

HOME-American Rescue Plan Program

Session 1, Overview, Qualifying Populations, and Allocation Plans

Monday, September 27, 2021

Ginny Sardone: Thank you. And good afternoon, everyone. Welcome to the first in a series of four webinars at HUD's Office of Affordable Housing Programs is conducting on the newly issued notice implementing the HOME-American Rescue Plan program.

My name is Ginny Sardone. I'm the director of the Office of Affordable Programs at HUD. And I'm joined today by Caitlin Renner, who's an assistant director of OAHF program policy division. Slide, please. One more slide, please. Thank you.

So this week and next week, OAHF will be presenting four sessions. In today's session, we'll present a high-level overview of the HOME-ARP program, including the four eligible activities, administrative funding for HOME participating jurisdictions and non-profit organizations undertaking HOME-ARP activities, the qualifying populations who are the eligible beneficiaries of HOME-ARP funds, and the consultation, participation, and content requirements for the HOME-ARP allocation plans.

For purposes of today's overview, I will be primarily describing HOME-ARP eligible activities by comparing them to the requirements applicable in the regular HOME program. In subsequent webinars, we'll be diving much deeper into those activities. So let's talk briefly about the upcoming sessions.

In session two, we will cover establishing preferences among the HOME-ARP qualifying populations, the options for establishing referral and admission systems for HOME-ARP programs and projects and do an in-depth explanation of the requirements for rental housing assisted with HOME-ARP funds.

In session three, we will explain the requirements for the three other HOME-ARP eligible activities: tenant-based rental assistance, supportive services, and non-congregate shelter. And then, session four will cover administrative funding for PJs and for non-profits, and cover other administrative topics such as financial management, IDIS reporting, and recordkeeping. Slide, please. Thank you.

The American Rescue Plan, or ARP, which became law on March 10 of this year, appropriated \$5 billion to the HOME investment partnerships program to provide assistance to address homelessness as well as address the needs of several other vulnerable populations. Congress chose to provide the funds through HOME because it wanted this program to focus on capital investments. Specifically, Congress wanted to provide significant funding for development of permanent rental housing and to upgrade the stock of shelter to include non-congregate shelter units.

HOME-ARP funds were appropriated under Title II of the Cranston-Gonzalez National Affordable Housing Act, which is the HOME Program statute. Put allocated HOME-ARP funds, via the regular HOME formula, to all states and local governments that qualified for a HOME Program allocation in the fiscal year 2021 regular HOME formula run.

HUD has already obligated the HOME-ARP funds and dispatched grant agreements to all HOME PJs. These grant funds are available for PJs -- to PJs for expenditure until the end of September 2030. Slide, please.

So ARP suspended several requirements in the HOME statute specifically, eliminating the following requirements for HOME-ARP funds. The 25 percent max requirement that applies to regular HOME funds, a 15 percent set aside for housing owned, developed, or sponsored by Community Housing Development Organization known as CHDOs, the maximum per unit subsidy limit also known as the 221(d)(3) limit, and the 24-month deadline for committing HOME funds.

The ARP Act also increased the statutory limit for administrative and planning costs from the 10 percent for regular HOME PJs or regular HOME funds, I should say, to 15 percent. And then, recognizing that other HOME statutory and regulatory requirements would have to be eliminated or altered to fit the different HOME-ARP activities and populations, ARP also provided HUD the authority to suspend requirements and establish alternative requirements to facilitate the use of funds. Slide, please. Thank you.

So HUD used this waiver and alternative requirement authority liberally in creating the policies that are embodied in CPD Notice 21-10: Requirements for using -- Requirements for the Use of Funds in the HOME-ARP Program, which we published on September 13th. As many of you know, the HOME statute is very detailed and prescriptive. And for rental housing and tenant-based rental assistance, which are eligible activities under the regular HOME program, we used our authority to alter requirements for HOME-ARP.

