(i) and (ii) and 42 U.S.C. 5304(d)(3)) and [24 CFR 42.375](#), lower-income dwelling units shall not include single-room occupancy (SRO) units or residential hotel or motel units in jurisdictions where those units are considered dwelling units under state or local law. All other section 104(d) requirements, including but not limited to the requirement that the PJ have and follow a RARAP, remain in effect. (See [24 CFR 92.353\(e\)](#) and [24 CFR part 42, subpart C](#)).

3. **HOME Program Displacement, Relocation and Acquisition Regulations:** In addition to the URA and section 104(d) requirement described above, the HOME program’s Displacement, Relocation and Acquisition regulations at [24 CFR 92.353](#) also apply to projects funded with HOME-ARP funds. Some of these requirements differ from those

of the URA and section 104(d), including but not limited to the expanded temporary relocation protections at [24 CFR 92.353\(b\) and \(c\)](#); optional relocation assistance policies in [24 CFR 92.353\(d\)](#); and the right to return to a building or complex, if feasible, upon completion of a HOME project, in accordance with [24 CFR 92.353\(a\)](#). PJs must follow these program-specific requirements in HOME-ARP assisted projects.

PJs are encouraged to develop optional relocation policies to address individuals that may not be eligible for URA or section 104(d) assistance due to their length of occupancy in a unit, ineligibility of their dwelling unit, or other factors beyond their control. Such policies must be in writing, applied consistently, and must not violate any other federal law or regulation. Costs incurred to comply with [24 CFR 92.353](#), including optional relocation policies, are eligible HOME-ARP project costs under [24 CFR 92.206\(f\)](#).

4. Additional HOME-ARP Program Relocation Related Requirements: The following additional HOME-ARP program relocation requirements apply:

- a. *Acquisition and/or rehabilitation of hotels, motels and other non-residential property:* In states where hotels and motels are not considered dwelling units or residential property, the acquisition of non-residential property such as hotels and motels for the production of HOME-ARP NCS units or HOME-ARP rental housing will not make a person occupying those properties eligible for relocation assistance under the URA, section 104(d) or [24 CFR 92.353](#). HOME PJs may provide HOME-ARP assistance, as defined by this Notice, including the provision of HOME-ARP supportive services, HOME-ARP TBRA, the ability to stay in HOME-ARP NCS units, or the ability to rent a HOME-ARP rental unit, if the individuals or families can demonstrate that—
 - i. they have been in continuous residence at the property for 30 or more calendar days, and
 - ii. they are a qualifying household, as defined by this Notice.

Any assistance provided pursuant to this section may be provided without regard to any preferences, project-specific waiting lists, or any other form of prioritization the PJ has developed pursuant to this Notice. For purposes of HOME-ARP, costs associated with activities under this provision of the Notice may be charged as either project delivery costs or relocation costs eligible under [24 CFR 92.206\(f\)](#).

- b. *Conversion of HOME-ARP NCS:* If HOME-ARP NCS units are occupied and converted to either permanent housing under CoC or permanent affordable housing as described in [Section VI.E.11](#) of this Notice, persons occupying the shelter would not normally be eligible for relocation assistance under the URA, section 104(d) or [24 CFR 92.353](#) because they are not displaced from a dwelling unit. However, since the individuals or families occupying such shelter units are already qualifying households under HOME-ARP, HOME PJs may immediately provide such occupants with HOME-ARP assistance, as defined by this Notice, including the provision of HOME-ARP supportive services, HOME-ARP TBRA, the ability to stay in other HOME-ARP

NCS units, or the ability to rent a HOME-ARP rental unit. Additionally, the PJ may provide the occupants with assistance for moving costs or advisory services, as appropriate, as HOME-ARP administrative costs or under the HOME-ARP supportive services activity in [Section VI.D](#) of this Notice. Any assistance provided pursuant to this section may be provided without regard to any preferences, project-specific waiting lists, or any other form of prioritization the PJ has developed pursuant to this Notice, as the persons occupying the NCS units were already determined to be qualifying households under the HOME-ARP.

5. **Persons Ineligible for HOME-ARP Assistance and Ineligible for URA, Section 104(d), or assistance pursuant to 24 CFR 92.353:** If a person is required to move as a direct result of a HOME-ARP project and is determined ineligible for HOME-ARP housing assistance under the preceding [Section VII.F.4](#) and also determined ineligible as a displaced person under the URA, section 104(d) or HOME program rules, the PJ may provide such persons advisory services as an eligible HOME-ARP administrative cost, as the PJ determines to be reasonable and necessary.

G. Section 3 Economic Opportunities for Low- and Very Low-Income Persons

Section 3 requirements established at [24 CFR Part 75](#) apply to HOME-ARP-assisted projects.

H. Conflicts of Interest

HOME-ARP is subject to the following conflicts of interest requirements:

1. **Conflicts of Interest:** PJs, State recipients, and subrecipients engaging in any of the activities defined this Notice shall be subject to the conflicts of interest provisions at [24 CFR 92.356](#), including but not limited to the conflicts of interest exception process defined in [24 CFR 92.356\(d\)-\(e\)](#). Owners and developers of HOME-ARP NCS and HOME-ARP rental housing shall be subject to [24 CFR 92.356\(f\)](#).
2. **Organizational Conflicts of Interest:** The provision of any type or amount of HOME-ARP TBRA or supportive services may not be conditioned on an individual's or family's acceptance or occupancy of a shelter or housing unit owned by the PJ; State recipients; the subrecipient; or a parent, affiliate, or subsidiary of the subrecipient. No subrecipient may, with respect to individuals or families occupying housing owned by the subrecipient, or any parent, affiliate, or subsidiary of the subrecipient, administer financial assistance that includes rental payments, utility deposits, security deposits, or first and last month's rent provided pursuant to this Notice. All contractors of the PJ, State recipients, or subrecipient must comply with the same requirements that apply to subrecipients under this section.
3. **Written Standards of Conduct:** PJs, State recipients, and subrecipients must maintain written standards of conduct covering the conflicts of interest and organizational conflicts of interest requirements under this Notice and [2 CFR 200.318](#). The written standards of conduct must also provide for internal controls and procedures to require a fair and open selection process for awarding HOME-ARP funds pursuant to this Notice. These standards

must include provisions on if and how Continuum of Care board members may participate in and/or influence discussions or resulting decisions concerning the competition or selection of an award or other financial benefits made pursuant to the HOME-ARP Notice, including internal controls on when funds may be awarded to the organization that the member represents.

4. **Requesting Exceptions to Organizational Conflicts of Interest:** Any request for an exception to the organizational conflicts of interest provisions in this Notice shall be in writing and shall be considered by HUD only after the PJ or State recipient has provided the following:
 - a. A written disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - b. An opinion of the PJ's or State recipient's attorney that the interest for which the exception is sought would not violate State or local law.
5. **Granting Exceptions to Organizational Conflicts of Interest:** HUD shall determine whether to grant an exception to the organizational conflicts of interest on a case-by-case basis when it determines that the exception will serve to further the purposes of HOME-ARP. HUD shall consider the following factors, as applicable, in determining whether to grant such an exception:
 - c. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available
 - d. Whether undue hardship will result to the PJ, State recipient, subrecipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
 - e. Whether conditioning approval on changes to the PJ, State recipient, or subrecipient's policies or procedures can adequately address the organizational conflict of interest; and
 - f. Any other factors relevant to HUD's determination, including the timing of the requested exception.

