



# **Fiscal Year 2026-27 FUNDING ALLOCATION POLICY and PROCESS**

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For the distribution of Federal and Local Funding for:  
Public Facilities & Improvements, Housing Rehabilitation  
and Public Services

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## **Introduction**

Under Title I of the Housing and Community Development Act of 1974, as amended, Orange County meets the qualifications of an Urban County. Under Federal regulations, Urban Counties are eligible to receive and allocate Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG) funds. OC Housing & Community Development (OC H&CD) within the Orange County Community Resources Department acts as the lead agency for administering each program, under the direction of the U.S. Department of Housing and Urban Development (HUD).

The FY 2026-27 Funding Allocation Policy and Process (FAPP) is a planning document that marks the first year of the FY 2025-29 Consolidated Plan (ConPlan). The primary purpose of the FAPP is to utilize priorities listed in the ConPlan to set policies and processes to address local housing and community development needs with Federal and local resources in preparing the Annual Action Plan (AAP). The Annual Action Plan (AAP) will be presented to Orange County Board of Supervisors (Board) at a Public Hearing on or about April 2026.

The FAPP also includes estimated funding goals for eligible housing, community development, and/or economic development activities; the process for distributing funding; funding priorities; funding exceptions; and overall requirements to be met when using Federal and local funds.

The County of Orange receives formula-based entitlement grants of ESG, HOME and CDBG funds through HUD each year.

On May 20, 2025, the Board approved the FY 2025-26 AAP.

In order to qualify for funding under the CDBG, HOME or ESG programs HUD uses 80 percent of the Area Median Income (AMI) to determine eligibility. Therefore, projects and activities must ensure that persons being served have incomes at or below 80 percent AMI.

In compliance with HUD regulations (CFR 91.105), OC H&CD provides a 30-day public review and comment period for the following documents: the FAPP, AAP, and any substantial amendments to the AAP.

## **I. Funding Allocation Policy**

### **A. Urban County Program**

The Orange County Urban County Program is comprised of the County unincorporated area, twelve (12) cities with populations under 50,000 (participating cities) and two (2) cities, Placentia, and Yorba Linda, with populations over 50,000 (metropolitan cities). The twelve (12) participating cities include Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, La Palma, Los Alamitos, San Juan Capistrano, Seal Beach, Stanton, and Villa Park. These cities are not eligible to receive Community Planning and Development (CPD) program funds directly from the U.S. Department of Housing and Urban Development (HUD) and have opted to participate in the Urban County Program. The cities of Placentia and Yorba Linda, with populations of over 50,000, are eligible to participate as an entitlement jurisdiction and have elected to join with the Urban County Program as a metropolitan city.

**B. Types of Funding Available**

The Urban County Program annually receives Federal and local funds to allocate to projects and activities that meet identified needs as stated in the ConPlan. The following types of funding are anticipated to be available during FY 2026-27:

Federal Funds- Community Planning and Development Funds (CPD)

Community Development Block Grant (CDBG-14.218), Emergency Solutions Grant (ESG-14.231), Home Investment Partnerships Program (HOME-14.239) and program income generated from repayments or other funding accrued and collected from previously funded CDBG and HOME projects.

State/Local Funds

Orange County Housing Authority Operating Reserves, Housing Successor Agency funding, State Funds including State ESG funding, local Strategic Priority Affordable Housing funds and/or other state or local funds may be used if available.

**C. Use of Funds**

The Urban County Program allocates Federal, State, and local funds to a variety of projects and activities including the development of housing (both permanent and rental), improvements to public facilities, acquisition of land, housing rehabilitation and public services. Table 1 (below) identifies those Federal and local funds allocated in years 1-5 of the FY 2025-29 Consolidated Plan.