HOME-ARP also includes two activities that are not eligible under the regular HOME Program, and we use the alternative requirement authority to establish requirements and create these programs in the notice. No waivers of the McKinney Act were necessary.

So in drafting CPD 21-10, we had two main goals. The first was that the notice function as a comprehensive standalone document with all applicable requirements in one place. This resulted in the notice being rather lengthy, 97 pages, because we repeated a lot of the HOME regulatory language instead of simply inserting regulatory cross-references.

Our second goal was that the notice be written in plain English and easy to read and understand. And to accomplish this, we separated out the legally required document, suspending the statute, waiving regulations, and establishing alternative requirements. That waiver and alternative requirement document is a 77-page appendix to the notice.

The good news is that there's no need to look at that document to design and administer a HOME-ARP Program. So you'll be looking at the main notice as you design and administer your program on a day-to-day basis.

But even better news is that the ARP Act appropriated \$25 million in technical assistance funding specifically for the HOME-ARP Program. And we'll be using those funds to develop webinars, tools, templates, and in-depth direct TA for PJs and providers. Slide, please.

Okay. Let's turn to the actual text of the ARP statute. ARP states that HOME-ARP funds must be used to primarily benefit individuals and families that meet the requirements for one or more qualifying populations, which we are calling QPs. The act authorized more eligible activities to assist these populations. And those activities are affordable rental housing or HOME-ARP Rental Housing, supportive services -- or excuse me, tenant-based rental assistance, HOME-ARP TBRA, supportive services, which we're calling HOME-ARP Supportive Services, and non-congregate shelter, known as HOME-ARP NCS.

And we designated each of these activities as -- with HOME-ARP to help distinguish them from regular HOME activities and from activities undertaken under the emergency solutions grant and the continuum of care programs. Slide, please.

So ARP established several different qualifying populations as the eligible HOME-ARP beneficiaries. The first of these populations is persons who are homeless under the McKinney Act definition at 24 CFR 91.5. That's the definition in the consolidated plan regs.

The second definition is the McKinney Act definition of at-risk of homelessness also found in the con plan regs at 91.5. The third QP is persons who are fleeing, attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking. The definition of these persons tracks those in the Violence Against Women Act definitions at 24 CFR 5.2003, except that the human trafficking definition is taken from the Trafficking Victims Protection Act of 2000.

The next QP is other populations where assistance would prevent the family's homelessness or serve those with greatest housing instability. And HUD was required to exercise substantial discretion in creation these definitions, and we're going to look at those definitions in just a moment. Slide, please.

Oh. I'm sorry. So I forgot about the veterans. ARP specifically identified veterans and families including a veteran family member that meet one of the preceding definitions as an -- as eligible HOME-ARP beneficiaries. But for administrative simplicity, HUD did not establish veterans and veteran families as a separate QP since they're required to meet a separate QP definition in order to qualify. So although we haven't broken them out as their own qualifying population, you'll learn in session four, HUD is -- will be requiring reporting on veterans. Thank you. Now, flip that slide. Apologize for that.

So want to circle back to other -- the other populations QP. The HOME-ARP statute requires establishment of two definitions for this QP. One tied to homeless prevention and the other time to the risk of housing instability.

So the first definition, other families requiring services or housing assistance to prevent homelessness encompasses individuals and families who previously qualified as homeless under the McKinney Act but are currently housed due to some form of temporary emergency or other assistance and who need additional housing assistance or supportive services through HOME-

ARP to avoid becoming homeless again. So this may include people on time limited assistance. Slide, please.

The second QP definition under other populations is individuals or households that either have annual income at or below 30 percent of the HUD area median income and are experiencing severe cost burden, meaning that they're paying more than 50 percent of their monthly income toward rent. So that's extremely low income, or ELI, families or households who are severely cost burdened is the first element of this definition.

The second part of the definition or the different option is a household that has an annual income at or below 50 percent of that HUD AMI limit. These folks are generally referred to as very low income, or VLI, and meet one of the seven conditions in paragraph Roman three of the McKinney Act at-risk of homelessness definition in 24 CFR 91.5.