VIII. PROGRAM ADMINISTRATION

A. PJ Responsibilities

The PJ is responsible for managing the day-to-day operations of its HOME-ARP program, ensuring that HOME-ARP funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise. The use of State recipients, subrecipients, or contractors does not relieve the PJ of this responsibility.

B. Written Agreement Requirements

Before disbursing any HOME-ARP funds to any entity, the PJ must enter into a written agreement with that entity pursuant to [24 CFR 92.504](#). Similarly, before disbursing any HOME

funds to a State recipient, subrecipient, or contractor which is administering all or a part of the HOME-ARP program on behalf of the PJ, the PJ must also enter into a written agreement with that entity that complies with [24 CFR 92.504](#) and the requirements described below. A written agreement cannot commit to providing HOME-ARP funds after the end of the HOME-ARP budget period.

The written agreement must require compliance with the requirements of this Notice. The content of the written agreement will vary depending upon the role the entity is asked to assume or the type of project undertaken.

This section details basic requirements by activity and the minimum provisions, in addition to those at [24 CFR 92.504](#) that must be included in a written agreement. The written agreement provisions in [24 CFR 92.504](#) that reference the requirements of [24 CFR 92.350](#), [24 CFR 92.351](#), and [24 CFR 92.359](#) are not waived and apply for all HOME-ARP written agreements.

1. **Rental Housing:** The PJ must execute a written agreement with the project owner/developer prior to the expenditure of HOME-ARP funds. The written agreement must comply with [24 CFR 92.504](#) and contain the following additional provisions:
 - a. *Use of HOME-ARP funds for Rental Housing:* The agreement between the owner/developer must describe the address of the project or legal description of the property if a street address has not been assigned to the property, the use of the HOME-ARP funds and other funds for the project, including the tasks to be performed for the project, a schedule for completing the tasks and the project, and a complete budget, including any HOME-ARP funds used to capitalize an operating cost reserve for qualified HOME-ARP units. These items must be in sufficient detail to provide a sound basis for the PJ to effectively monitor performance under the agreement to achieve project completion and compliance with HOME-ARP requirements.
 - b. *Operating Cost Assistance:* If the PJ will provide HOME-ARP funds for operating cost assistance, the agreement must specify whether the PJ will provide assistance through periodic payments or capitalize the operating cost assistance reserve based on the operating deficit projected for the 15-year compliance period. If the PJ is providing ongoing assistance, the amount of assistance must be based on the actual operating deficit associated with the HOME-ARP units restricted for occupancy by qualifying households. The written agreement must specify the frequency of operating assistance payments made to the owner (e.g., monthly, quarterly, etc.) and state that the amount of assistance will be equal to the deficit demonstrated and/or incurred. The written agreement may only provide for HOME-ARP funds to be used for operating assistance payments during the budget period defined in [Section VIII.C.4](#) below. If operating cost assistance will be required beyond the budget period, the PJ should capitalize an operating reserve before the expiration of the budget period for HOME-ARP funds in accordance with [Section VI.B.23](#). If the PJ is capitalizing the operating reserve for the 15-year HOME-ARP compliance period, the amount of assistance must be based on the project's underwriting and the total anticipated operating deficit associated with the HOME-ARP units restricted for occupancy by qualifying households. The written

agreement must specify the amount of the capitalized reserve and the restrictions on its use during the minimum compliance period in [Section VI.B.18](#). Net operating income resulting from HOME-ARP operating cost assistance is not permitted and must be prohibited in the written agreement between the participating jurisdiction and the owner.

- c. *Sublease/Master Lease of HOME-ARP Units*: If the PJ will permit a project owner to execute a sublease or master lease with a nonprofit organization for HOME-ARP units restricted for occupancy by qualifying households, the agreement must specify the duration of the sublease or master lease, applicable rents, lease requirements and tenant protections.
- d. *On-going compliance*: The agreement must require rental housing assisted with HOME-ARP funds to comply with the on-going requirements of [Section VI.B](#) of this Notice or require repayment in accordance with [Section VI.B.22](#).
- e. *Property Standards*: The agreement must require the housing to meet the property standards required in [24 CFR 92.251](#) paragraphs (a) new construction, (b) rehabilitation projects, (c)(1) and (2) acquisition of standard housing and (f) on-going property condition standards.
- f. *Records and reports*: The agreement must specify the particular records that must be maintained and the information or reports that must be submitted to assist the PJ in meeting its recordkeeping and reporting requirements. The owner/developer of rental housing must annually provide the PJ with information on rents and occupancy of HOME-ARP assisted units to demonstrate compliance with this Notice. If the rental project has floating HOME-ARP units, the project owner/developer must provide the PJ with information regarding unit substitution and filling vacancies so that the project remains in compliance with the HOME-ARP occupancy requirements. The agreement must specify the reporting requirements, (including copies of financial statements) to enable the PJ to determine the financial condition and continued financial viability of the project.
- g. *Enforcement of the agreement*: The agreement must provide for a means for the PJ to enforce compliance with HOME-ARP requirements. This means of enforcement may include liens, deed restrictions, covenants running with the land, use restriction, or other mechanism approved by HUD under which the PJ has the right to require specific performance. In addition, the agreement must specify remedies for breach of the provisions of the agreement.
- h. *Request for disbursement of funds*: The agreement must specify that the owner/developer may not request disbursement of funds under the agreement until the funds are needed for payment of eligible costs. The owner/developer may request capitalization of a project operating cost assistance reserve for the qualifying units once all necessary title transfer requirements and construction work have been performed. The amount of each request must be limited to eligible costs in the amount needed, as described in [Section VI.B.5.g](#).