TABLE 1: FY 2025-29 FUNDING ALLOCATIONS						
	FY 2025-26	FY 2026-27*	FY 2027-28	FY 2028-29	FY 2029-30	Funding
Federal Program Funds	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
CDBG	\$3,467,220	\$3,467,220				\$6,934,440
HOME	\$1,244,582.84	\$1,244,582.84				\$2,489,165.68
ESG	\$302,608	\$302,608				\$605,216
<b>Subtotal Federal</b>	<b>\$5,014,410.84</b>	<b>\$5,014,410.84</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,028,821.68</b>
<b>Reprogrammed / P I Federal Funds</b>						
CDBG Program Income	\$ 20,000.00	\$ 20,000.00				\$ 40,000.00
CDBG Reprogrammed	\$ 592,761.00	\$ 592,761.00				\$ 1,185,522.00
ESG Reprogrammed						
HOME Program Income	\$ 135,000.00	\$ 135,000.00				\$ 270,000.00
Subtotal CDBG Reprogrammed/PI Federal Funds	\$ 747,761.00	\$ 747,761.00	\$ -	\$ -	\$ -	\$ 1,495,522.00
<b>Total Federal Funding</b>	<b>\$ 5,762,171.84</b>	<b>\$ 5,762,171.84</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,524,343.68</b>

\* Note: Appropriations for FY2026-27 still pending approval. Figures represent flat funding from FY2025-26.


## D. Percentage of Allocation

Based on the needs identified in the FY 2025-29 ConPlan, OC H&CD is estimating the percentage of funds to allocate toward each proposed activity for the FY 2026-2027 AAP. The percentages identified in Table 2 (below) were derived from 5-Year Needs Assessment based by priority needs identified in the ConPlan as follows (these figures are subject to adjustment based on available funding amounts:

**Table 2: Percentage of Allocation FY 2026-27**

<b>Activity</b>	<b>% Range</b>
Affordable Housing* (Assumes all HOME funds including 15% Home CHDO mandate and funding for both affordable rental and/or homeownership activities)	20%-25%
Housing Rehabilitation (CDBG)	10%-20%
Public Facilities and Improvement (CDBG)	25%-35%
Public Services (Includes Maximum CDBG limit of 15%, plus ESG, and local funding, if available)	15%-20%
<b>Percentage of Total Funding</b>	<b>100%</b>
Source: Housing & Community Development	
* Affordable Housing funding is distributed through a separate process, including a Notice of Funding Availability for housing development	

Because the FAPP is a forward planning document, the allocation percentages listed in Table 2 may differ from actual dollars expended based on the number of applications received and funded. The percentages may change also based on final allocations of funds from HUD and calculation of any recaptured or reprogrammed funds available from the prior fiscal years. If demand for one activity is under subscribed and funds are available to allocate to another eligible activity, which is oversubscribed, OC H&CD may recommend to the Orange County Board of Supervisors that funding percentages change to meet local needs.

Based on funding levels, not all projects that apply for consideration for funding may be recommended for preliminary funding. However, due to limited resources, OC H&CD may also recommend funding Public Facility and Improvements (PF&I) and/or Housing Rehabilitation projects at a reduced amount if the funding shortfall is \$500,000 or less. If the funding shortfall for primary applications is over \$500,000, those projects that were not funded may be placed on a Wait List for the next funding cycle. These projects will be considered for funding in the next funding cycle with priority over new submitted projects by subrecipients that were funded in the previous years or if additional funding becomes available during FY 2026-27.

To avoid funding cuts, the County may utilize reprogrammed funds in FY 2026-27 as funding is available and eligible.

## E. Urban County Priorities

Priorities for the Urban County Program are established during the development of the ConPlan. The FY 2025-29 ConPlan identified, within a five-year reporting period, Orange County's overall community development needs (i.e., Housing, Special Needs, and Housing and Community Developments Activities) for extremely low, low, and moderate-income persons and households. Additionally, a major component of the ConPlan is the Strategic Plan that outlines Orange County's long-term goals and prioritizes its housing and non-housing needs. The Strategic Plan also presents a comprehensive approach to addressing homelessness through a Continuum of Care System (CoC).

To better understand local needs a comprehensive Housing and Community Development Needs Survey was distributed to residents living in participating jurisdictions in the Urban County Program by the following means during the development of the FY 2025-2029 Consolidated Plan. Surveys were sent to:

- Nonprofit service providers that cater to the needs of low- and moderate-income households and persons with special needs, including persons with disabilities;
- Agencies serving the homeless and at-risk homeless, including those that are coordinating re-entry after being discharged from institutions;
- Affordable housing providers;
- Housing advocates;
- Housing professionals;
- Public agencies (such as school districts, health services, public works, libraries);
- Economic development and employment organizations; and
- Community and neighborhood centers;

The survey was also made available on the Community Development website.

Citizen participation is one of the most important components of the Consolidated Plan process. To solicit public input during the development of the Consolidated Plan, the Urban County conducted seven community meetings with residents and local housing and service providers.

Annually each Organization is responsible to conduct public hearings (City Council, Board of Supervisors, Non-Profit Board Meetings, etc.) to gather public input on activities to fund.

### Priority Ranking:

Based on the comprehensive Housing and Community Development Needs Survey, priority ranking was assigned to each category of need as follows:

- **High Priority:** Activities to address this need are expected to be funded with CPD funds during the five-year period.
- **Low Priority:** If CPD funds are available, activities to address this need may be funded during the five-year period.
- **No Such Need:** The Urban County Program finds there is no need for such activities, or the need is already substantially addressed. The Urban County Program will not support applications for public assistance by other entities for activities where no such need has been identified.

For the purposes of allocating Federal and local resources overall priority will be given to Projects that meet a "High" priority need.

- Housing Rehabilitation
- Affordable Housing development
- Park and Recreation Facilities
- Senior Centers
- Homeless Facilities
- Neighborhood Facilities
- Water/Sewer Improvements
- Street and Lighting Improvements
- Sidewalk Improvements
- Youth and family services (childcare services)
- Health services, including mental health services
- Senior services
- Services for persons experiencing homelessness

In addition, the County may consider Economic Development activities if funding becomes available (Low-Priority).

### **Additional Priorities:**

The following are examples of additional projects and activity types that will be considered for funding although they did not appear on the Housing and Community Development Needs Assessment Survey.

- Public Services projects filling the gap in the Homeless CoC which were not filled by Continuum of Care Homeless Assistance funding.
- Projects that fulfill federal Regulations or assist in achieving compliance with Federal law (e.g., Non-Compliance with ADA).

### **Projects Considered Non-Priority projects:**

The following is a list includes, but not limited to projects and activity types that will not be given consideration for funding, as they are not a priority need.

- Projects that contain eligible activities not identified on the priority charts.
- Projects seeking funding for planning costs.
- Projects seeking funds for lead-based paint activity costs. These costs may be paid either through available rehabilitation funds or through funds received from other funding sources such as the Healthy-Homes, Lead-Based Paint Hazard Control Program.
- Improvements to streets/alleyways located outside of income-qualified census tracts.
- Projects involving the construction and installation of street signs.
- ADA improvements to buildings or portions thereof, which are used for the general conduct of government, that do not comply with 24 CFR 570.200 (b) (1) and do not meet one of the three National Objectives of the CDBG Program.



**Exemptions from the Funding Allocation Process:**

In addition to priority and non-priority ranked projects, the Urban County Program also undertakes certain activities that are exempt from the competitive process:

- Administration – The Urban County Program utilizes a percentage of HUD Housing & Community Development allocations to administer the CDBG, ESG and HOME programs.
- Orange County’s obligations to a specific community center within the unincorporated area.
- Public Service Activities such as Orange County’s Emergency Shelter Program, and other low-threshold emergency shelters located in participating cities to receive remaining CDBG Public Services funds (capped at 15% of total CDBG allocation, plus receipted Program Income) and ESG funds.
- Fair Housing and Equal Opportunity related activities as mandated by HUD.

**II. Funding Allocation Process****A. Non-competitive Public Service and Administrative Funding Process:**

- Administration – The Urban County Program utilizes a percentage of HUD Housing & Community Development allocations which includes but not limited to administering the CDBG, ESG and HOME programs.
- Orange County’s obligations to a specific community center within the unincorporated area.
- Public Service activities such as Orange County’s Emergency Shelter Program, and other low-threshold emergency shelters located in participating cities to receive CDBG Public Services funds (capped at 15% of total CDBG allocation, plus receipted Program Income) and ESG funds.
- Fair Housing and Equal Opportunity related activities as mandated by HUD.

**B. PF&I Funding Process.**

The Urban County Program will utilize a Request for Applications (RFA) process to distribute both Federal, State, and local funds. The following activities are funded through this process:

One-year RFA for Public Facilities & Improvement projects for FY 2026-27 anticipated to be released in November 2025.