- i. *Duration of the agreement*: The agreement must be in effect for at least the 15-year HOME-ARP minimum compliance period.
 - j. *On-site Inspections and Financial Oversight*: The PJ must comply with the on-site inspections and financial oversight requirements of [24 CFR 92.504\(d\)\(1\) and \(2\)](#). In addition, if the PJ will permit the capitalization of a project operating cost assistance reserve, the PJ must, no less than annually, oversee the administration of the operating cost assistance reserve account to verify that the account is appropriately sized and draws from the account are used to cover any deficits associated with units occupied by qualifying households.
 - k. *Tenant Selection*: The written agreement must contain provisions explaining the method of tenant selection to be used in accordance with the requirements of [Section IV.C](#) and [VI.B.20](#) of this Notice. This section must be in sufficient detail to determine which method of tenant selection is being used for the qualifying population (i.e., use of CE, use of CE with other referral methods, or project-specific waiting list), the method of tenant selection for low-income households (See [Section VI.B.20.b](#) and [24 CFR 92.253\(d\)](#)), and any required policies and procedures around the use of a CE or project-specific waiting list. This section must also be in sufficient detail to determine compliance with the PJ's preferences and/or method of prioritization, if any, as well as all applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in [24 CFR 5.105\(a\)](#).
2. **TBRA (subrecipient or contractor)**: The requirements at [24 CFR 92.504](#), apply to the use of HOME-ARP funds for TBRA. The written agreement provisions in 24 CFR 92.504 that reference the requirements of [24 CFR 92.350](#), [24 CFR 92.351](#), and [24 CFR 92.359](#) are not waived and still apply for HOME-ARP written agreements. The written agreement must contain the following provisions:
- a. *Use of HOME ARP funds*: At a minimum, the written agreement must describe the amount and use of the HOME-ARP funds, the tasks to be performed, or services to be provided. HOME-ARP funds cannot be provided after the end of the HOME-ARP budget period.
 - b. *Records and reports*: The agreement must specify the particular records that must be maintained and the information or reports that must be submitted to assist the PJ in meeting its recordkeeping and reporting requirements.
 - c. *Duration of agreement and disbursement of funds*: The agreement must specify the duration of the agreement and state that disbursement of funds under the agreement may not be requested until the funds are needed.
 - d. *Compliance with HOME-ARP program requirements*: The written agreement must require compliance with HOME-ARP program requirements for the HOME-ARP TBRA activity as outlined in [Section VI.C](#) of this Notice.

- e. Rental assistance contract: There must be a rental assistance contract between the PJ and either the HOME-ARP sponsor, the HOME-ARP TBRA assisted household, or the property owner. The PJ must determine the terms of the rental assistance contract. The rental assistance contract continues until the lease is terminated. If the rental assistance is being provided through a HOME-ARP sponsor, the PJ must determine the term of the rental assistance contract between the PJ and HOME-ARP sponsor.

If HOME-ARP TBRA is provided in coordination with a HOME-ARP sponsor, the PJ must enter into a written agreement with the HOME-ARP sponsor if the HOME-ARP TBRA rental assistance contract is not with the HOME-ARP sponsor and the HOME-ARP sponsor will be receiving the HOME-ARP TBRA subsidy directly from the PJ. The written agreement must specify the requirements for the HOME-ARP sponsor receiving the TBRA subsidy on behalf of the HOME-ARP TBRA household and the HOME-ARP sponsor's obligation to use the HOME-ARP TBRA payment to pay rent for the unit to the property owner or management agent. If HOME-ARP TBRA is provided in coordination with a HOME-ARP sponsor, the sponsor must enter into a sublease with the HOME-ARP TBRA assisted household that must specify the duration of the sublease, applicable rents, lease requirements and tenant protections, all in accordance with the requirements of this Notice.

- f. Tenant Selection: The written agreement must require the owner to comply with the method of tenant selection determined by the PJ and applicable requirements of [Section IV.C](#) and [VI.C.1](#) of this Notice. The written agreement must include a description of the required method of tenant selection for the qualifying populations (i.e., use of CE, use of CE with other referral methods, project-specific waiting list), the method of tenant selection for low-income households (See [Section VI.B.20.b](#) and [24 CFR 92.253\(d\)](#)), and any required policies and procedures around the use of a CE or project-specific waiting list. This section of the written agreement must be in sufficient detail to determine compliance with the PJ's preferences and/or method of prioritization, if any, as well as all applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in [24 CFR 5.105\(a\)](#).
3. **Supportive Services (subrecipient or contractor)**: The requirements at [24 CFR 92.504](#), apply to the use of HOME-ARP funds for supportive services. The provisions of the written agreement will depend on the role the entity is asked to assume. At a minimum, the written agreement must contain the following provisions:
- a. Use of HOME funds: The written agreement must describe the amount and uses of the HOME-ARP funds, the tasks to be performed, the services to be provided, and include a budget. The written agreement cannot agree to provide HOME-ARP funds after the end of the HOME-ARP budget period.
 - b. Records and Reports: The agreement must specify the particular records that must be maintained and the information or reports that must be submitted in order to assist the PJ in meeting its recordkeeping and reporting requirements as required under [Section VIII.F](#) of this Notice.

- c. *Duration of the agreement and Disbursement of Funds*: The agreement must specify the duration of the agreement, and state that disbursement of funds under the agreement may not be requested until the funds are needed.
 - d. *Compliance with HOME-ARP Program Requirements*: The written agreement must also require compliance with HOME-ARP program requirements for the HOME-ARP supportive services activity as described in [Section VI.D](#) of this Notice.
4. **HOME-ARP Non-Congregate Shelter (owner/developer)**: Written agreements must be executed between the PJ and the owner for all HOME-ARP NCS projects. A legally binding HOME-ARP NCS written agreement must include the date of the signature of each person signing the agreement. PJs are responsible for entering into written agreements before disbursing HOME-ARP funding. Contents of written agreements can vary based on specific needs of the PJ, the owner, and the project. Agreements for the acquisition, development, and rehabilitation of HOME-ARP NCS units must contain the following provisions:
- a. *Use of HOME-ARP funds*: The agreement between the PJ and owner must include the address of the project or legal description of the property if a street address has not been assigned to the property, the use of the HOME-ARP NCS funds and other funds for the project, including the tasks to be performed for the project, a schedule for completing the tasks and the project, and a complete budget. These items must be in sufficient detail to provide a sound basis for the PJ to effectively monitor performance under the agreement to achieve project completion and compliance with HOME-ARP requirements. The written agreement cannot agree to provide HOME-ARP funds after the end of the HOME-ARP budget period.
 - b. *Habitability and Property Standards*: The agreement must require the HOME-ARP NCS project to meet the habitability and property standards as described in [Section VI.E.7](#) of this Notice based on the type of project completed.
 - c. *Project Requirements*: The agreement must require the HOME-ARP NCS project to meet the project requirements as described in this Notice.
 - d. *Other program requirements*: The agreement must require the PJ and owner to carry out the project in compliance with the other Federal requirements of [24 CFR 92 subpart H](#) and [24 CFR 92.505](#).
 - e. *Records and reports*: The agreement must specify the particular records that must be maintained and the information or reports that must be submitted to assist the PJ in meeting its recordkeeping and reporting requirements.
 - f. *Restricted Use Period*: The agreement must require the project to meet the Restricted Use Period as described in [Section VI.E.9](#) of this Notice based on project type.
 - g. *Enforcement of the agreement*: The agreement must provide for a means for the PJ to enforce compliance with HOME-ARP requirements. This means of enforcement may include liens, deed restrictions, covenants running with the land, use restriction, or other

mechanism approved by HUD under which the PJ has the right to require specific performance. In addition, the agreement must specify remedies for breach of the provisions of the agreement.

- h. *Plan of Conversion*: PJs that intend to allow conversion of HOME-ARP NCS projects to other permanent affordable housing as permitted in this Notice must describe conversion as a possible outcome of the HOME-ARP NCS project; specify the conditions under which conversion will be permitted; and require that the PJ approve the terms and conditions of any conversion before the conversion occurs.
- i. *Additional PJ Conditions and Requirements*: PJs may include additional program and project requirements as determined necessary.

5. **Non-Profit Operating and Capacity Building**: The requirements at [24 CFR 92.504\(c\)\(6\)](#), apply to the use of HOME-ARP funds for non-profit operating and capacity building assistance. The written agreement must describe the amounts and uses of HOME-ARP funds for operating expenses or capacity building. If the non-profit organization is not also receiving HOME-ARP funds to carry out a HOME-ARP project, the agreement must provide that the organization is expected to receive funds for a HOME-ARP project within 24 months of the date of receiving the funds for operating or capacity building expenses and must specify the terms and conditions upon which this expectation is based and the consequences of failure to receive funding for a project.

When a PJ provides both operating assistance and capacity building assistance to an organization, it must enter into either one written agreement for both types of assistance or separate written agreements for operating expense assistance and capacity building assistance. If a PJ chooses to enter into one written agreement, the PJ must separately identify the scope of assistance, eligible uses and costs, and a budget for each type of funds.

C. Grants Management

1. **HOME-ARP Grant Agreement**: HUD will make HOME-ARP funds available to the PJ pursuant to a HOME-ARP Grant Agreement, consistent with [Section VIII.C.2](#) below. Subject to the provisions of the grant agreement and requirements in this Notice, HUD will obligate HOME-ARP funds to the PJ upon execution of the agreement by both parties. In the grant agreement, the PJ agrees that funds invested in affordable housing under this Notice are repayable if the housing no longer meets the requirements of this Notice during the compliance period or the NCS no longer meets the requirements of this Notice during the restricted use period. The PJ also agrees to assume all responsibility for environmental review, decision making, and actions, as specified and required in regulation at [24 CFR 92.352](#) and [24 CFR Part 58](#). The PJ agrees to comply with [24 CFR 92.505](#) and applicable Uniform Administrative Requirements at [2 CFR part 200](#), as amended. The PJ agrees to comply with requirements established by the Office of Management and Budget (OMB) concerning the unique entity identifier and System for Award Management (SAM) requirements in [Appendix I](#) to 2 CFR part 200, as amended, and the Federal Funding Accountability and Transparency Act (FFATA) in [Appendix A](#) to 2 CFR part 170. The PJ

agrees to comply with the federal nondiscrimination and equal opportunity requirements at [24 CFR 92.350](#) and affirmative marketing requirements in [24 CFR 92.351](#) and the VAWA requirements set forth in [24 CFR 92.359](#). The HOME-ARP grant is obligated when the HUD Authorized Official signs the memorandum obligating HOME-ARP grants. The HOME-ARP Grant Agreement must be signed by the CPD Field Office Director and counter-signed by the PJ's authorized signatory. Once the CPD division in the local field office receives the fully executed HOME-ARP Grant Agreement, it will send the agreement to HUD's CFO Accounting Office for processing. As described in [Section VIII.C.2](#) of this Notice, funds will become available to the PJ in IDIS once HUD's CFO Accounting Office processes the grant.

2. **Access to Administrative Set-aside Funds:** Upon issuance of this Notice, HUD will obligate all HOME-ARP grants to PJs through the signing of the HOME-ARP obligating memorandum, after which each HOME-ARP Grant Agreement must be signed by both parties. After obligation, HUD will permit the PJ to use 5 percent of its award for eligible administrative and planning costs under [Section VI.A](#) of this Notice. **The PJ may not expend any funds for non-administrative and planning costs before the HOME-ARP allocation plan is accepted by HUD as described in [Section V.D.2 and 3](#) of this Notice.** HUD will make the remaining HOME-ARP grant funds available to the PJ once HUD accepts the HOME-ARP allocation plan. If the PJ does not submit a HOME-ARP allocation plan or if the PJ's plan is not accepted within a reasonable period of time, as determined by HUD, any costs incurred or HOME-ARP funds expended by the PJ will be considered ineligible costs and must be repaid with non-Federal funds in accordance with guidance from HUD.
3. **HOME-ARP Grant Number:** The PJ's HOME-ARP grant number is similar to its HOME grant number with the exception of the source type code. All HOME-ARP grants have the program identifier "M" and the source year of the grant "21." The different source type codes are identified in the table below.

Source Type Description	HOME Source Type Code	HOME-ARP Source Type Code
HOME Consortium	DC	DP
Metropolitan City	MC	MP
State	SG	SP
Insular Area	ST	IP
Urban County	UC	UP

The unique grantee identifier portion of the grant number will be the same for HOME-ARP grants as it is for HOME grants. See examples of HOME-ARP grant numbers with the different source type codes in the table below.

Participating Jurisdiction	HOME Grant Number	HOME-ARP Grant Number
Maryland	M21SG240100	M21SP240100
Baltimore	M21MC240200	M21MP240200

4. **Budget Period:** The budget period for HOME-ARP grants begins on the Federal Award Date, which is the date of the HUD Authorized Official's signature specified on the HOME-ARP Grant Agreement. The budget period for HOME-ARP grants ends on September 30, 2030. The PJ may not expend any HOME-ARP funds after September 30, 2030. After September 30, 2030, any HOME-ARP funds remaining in the PJ's HOME Investment Trust Fund Treasury account will be cancelled and not available for obligation or expenditure for any purpose (per [31 U.S.C. 1552](#)).
5. **Period of Performance:** The period of performance for HOME-ARP grants begins on the Federal Award Date, which is the date of the HUD Authorized Official's signature specified on the HOME-ARP Grant Agreement. The period of performance for HOME-ARP grants ends on September 30, 2030.
6. **Audit:** Audits of the PJ, State recipients, and subrecipients must be conducted in accordance with [2 CFR part 200, subpart F](#).
7. **Closeout:** HOME-ARP funds will be closed out in accordance with [2 CFR part 200, subpart D](#). The PJ will use HUD's data system to closeout HOME-ARP grants once all HOME-ARP funds have been expended, all HOME-ARP activities are completed in accordance with the requirements of this Notice, and the proper beneficiary data has been entered. In order to closeout its HOME-ARP grants, the PJ must not have any open CPD monitoring findings or audits related the HOME-ARP funds. HUD will provide closeout guidance and instructions at a later date.

D. Applicability of Uniform Administrative Requirements.

The requirements of [2 CFR part 200](#), as amended apply to PJs, State recipients, and subrecipients receiving HOME-ARP funds, except for the following provisions: [2 CFR 200.306](#), [200.307](#), [200.308](#) (not applicable to participating jurisdictions), [200.311](#) (except as provided in [24 CFR 92.257](#)), [200.312](#), [200.329](#), [200.333](#), and [200.334](#). The provisions of [2 CFR 200.305](#) apply as modified by [24 CFR 92.502\(c\)](#) and this Notice. If there is a conflict between definitions in [2 CFR part 200](#) and [24 CFR part 92](#), the definitions in [24 CFR part 92](#), govern. Moreover, if there is a conflict between the provisions of [2 CFR part 200](#) and the provisions of this Notice, the provisions of this Notice govern.