The RFA process was recommended starting FY 24-25 for the following reasons:

- Will help make the overall process less burdensome for applicants as well as eliminate the rating process.
- Past CDBG funding has been sufficient to fund all applications.

However, if a funding shortfall occurs, a procedure is needed to equally process the unfunded applications.

### **Funding Shortfall Process and Options PF&I**

- Accept all applications submitted from eligible applicants with one (1) application and one (1) Waitlisted application to be funded when funds become available. Process all applications for CDBG threshold review.
- If funding sufficient to fund all eligible applications passing threshold review, then fund all eligible projects and proceed to preliminary award.

If not enough funding is available to fund all eligible applications:

#### **Option 1**

- If funding shortfall is \$500,000 or less:
- Cut all application funding requests by equal weighted percentage that resolves shortfall.

#### **Option 2**

- If funding shortfall is over a \$500,000:
- Apply cuts up to \$500,000 as in Option 1
- Fund all jurisdictions at least one project first and then fund those that have not been funded in the past and then by priority of years not funded. (i.e., an applicant that has not been funded at all in the past 5 years will have priority over applicants that have been funded. An applicant who has been funded twice or three times will have priority over those who have received funding four and five times and so on).
- In case of a tie, use past performance ratings based on timely drawdown of funding to break a tie.
- Add non-funded primary projects to waiting list with these projects taking a priority funding position for any funding that comes available during the year.
- Apply same process to future funding cycles.

#### **Waitlist Projects**

If funding becomes available to fund a project from the waitlist, the past three-year performance ratings of the jurisdictions, based on timely drawdown, will be used to allocate funding to the waitlist project(s) in order of rating, and until funds are exhausted or depleted to such an extent that allocating the remaining funds is not in the County's best interest (as determined by the County in its sole and absolute discretion).

### **C. Multi-Year Funding Process**

#### **Housing Rehabilitation**

The Urban County Program will utilize a Request for Applications (RFA) process to distribute Housing Rehabilitation funds.

For FY 2026-27, OC H&CD is recommending that successful Housing Rehabilitation (HR) projects be funded for the first year of a three-year funding cycle.

- Accept all applications submitted from eligible applicants.
- If funding sufficient to fund all eligible applications passing threshold review, then fund all eligible projects and proceed to preliminary award.

If not enough funding is available to fund all eligible applications:

Option 1

- If funding shortfall is \$500,000 or less:
- Cut all application funding requests by equal weighted percentage that resolves shortfall.

Option 2

- If funding shortfall is over \$500,000:
- Apply cuts up to \$500,000 as in Option 1
- Fund jurisdictions that have not been funded in the past and then by priority of years not funded. (i.e., an applicant that has not been funded at all in the past 5 years will have priority over applicants that have been funded. An applicant who has been funded twice or three times will have priority over those who have received funding four and five times and so on).
- In case of a tie, use past performance ratings based on timely drawdown of funding to break a tie.
- Add non-funded projects to waiting list with these projects taking a priority funding position for any funding that comes available during the year or additional funding the next 3 years for multi-year Housing Rehabilitation projects.
- Apply same process to future funding cycles.

### **Waitlist Projects**

If funding becomes available to fund a project from the waitlist, the past three-year performance ratings of the jurisdictions, based on timely drawdown, will be used to allocate funding to the waitlist project(s) in order of rating, and until funds are exhausted or depleted to such an extent that allocating the remaining funds is not in the County's best interest (as determined by the County in its sole and absolute discretion).

### **Public Services**

For FY 2026-27, OC H&CD is recommending that successful Public Services projects be funded for the first year of a three-year funding cycle.

### **Multi-Year Funding:**

Public Service and Housing Rehabilitation projects that are recommended to receive funds as the result of the funding in Year 1 (FY 2026- 27) and received in funding Year 2 (FY 2027-28) and may receive funding in Year 3 (FY 2028- 29), provided the organization successfully meets the following criteria:

- Project remains in compliance with contractual milestones.
  - All projects must expend 50% of their contractual funds and complete 50% of their contractual accomplishments by January 15, of the contract year; 70% by February 15 of the contract year; and 80% by March 15, of the contract year.
  - All Public Service projects that serve homeless populations are required to participate in the County's Homeless Management Information System (HMIS). For information regarding HMIS please contact 2-1-1 OC
  - Exceptions to these requirements include contracts that expend their funding later in the fiscal year (i.e., seasonal shelters), exemption from OC H&CD Director, and delays due to HUD or OC H&CD administration of contracts.
  - Project continues to meet the priority status for which it was funded in Year 1.
  - All project accomplishments must be correctly reported quarterly on the Grantee Performance Report (GPR) and/or other documentation as described in current year contract.
  - Project must receive a successful assessment of performance and progress from OC H&CD staff, including but not limited to submission of the required insurance certifications and all environmental clearances will need to be completed and cleared prior to project start date.
  - Organizations that receive an unsuccessful assessment of performance will be reviewed and reevaluated by OC H&CD for future funding consideration.

#### **D. Proposal Review Process and Key Policies**

In order to ensure integrity and reliability, the threshold review process is applied to each application on a consistent basis. In addition, maximum flexibility has been built into the proposal review process in order to ensure that Federal and local resources are available to assist the County in meeting its Community Development needs. OC H&CD staff may provide technical support to the applicants when requested.

#### **Proposal Review Process**

All proposals will be reviewed utilizing the following six (6) steps:

- 1. Performance Requirements for requesting funds through the FAPP/RFA**- The County is proposing a three-year performance metric beginning in the 2025-2026 FAPP/ RFA process for Public Facility and Improvement and Housing Rehabilitation/ Façade Rehabilitation Applications. Based on calculations, using three previous years, if a participating non-metro city has not drawn down 80% of their awarded funds excluding the current fiscal year, by the time applications are due for the RFA process (generally in November) they may not apply for funding for a one-year period for PF&I projects. Although not a part of the RFA process, Metro Cities that have not drawn down 80% of funds over the previous three years, by the time applications are due for the RFA process (generally in November) may not request funding for a one-year period for PF&I projects.
- 2. Initial threshold review of all proposals submitted based on eligibility requirements established by HUD, will be conducted by OC H&CD staff.**

3. Applicants deemed as unsuccessful per the threshold review by OC H&CD staff are offered the opportunity to protest following the Contract Policy Manual for procurement.
4. After addressing any protests, OCCR Procurement provides a list of proposals recommended for funding to H&CD.
5. Projects recommended for funding are compiled and presented to the public for comment in the draft Annual Action Plan and later to the Orange County Board of Supervisors for approval.
6. Projects are preliminarily awarded funding until final approval from HUD.

### **Key Policies**

**Renewal Applicants-** Those applicants having been under contract with H&CD within the past 3 years.

- OC H&CD staff shall review project performance from projects within the past 3 years.
- Renewal evaluations will focus on, but will not be limited to, subrecipient compliance with contractual obligations and meeting scheduled accomplishments as reported on the current year's Grantee Performance Report (GPR).

**Activity Specific Policies-** the following requirements apply to all Public Services, Housing Rehabilitation and Public Facilities and Improvements projects and activities.

- All projects and activities providing services to homeless individuals and/or families are required to be an active participant in the Homeless Management Information System (HMIS).
- \$200,000 maximum funding amount for Housing Rehabilitation projects with potential to increase up to \$300,000 based on funding availability.
- \$250,000 maximum funding amount with no match and \$450,000 maximum funding amount with a 20% match for Public Facilities and Improvements.

### **Minimum Funding Requirements**

- A minimum application grant amount (based on available funding) is established at \$15,000 per year for all activities.
- A Maximum of **one** PF&I project and **one** waitlist PF&I project or extended primary scope of work. When funds are available, Sub-recipients will be funded for the wait list project or add additional goals and funding to the original scope. Participating non-metro cities who have not applied for funding in the previous RFA would not be subject to Performance Requirement for the first year.
- Projects must meet a national objective as identified by HUD Regulations Criteria for National Objectives (24 CFR 570.208).
- Depending on funding source, the proposed activity must be eligible as defined by HUD.