Where regulations in [24 CFR part 92](#) refer to specific regulations of [2 CFR part 200](#) that were or are renumbered or revised by amendments to [2 CFR part 200](#), the requirements that apply to the

use of HOME-ARP funds are the applicable requirements in [2 CFR part 200](#), as amended, notwithstanding the renumbered regulatory reference.

E. Financial Management

1. **The HOME Investment Trust Fund**: HUD will establish a HOME-ARP Investment Trust Fund Treasury account (Treasury account) for a PJ's HOME-ARP funds. The Treasury account includes all HOME-ARP funds allocated to the PJ by formula and any HOME-ARP funds repaid by the PJ.

The PJ must establish a HOME-ARP Investment Trust Fund local account (local account) as described in [24 CFR 92.500](#). The PJ may use either a separate local account or, a subsidiary account within its general fund (or other appropriate fund) as the local account. The PJ may not use the same local account for HOME-ARP that it uses for its HOME local account. The local account includes deposits of HOME-ARP funds disbursed from the Treasury account. The local account must be interest-bearing.

HUD will reduce or recapture any HOME-ARP funds that are in the Treasury account that are not expended (drawn down) by September 30, 2030. Due to end-of-year financial system closeouts that begin before this date and prevent electronic access to the payment system, requests to draw down the funds must be made at least 7 full business days before this date so that the funds still can be drawn from the Treasury account through IDIS.

2. **Program Income**: Program Income means gross income received by the PJ generated from the use of HOME-ARP funds during the grant period of performance. This includes, but is not limited to, principal and interest payments from a loan made with HOME-ARP funds, or other income or fees received from project owners in connection with HOME-ARP funds, and interest earned by the PJ on program income before its disposition.

Program income earned as a result of the use of HOME-ARP funds is HOME program income and must be used in accordance with the requirements of [24 CFR part 92](#). All program income must be recorded in IDIS. Program income must be deposited in the PJ's HOME-ARP local account (unless the PJ allows a State recipient or subrecipient to retain the program income for additional HOME projects pursuant to such terms and conditions in the written agreement and this Notice). The PJ must enter HOME-ARP program income retained by the State recipient or subrecipient as a HOME program income receipt in IDIS and subgrant the program income to the State recipient or subrecipient that retained the program income. The PJ is responsible to report on the use of its program income in IDIS, including program income it allowed a State recipient or subrecipient to retain.

3. **Repayments**: Any HOME-ARP funds used for costs that are not eligible under this Notice, funds invested in a project that is terminated before completion, either voluntarily or otherwise, or funds invested in HOME-ARP rental housing and NCS that does not meet the requirements in this Notice for the applicable period specified in this Notice must be repaid by the PJ to its Treasury account. If the funds are repaid after September 30, 2030, they will be recaptured by the U.S. Department of Treasury and the PJ will not be able to re-use the

funds for eligible HOME-ARP activities. HOME-ARP funds may not be repaid to the PJ's local account.

4. **Integrated Disbursement and Information System (IDIS)**: The PJ will use IDIS to administer its HOME-ARP funds. The PJ will request disbursements of HOME-ARP funds from its Treasury account and collect and report information on the use of HOME-ARP funds through IDIS. (For purposes of reporting in IDIS, a HOME-ARP project is an activity.) The PJ must report all program income in IDIS.

The requirements of [24 CFR 92.502\(c\)\(3\)](#) do not apply to HOME-ARP funds.

In accordance with this Notice, a HOME-ARP written agreement providing HOME-ARP funds to a project or the CHDO/nonprofit must be signed and dated by:

- a. the PJ and project owner for HOME-ARP rental and HOME-ARP NCS;
- b. the PJ and service provider for HOME-ARP supportive services;
- c. the PJ and landlord, tenant, and/or HOME-ARP sponsor, as applicable, for HOME-ARP TBRA; and,
- d. the PJ and CHDO/nonprofit organization for HOME-ARP Operating Expenses and Capacity Building Assistance.

This must occur before any HOME-ARP funds are disbursed. Federal funds cannot be drawn from the Treasury account in advance of the need to pay an eligible cost. Consequently, HOME-ARP funds cannot be drawn from the U.S. Treasury and placed in escrow or advanced in lump sums to State recipients, subrecipients, project owners, service providers, or landlords or tenants, except funds drawn down for a HOME-ARP rental project for an operating cost assistance reserve or reserve for replacement pursuant to [Section VI.B.5.g.](#) of this Notice or a HOME-ARP NCS project for a replacement reserve pursuant to [Section VI.E.](#)

Once funds are drawn from the PJ's Treasury account, they must be expended for an eligible HOME-ARP cost within 15 days. Any interest earned within the 15-day period may be retained by the PJ as HOME program income and recorded in IDIS as a program income receipt. Any funds that are drawn down and not expended for eligible costs within 15 days of the disbursement must be returned to HUD for deposit in the PJ's Treasury account. Interest earned after 15 days belongs to the United States and must be remitted to the United States as provided in [2 CFR 200.305\(b\)\(9\)](#), except interest amounts up to \$500 per year may be retained for the PJ's administrative expenses.

Additional HOME-ARP funds may be committed to a project up to one year after project completion.

HUD will govern access to IDIS by other entities participating in the HOME program (e.g., State recipients). Only PJs and State recipients (if permitted by the State) may request disbursement.

F. Recordkeeping

Each PJ must establish and maintain sufficient records to enable HUD to determine whether the PJ has met the requirements of this Notice. At a minimum, the following records are needed:

1. Program Records:

- a. Records evidencing that all HOME-ARP funds used by a PJ for TBRA, supportive services, and acquisition and development of non-congregate shelter units benefit individuals and families in qualifying populations.
- b. Records evidencing that not less than 70 percent of affordable rental housing units acquired, rehabilitated, and/or constructed with HOME funds by a PJ are restricted for occupancy by households in the qualifying populations.
- c. Records documenting compliance with the 15 percent limitation on administrative and planning costs.
- d. Records documenting compliance with the 5 percent limitation on CHDO and non-profit operating and capacity building costs.
- e. The underwriting and subsidy layering guidelines adopted in accordance with [Section VI.B.10](#) of this Notice that support the PJ's HOME-ARP allocation plan certification.
- f. If existing debt is refinanced for multifamily rehabilitation projects, the HOME-ARP refinancing guidelines established in the HOME-ARP in the HOME-ARP Allocation Plan.
- g. If HOME-ARP funds are used for TBRA, records supporting the PJ's written selection policies and criteria; supporting documentation for preferences for specific categories of qualifying individuals; and records supporting the rent standard and minimum tenant contribution established in accordance with [Section VI.C.7 and 8](#) of this Notice.
- h. Confidentiality.
 - i. The PJ's written policies and procedures for maintaining confidentiality of qualifying households as individuals or families fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking in accordance with [Section VIII.H](#).
 - ii. The PJ's written policies and procedures for maintaining confidentiality in compliance with the VAWA protections contained in [24 CFR Part 5, Subpart L](#).

2. **Project Records:** PJs are required to retain the following records for HOME-ARP-assisted projects, as specified by activity type.
- a. A full description of each project assisted with HOME-ARP funds, including the location (address of project), form of HOME-ARP assistance, and the units, families, or qualifying households assisted with HOME-ARP funds, subject to confidentiality requirements in this Notice.
 - b. The source and application of funds for each project, including supporting documentation in accordance with [2 CFR 200.302](#); and records to document the eligibility and permissibility of the project costs, including the documentation of the actual HOME-ARP-eligible development costs of each HOME-ARP-assisted unit as defined in this Notice.
 - c. Records (i.e., written agreements) demonstrating compliance with the written agreement requirements in [Section VIII.B](#) of this Notice.
 - d. Records (e.g., inspection reports) demonstrating that each HOME-ARP rental project meets the property standards in [Section VI.B.11](#) of this Notice at project completion and through the applicable minimum compliance period. In addition, during a HOME-ARP rental project's minimum compliance period, records demonstrating compliance with the property standards and financial oversight pursuant to [24 CFR 92.504\(d\)](#) and the operating cost assistance reserve management and oversight required by [Section VI.B.23](#) of this Notice.
 - e. Records (e.g., inspection reports) demonstrating that each unit occupied by a qualifying household receiving HOME-ARP TBRA, meets the housing quality standards of [Section VI.C.9](#) of this Notice at initial occupancy and throughout the household's term of assistance.
 - f. Records (e.g., inspection reports) demonstrating that each NCS project meets the property and habitability standards of [Section VI.E.7](#) of this Notice at project completion and throughout the applicable restricted use period.
 - g. Records demonstrating that each qualifying household is eligible for HOME-ARP assistance based on the requirements of the ARP and [Section IV](#) of this Notice.
 - h. Records demonstrating that each household qualifying as homeless, records that meet the requirements in [24 CFR 576.500\(b\)\(1\), \(2\), \(3\), or \(4\)](#), as applicable (except that youth aged 24 and under must not be required to provide third-party documentation to show they are homeless to receive any shelter, housing, or services for which ESG or CoC Program funds may be used to supplement the HOME-ARP assistance).
 - i. Records demonstrating that each household qualifying as "at risk of homelessness," records that meet the requirements in [24 CFR 576.500\(c\)\(1\) or \(2\)](#), as applicable, and include the following documentation of annual income:

- i. Income evaluation form containing the minimum requirements specified by HUD and completed by the recipient or subrecipient; and
 - ii. Source documents for the assets held by the household and income received over the most recent period for which representative data is available before the date of the evaluation (e.g., wage statement, unemployment compensation statement, public benefits statement, bank statement);
 - iii. To the extent that source documents are unobtainable, a written statement by the relevant third party (e.g., employer, government benefits administrator) or the written certification by the recipient's or subrecipient's intake staff of the oral verification by the relevant third party of the income the household received over the most recent period for which representative data is available; or
 - iv. To the extent that source documents and third-party verification are unobtainable, the written certification by the household of the amount of income the household received for the most recent period representative of the income that the household is reasonably expected to receive over the 3-month period following the evaluation.
- j. Records demonstrating compliance with the household income requirements in accordance with [Section VI.B.12](#) of this Notice for each HOME-ARP rental project.
- k. Records demonstrating that each HOME-ARP rental and NCS project meets the minimum compliance period or restricted use period described in [Sections VI.B.18](#) and [VI.E.9](#) respectively, of this Notice.
- l. Records demonstrating that for each HOME-ARP rental housing unit or for each household receiving HOME-ARP TBRA, compliance with the tenant protection requirements of [Sections VI.B.19](#) and [VI.C.2](#), respectively, of this Notice. For HOME-ARP TBRA or rental projects under a master lease, the PJ must retain records demonstrating that a master lease for housing leased by a HOME-ARP sponsor and each sublease between a qualifying household and HOME-ARP sponsor complies with the tenant and participant protections of [24 CFR 92.253](#) and this Notice. Records must be kept for each household.
- m. Records demonstrating compliance with the return of the HOME-ARP rental capitalized operating cost assistance reserve and/or the NCS replacement reserve at the end of the compliance or restricted use period in accordance with [Sections VI.B.24](#) and [VI.E.10](#) respectively, of this Notice.
- n. Records demonstrating that each HOME-ARP rental and each NCS project meets the underwriting and subsidy layering or due diligence requirements of [Section VI.B.10](#) or [VI.E.6](#) of this Notice.
- o. Records demonstrating that each HOME-ARP rental housing project meets the rent limitations of [Sections VI.B.13](#) and [VI.B.15](#) of this Notice for the 15-year minimum compliance period. Records must be kept for each household assisted.

- p. Records demonstrating that each multifamily HOME-ARP rental housing project involving rehabilitation with refinancing complies with the refinancing guidelines established in accordance with [24 CFR 92.206\(b\)](#).
- q. Records demonstrating that a site and neighborhood standards review was conducted for each HOME-ARP rental housing project involving new construction under [Section VI.B](#) of this Notice to determine that the site meets the requirements of [24 CFR 983.57\(e\)\(2\) and \(e\)\(3\)](#), in accordance with [24 CFR 92.202](#).
- r. Records demonstrating that any conversion of HOME-ARP NCS complies with the requirements established by [Section VI.E](#) of this Notice, including that conversion of NCS only occurred after the end of the applicable minimum use period defined in [Section VI.E.11](#).
- s. For all HOME-ARP NCS projects the following documents must be maintained, as applicable:
 - i. Purchase contract, closing documents, settlement statement and title work for acquisitions.
 - ii. Appraisal or other estimation of value to justify acquisition expenditure.
 - iii. Architectural and engineering contracts and completed designs, plans, and specifications for rehabilitation and new construction activities.
 - iv. Invoices, pay requests, and proof of payment for all project expenditures.
 - v. Proof of insurance.
 - vi. Project and program audits.
- t. For all HOME-ARP Supportive Services projects pursuant to McKinney-Vento or Homelessness Prevention Supportive Services:
 - i. Records, where applicable, demonstrating compliance with the termination of assistance requirement as described in [Section VI.D.5](#) of this Notice.
 - ii. Records of all solicitations of and agreements with subrecipients and contractors, records of all payment requests by and dates of payments made to subrecipients, and documentation of all monitoring and sanctions of subrecipients, as applicable including any findings and corrective actions required.
 - iii. Records of all procurement contracts and documentation of compliance with the procurement requirements in [2 CFR part 200, subpart D](#), as revised by [Section VIII.D](#) of this Notice.
 - iv. Records evidencing the use of the written procedures required under [Section VI.D.2](#) and records evidencing compliance with [Section IV.C.2](#) of this Notice.