- Regulations under Basic Eligible Activities (24 CFR 570.201).
- The population to be served or to benefit from the project must be primarily low to moderate-income as defined by HUD.
- If the applicant is a current or past recipient of assistance under a HUD McKinney Act program (i.e., Continuum of Care) or the HUD Single Family Property Disposition Program, there must be no project or construction delay, HUD finding, outstanding Annual Progress Report (APR), or outstanding audit that HUD deems serious regarding the administration of HUD McKinney Act programs or the HUD Single Family Property Disposition Program.
- Applicant must submit a copy of the organization's last two (2) most recent audits (within the last two years) by an independent certified CPA and a description of corrective action taken for any findings identified by the auditor, both of which will be reviewed by the OC Community Resources Accounting Manager or designated staff.
- The applicant must be in compliance with applicable civil rights laws and Executive Orders, and Grant Agreement provisions. There must be no pending civil rights suits, outstanding findings, of noncompliance with civil rights statutes, Executives Orders, or regulations, unresolved Secretary (Secretary of the U.S. Department of Housing and urban Development) Charge of discrimination issued under the Fair Housing Act, no adjudications of civil rights violations on a civil action or deferral of processing of applications from the applicant imposed by HUD.

## **E. Substantial Amendments to Projects**

### **1. Substantial Amendment**

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, unless HUD has a waiver in place, 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). 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 not previously listed and described in the Consolidated Plan/Annual Action Plan.
2. When 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 allocated to an existing activity when the following apply:
  - a. An increase in funding for a public service activity in an amount greater than a 10% increase over the current funded amount.
  - b. An increase in the funding for public facility improvements/housing rehabilitation in an amount greater than a 10% increase over the current funded amount.

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.

## **F. Non-Substantial Amendments to Projects**

### **1. Non-Substantial Amendment**

- a) From time-to-time, it may be necessary for the County to process a "non- substantial amendment" to the One Year Annual Action Plan to allow for changes in CDBG, ESG, HOME or local-funded activities, extension of contract end dates, or other CPD program administrative actions. At the County's discretion a Sub-recipient with a history of contract drawdown compliance may be granted a 6-month extension, providing the request is in writing within 90 days prior to the end of the fiscal year. Contract extensions will only be granted for extraordinary circumstances out of the Cities control such as natural disasters or acts of God and are at the county's discretion. Lack of staff capacity or poor sub-contractor performance will not be considered valid reasons for an extension. Additionally, only one extension per contract will be permitted unless for reasons as mentioned above at the county's discretion.
- b) Any proposed amendment that is considered a "non-substantial amendment" that has an increase of funding between 11% and 50% of original contract amount, requires formal action by the Board of Supervisors.

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.

## **G. Program Income**

Successful applicants will be required to comply with regulations set forth in 24 CFR 570.504, as well as all applicable State and Orange County regulations when reporting Program Income. Program Income is considered as funds generated by the successful applicant as a result of receiving Federal State and or local funds provided in a contract with Orange County.

All Program Income accrued shall be returned to Orange County on a quarterly basis prior to the successful applicant receiving any reimbursement from grant funds provided in their contract with Orange County.

## **H. Affordable Housing**

Activities associated with affordable housing such as new housing construction/acquisition project proposals, rental housing, single-family acquisition/rehabilitation, homeownership, and tenant based rental assistance will be approved separately and presented to the Board of Supervisors. If the County selects to do homeownership activity, it will be pursuant to the current FY 2025-29 ConPlan recapture policy.

## **I. Performance Measurements**

The County is proposing a three-year performance metric beginning in the 2025-2026 FAPP/RFA process for Public Facility and Improvement and Housing Rehabilitation/Façade Rehabilitation Applications. Based on calculations, using three previous years, if a participating non-metro city has not drawn down 80% of their awarded funds excluding the current fiscal year, by the time applications are due for the RFA process (generally in November) they may not apply for funding for a one-year period for projects other than public services. Although not a part of the RFA process, Metro Cities that have not drawn down 80% of funds over the previous and current fiscal year, by the time applications are due for the RFA process) may not request funding for a one-year period for projects other than public services.

### **1. Project remains in compliance with contractual milestones.**

All projects must expend 50% of their contractual funds or obligate the funds by January 15, of the contract year. If a projects performance does comply with these stipulations, the contract will be cancelled, and the remaining funds will be recaptured and allocate to other performing projects.

The second and third milestones are 70% by February 15, of the contract year; and 80% by March 15, of the contract year.

In addition, to expenditure deadlines, PF&I projects must complete the design of the project by September 30<sup>th</sup> and bid package process completed by November 15<sup>th</sup> of the program year or the subrecipient (city) will not be eligible for a new award for one year.

Metro Cities are entitlement cities who have chosen to participate with the Urban County. Since their timely expenditure of funds affects the entire Urban County, they must comply with expenditure and accomplishment milestones as well. If a Metro City does not, County

Staff will request recapture of these funds for use in other Urban County Programs.

Exceptions to these requirements include contracts that expend their funding later in the fiscal year (i.e., seasonal shelters), exemption from OC H&CD Director, and delays due to HUD or OC H&CD administration of contracts.

Consistent with Federal Guidelines as referenced in Federal Register Notice, Vol. 70, No. 111, dated June 10, 2005, and Federal Register Vol 71, No. 44 Notice; March 7, 2006, update, OC H&CD developed a performance measurement system that identifies standardized objectives and outcomes for proposed activities, that can be reported at a national level.

HUD updated guidelines. The following chart provides a brief outline of OC H&CD performance measurement system as recommended by HUD.



**Table 3: PERFORMANCE OUTCOME MEASUREMENT SYSTEM****Step 1: Assess Needs and Select Goals****Step 2: Select Objectives with Outcomes**

<b>Availability/Accessibility</b>	<b>Affordability</b>	<b>Sustainability</b>
Enhance Suitable Living Environment Through New/Improved Accessibility	Enhance Suitable Living Environment Through New/Improved Affordability	Enhance Suitable Living Environment Through New/Improved Sustainability
Create Decent Housing with New/Improved Availability	Create Decent Housing with New/Improved Affordability	Create Decent Housing with New/Improved Sustainability
Promote Economic Opportunity Through New/Improved Accessibility	Promote Economic Opportunity Through New/Improved Affordability	Promote Economic Opportunity Through New/Improved Sustainability

**Step 3: Design Programs and Choose Activities**

Housing Rehabilitation Rental Housing Production Community Facilities Public Safety Infrastructure Lead-based Paint Activities	HIV/AIDS Tenant-based Rental Assistance Economic Development Housing for Homeless Special Needs Housing Homeownership Assistance	Housing Counseling Public Services Code Enforcement Water/Sewer Utilities Transportation
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**Performance Objectives**

No. 1 - Suitable Living Environment: In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.

No. 2 - Decent Affordable Housing: The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME, CDBG, HOPWA or ESG. This objective focuses on housing programs where the purpose for the project is to meet the individual family or community needs and not programs where the housing is an element of a larger effort.

No. 3 - Creating Economic Opportunities: This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

## Performance Outcomes

No. 1 - Availability/Accessibility: This outcome category applies to activities that make services, infrastructure, housing, or shelter available or accessible to low and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate-income people.

No. 2 - Affordability: This outcome category applies to activities that provide affordability in a variety of ways in the lives of low-and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

No. 3 - Sustainability (Promoting Livable or Viable Communities): This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas through multiple activities or services that sustain communities or neighborhoods.

The outcomes and performance monitoring process will be carried out in a transparent way, so that those who monitor performance outcomes can make informed judgments.

As stated above, applicants are required to identify their planned performance in their budget documentation and to report on their actual performance in their Grantee Performance Report (GPR). Guidance on performance and outcome accountability documents is available by contacting:

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Santa Ana, CA 92705  
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### III. Proposed FY 2026-2027 FAPP Schedule

	September 26, 2025, to October 27, 2025	FAPP 30-day Public Review Comment Period
	November 4, 2025	Board of Supervisors Public Hearing for FAPP
	February 27 to March 30, 2026	30-day Public Review and Comment Period of the Draft FY 2026-27 Annual Action Plan (AAP)
	April 26, 2026	Board of Supervisors Public Hearing to receive public comments on the FY 2026-27 AAP
	May 15, 2026	Submit the Board adopted FY 2026-27 AAP to HUD.

**All Dates are subject to change.**

**Public Comments**  
**None received to Date**