- v. Records of all leases, subleases, and financial assistance agreements for the provision of rental payments, documentation of payments made by the PJ to owners, HOME-ARP sponsor, or qualifying households for the provision of financial assistance for rental payments, and supporting documentation for these payments, including dates of occupancy by qualifying individuals and families.
- vi. Records that document the monthly allowance for utilities (excluding telephone) used to determine compliance with the rent restriction.
- vii. Records of the types of services provided under the PJ's program and the amounts spent on these services.
- viii. Records demonstrating subrecipient compliance with the recordkeeping requirements in [Section VIII.F](#) of this Notice.
- u. For all HOME-ARP Housing Counseling Services projects as defined in [24 CFR part 5](#), each participating housing counseling agency must maintain a recordkeeping and reporting system in accordance with [24 CFR 214.315](#) and [24 CFR 214.317](#). The system must permit HUD to easily access all information needed for a performance review.
- v. For all HOME-ARP-assisted nonprofit operating expense and capacity building assistance activities:
 - i. Records concerning the use of funds for nonprofit operating expense and capacity building assistance must be maintained to enable HUD to determine whether the PJ has met the requirements of [Section VI.F](#) of this Notice.
 - ii. Written agreements between the PJ and the nonprofit organization providing nonprofit operating expense assistance or capacity building assistance must be retained for five years after the agreement terminates.

3. Financial records:

- a. Records, in accordance with [2 CFR 200.302](#), identifying the source and application of HOME-ARP funds. Identification must include, as applicable, the Assistance Listing program title and number (formerly Catalogue of Federal Domestic Assistance), Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
- b. Records concerning the HOME-ARP Investment Trust Fund Treasury account and local account required to be established and maintained by this Notice, including deposits, disbursements, balances, supporting documentation and any other information required by IDIS.
- c. Records identifying the source and application of program income and repayments.
- d. Records demonstrating adequate budget control and other records required by [2 CFR 200.302](#), including evidence of periodic account reconciliations.

4. Program administration records:

- a. Records demonstrating compliance with the written agreements required by [Section VIII.B](#) of this Notice.
- b. Records demonstrating compliance with the applicable uniform administrative requirements required by [Section VIII.D](#) of this Notice.
- c. Records documenting required inspections, monitoring reviews and audits, and the resolution of any findings or concerns.

5. Records concerning other Federal requirements:

- a. Equal opportunity and fair housing records.
 - i. Data on the extent to which each racial and ethnic group, and single-headed households by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME-ARP funds.
 - ii. Documentation that the PJ submitted a certification that it will affirmatively further fair housing consistent with HUD's Interim Final Rule entitled Restoring Affirmatively Furthering Fair Housing Definitions and Certifications (86 FR 30779, June 10, 2021) (codified at 24 CFR 5.151 and 5.152;), [available at https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmatively-furthering-fair-housing-definitions-and-certifications](https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmatively-furthering-fair-housing-definitions-and-certifications).
 - iii. Records demonstrating compliance with the nondiscrimination and equal opportunity requirements of [24 CFR 92, Subpart H](#).
- b. Affirmative marketing and MBE/WBE records.
 - i. Records demonstrating compliance with the affirmative marketing procedures and requirements of [24 CFR 92.351](#) and this Notice.
 - ii. Documentation and data on the steps taken to implement the jurisdiction's outreach programs to minority-owned (MBE) and female-owned (WBE) businesses including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with HOME-ARP funds; the amount of the contract or subcontract, and documentation of participating jurisdiction's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services.
- c. Records demonstrating compliance with the environmental review requirements of [24 CFR 92.352](#), [24 CFR part 58](#), and this Notice including flood insurance requirements.

- d. Records demonstrating compliance with the requirements of [24 CFR 92.353](#) and the provisions of [Section VII.F](#) of this Notice regarding displacement, relocation, and real property acquisition, including but not limited to:
 - i. project occupancy lists identifying the name and address of all persons occupying the real property on the date described in [24 CFR 92.353\(c\)\(2\)\(i\)\(A\)](#), moving into the property on or after the date described in [24 CFR 92.353\(c\)\(2\)\(i\)\(A\)](#), and occupying the property upon completion of the project;
 - ii. lists of all individuals or families occupying hotels and motels and other nonresidential properties acquired, rehabilitated, and/or demolished and newly constructed to become HOME-ARP NCS or HOME-ARP rental housing that qualify for assistance under this Notice as members of a qualifying population, as well as records indicating whether such persons were assisted by the HOME-ARP program by the PJ following the closure of the nonresidential properties because of HOME-ARP activities
 - iii. lists of all individuals or families occupying HOME-ARP NCS that were converted during the required use period that qualify for assistance under this Notice, as well as records indicating whether moving costs or advisory services were provided as part of HOME-ARP administrative costs or under the HOME-ARP supportive services activity in [Section VI.D](#) of this Notice, and records indicating whether such persons were assisted by the HOME-ARP program by the PJ following the conversion of the HOME-ARP NCS units.
 - iv. Documentation that the PJ has and followed a RARAP in accordance with [24 CFR 92.353](#) and [24 CFR 42.325](#).
- e. Records demonstrating compliance with the labor requirements of [24 CFR 92.354](#), including contract provisions and payroll records.
- f. Records demonstrating compliance with the lead-based paint requirements of [24 CFR part 35](#), subparts A, B, J, K, M and R, as applicable.
- g. Records supporting compliance with conflict of interest requirements in [24 CFR 92.356](#), as revised by [Section VII.H](#) of this Notice, as well as documentation of any exceptions granted by HUD or a state PJ, as applicable, to the conflict of interest provisions in [24 CFR 92.356](#), as revised by [Section VII.H](#) of this Notice.
- h. Records demonstrating compliance with debarment and suspension requirements in [2 CFR part 2424](#).
- i. Records concerning intergovernmental review, as required by [24 CFR 92.357](#).
- j. Records of emergency transfers requested under [24 CFR 5.2005\(e\)](#) and [24 CFR 92.359](#) pertaining to victims of domestic violence, dating violence, sexual assault, or stalking, including data on the outcomes of those requests.

- k. Documentation of actions undertaken to meet the requirements of [24 CFR part 75](#) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701u).
6. **State Recipients and Subrecipients:** A PJ that distributes HOME-ARP funds to State recipients or subrecipients must require the State recipients or subrecipients to keep the records required by paragraphs 1. program records, 2. project records, 3. financial records, 4. program administration records, and 5. records concerning other federal requirements of [Section VIII.F](#) of this Notice, and such other records as the PJ determines to be necessary to enable the PJ to carry out its responsibilities under this Notice. The PJ need not duplicate the records kept by the State recipients or subrecipients. The PJ must keep records concerning its annual review of the performance and compliance of each State recipient and subrecipient as required under [24 CFR 92.504\(a\)](#).
7. **Period of record retention:** All records pertaining to HOME-ARP funds must be retained for five years, except as provided below.
- a. For HOME-ARP rental housing projects, records may be retained for five years after the project completion date; except that records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five-year period, until five years after the affordability period terminates.
 - b. For HOME-ARP TBRA projects, records must be retained for five years after the period of rental assistance terminates.
 - c. Written agreements must be retained for five years after the agreement terminates.
 - d. Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with [24 CFR 92.353](#).
 - e. If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required record retention period records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.
8. **Access to records:** The PJ must provide citizens, public agencies, and other interested parties with reasonable access to records, consistent with applicable state and local laws and any other applicable grant conditions from other federal grant programs regarding privacy and obligations of confidentiality.

The PJ, subrecipient, contractor, or owner may create a program participant identifier code or number that can be used on a file and maintained internally, in such a way that the number itself does not inadvertently identify the program participant, (i.e., no use of initials, date of birth, or other pieces of information that might suggest the identity of the program participant). The “key” or “cypher” for the program participant identifier code would itself be confidential and would not leave the provider. In the circumstance of HUD programs, the

Unique Personal Identification Number which is generated within the comparable database could be used with auditors to identify records of services to distinct individuals, subject to the below requirement.

HUD and the Comptroller General of the United States, any of their representatives, have the right of access to any pertinent books, documents, papers, or other records of the PJ, state recipients, and subrecipients, in order to make audits, examinations, excerpts, and transcripts. If a provider of services or operator of an NCS is subject to state or local laws or other federal grant programs that require that HUD not be given access to records detailing PII of victims, then auditors or evaluators may be given access to representative files without any sharing of individual identifying information.

G. Reporting and Performance Reports.

The PJ must submit reports in a format and at such time as prescribed by HUD. In addition, HUD and Office of the Inspector General (OIG) staff must be given access, upon reasonable notice, to all information related to the selection, award, and use of HOME-ARP funds.

Each PJ must enter the required HOME-ARP data elements timely in IDIS.

1. For HOME-ARP rental activities under [Section VI.B](#) of this Notice, the PJ must enter complete project completion information when it completes the activity in IDIS, except the assisted units can be marked vacant until they are occupied by eligible households.
2. For HOME-ARP NCS activities under [Section VI.E](#) of this Notice, the PJ must enter complete project completion information when it completes the activity in IDIS. In addition, the PJ must report the disposition of any HOME-ARP-assisted NCS activity that is converted to another eligible use at the time of conversion.
3. For HOME-ARP TBRA activities under [Section VI.C](#) of this Notice, the PJ must report beneficiary information in IDIS at the time assistance is provided.
4. For HOME-ARP Supportive Services activities under [Section VI.D](#) of this Notice, the PJ must report in IDIS quarterly, by the 30th day after the end of each calendar quarter, on the number of homeless and not homeless households assisted with supportive services and housing counseling, including the race and ethnicity, household size, and household type of the households assisted.

HUD will issue guidance about reporting on HOME-ARP activities in the PJ's consolidated annual performance and evaluation report (CAPER) required under [24 CFR 91.520](#), at a later date.

H. Confidentiality Requirements

1. All entities assisted by HOME-ARP funds must develop, implement, and maintain written procedures to require that –

- a. All records containing personally identifying information of any individual or family who applies for and/or receives HOME-ARP assistance will be kept secure and confidential;
 - b. The address or location of any NCS or HOME-ARP rental housing exclusively for individuals fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking will not be made public, except as necessary where making the address or location public does not identify occupancy of the NCS or HOME-ARP rental housing, when necessary to record use restrictions or restrictive covenants in accordance with [Section VI.B](#) or [VI.E](#), or with written authorization of the person or entity responsible for the operation of the NCS or HOME-ARP rental housing; and
 - c. The address or location of any program participant that is a fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking will not be made public, except as provided under a privacy policy of the PJ consistent with state and local laws and any other grant conditions from other federal grant programs regarding privacy and obligations of confidentiality.
2. Documenting status of a qualifying population that is fleeing or attempting to flee domestic violence, dating violence, stalking, sexual assault, or human trafficking:
 - a. If an individual or family qualifies because the individual or family is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking then acceptable evidence includes an oral or written statement by the qualifying individual or head of household seeking assistance that they are fleeing that situation. An oral statement may be documented by either –
 - i. a written certification by the individual or head of household; or
 - ii. a written certification by a victim service provider, intake worker, social worker, legal assistance provider, health-care provider, law enforcement agency, legal assistance provider, pastoral counselor, or an intake worker in any other organization from whom the individual or family sought assistance.

The written documentation need only include the minimum amount of information indicating that the individual or family is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking and need not include any additional details about the conditions that prompted the individual or family to seek assistance.

IX. PERFORMANCE REVIEWS

HUD will review the performance of each PJ in carrying out its responsibilities for the use of HOME-ARP funds and its compliance with the requirements of this Notice. Such reviews may take the form of remote or on-site monitoring, review of IDIS data or reports, assessment of documents requested from the PJ, subrecipient, or other entity carrying out HOME-ARP activities, and inquiries resulting from external audit reports, media reports, citizen complaints,

or other sources of relevant information. HUD may also review a PJ's timely use of HOME-ARP funds for eligible activities, including the progress of expenditures for individual projects or activities, the requirement to place a project in service in accordance with requirements in this Notice, and compliance of HOME-ARP rental housing and NCS with the 4-year deadline for completing projects.

If HUD preliminarily determines that a PJ has not met a requirement of this Notice or an applicable requirement of the HOME regulations at [24 CFR Part 92](#), HUD will communicate its determination in writing and provide the PJ with the opportunity to demonstrate, based on substantial facts, documentation, and data, that it has done so. HUD may extend any time period it provided to the PJ to demonstrate its compliance if upon request of the PJ, HUD determines that it is infeasible for the PJ to provide a full response within the prescribed period.

If the PJ fails to demonstrate to HUD's satisfaction that it has met the requirement, HUD will take corrective or remedial action in accordance with this section or [24 CFR 92.552](#).

A. Corrective and Remedial Actions

Corrective or remedial actions for a performance deficiency (e.g., failure to meet a provision of this Notice or an applicable provision of [24 CFR Part 92](#)) will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence. HUD may impose corrective or remedial actions including but not limited to the following:

1. HUD may instruct the PJ to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency, including:
 - a. Preparing and following a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;
 - b. Establishing and following a management plan that assigns responsibilities for carrying out the remedial actions;
 - c. Canceling or revising activities likely to be affected by the performance deficiency, before expending HOME-ARP funds for the activities;
 - d. Reprogramming HOME-ARP funds that have not yet been expended from affected activities to other eligible activities;
 - e. Reimbursing its HOME-ARP grant in any amount not used in accordance with the requirements of this Notice;
 - f. Suspending disbursement of HOME-ARP funds for affected activities; and
 - g. Establishing procedures to ensure compliance with HOME-ARP requirements.

2. HUD may also:

- a. Change the method of payment from an advance to a reimbursement basis and may require supporting documentation to be submitted for HUD review for each payment request before payment is made;
- b. Determine the PJ to be high risk and impose special conditions or restrictions on the use of HOME-ARP funds in accordance with [2 CFR 200.208](#); and
- c. Take other remedies that may be legally available, including remedies under [2 CFR 200.339](#) and [200.340](#).

B. Sanctions

The requirements at [24 CFR 92.552](#) apply to HOME-ARP funds, except that the provision at [24 CFR 92.552\(a\)\(2\)\(iv\)](#) related to failure to comply with matching contribution requirements shall not apply.

X. FINDING OF NO SIGNIFICANT IMPACT

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at [24 CFR part 50](#), which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for inspection at HUD's Funding Opportunities web page at: https://www.hud.gov/program_offices/spm/gmomgmt/grantsinfo/fundingopps.