So those seven conditions, just as a reminder, is -- are someone who has moved because of economic reasons two or more times during 60 days immediately preceding applications for homeless prevention assistance; someone living in the home of another because of economic hardship; somebody who's been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days; someone who lives in a hotel or motel and the cost is not paid by charitable organizations or by federal, state, or local programs for low income individuals; persons living in SRO occupancy or efficiency apartment unit in which reside more than two persons or lives in a larger unit in which more than 1.5 persons reside per room as defined by the Census Bureau; is exiting publicly funded institution or system of care, like a healthcare facility, a mental health facility, foster care, or other youth facility or corrections program; or otherwise lives in housing that has characteristics associated with instability and are at increased risk of homelessness as identified in a recipients approved consolidated plan.

So that's a very long sort of definition. I apologize for sort of reading it, but I wanted those of you who are not familiar with the at-risk of homelessness definition to have a basic idea of what is in it. Slide, please.

So we're going to turn our attention to the eligible activities authorized under the HOME-ARP statute. And the first of those is rental development. So please flip the slide. Thank you.

As I mentioned earlier in today's overview, I'm going to describe this new rental activity by comparing it to rental housing rules applicable in the regular HOME Program. And a more detail explanation will be provided in the second session of this webinar series.

The basic outline of the HOME-ARP rental activity is similar to the regular HOME rental activity. And the HOME-ARP eligible activities are acquisition of standard rental housing, new construction of rental housing, and rehabilitation of rental housing. So that's very familiar to all of the HOME PJs out there.

HOME-ARP eligible costs are also very similar to the HOME costs and include the broad list of development hard costs and soft -- related soft costs, including relocation costs that are outlined

in both the HOME regulations and in the HOME-ARP implementing notice. The one significant difference in eligible costs is the one in the last bullet on the slide. Unlike regular HOME funds, HOME-ARP funds can be used to pay ongoing periodic operating cost assistance to cover operating deficits of units reserved for occupancy by QPs or can be used to capitalize an operating deficit reserve sized to cover the project's projected operating deficits during the entire HOME-ARP compliance period.

These operating funds are one way to make HOME-ARP projects or units that do not receive project-based rental subsidies financially feasible. Slide, please. Thank you.

So we're going to talk about rental housing targeting. Because the HOME-ARP QPs consist largely of individuals or families who have limited or sometimes no ability to contribute to a rent and there's not a dedicated source of project-based rental subsidy for HOME-ARP units, HUD had to devise other ways to ensure that HOME-ARP projects would be financially feasible. The operating subsidy I just spoke of was one of those mechanisms.

HUD also exercised the discretion in the statute to permit less than 100 percent of beneficiaries to come from populations other than QPs. So for rental housing only, not any of the other HOME-ARP activities that we'll be talking about later HUD is requiring that not less than 70 percent of a rent -- of rental units that a PJ assists with its HOME-ARP allocation be reserved for occupancy by QPs. But is also permitting that up to 30 percent of the total number of HOME-ARP units can be occupied by low-income households who do not qualify as a QP. These are known as low-income units.

So over the entirety of the participating jurisdiction's grant, 70 percent of the units that it funds must be reserved for occupancy by QPs, but it has the flexibility to permit up to 30 percent of the total number of units to be restricted for occupancy by low-income units. So this is not a project-by-project requirement. And HUD expects that PJs will maximize QP units to the greatest extent feasible in accordance with the intent of the HOME-ARP statute.

However, the HOME-ARP notice provides this flexibility to designate some low-income units and projects not receiving project-based rental subsidies where -- and where internal subsidy from higher rents is necessary to make the inclusion of QP units in a project financially feasible. Note that HOME-ARP funds can only be used for low-income units and projects that also include QPs. So you cannot invest HOME-ARP funds to do low-income units in a project that is not also serving qualified populations.

And HUD strongly advises PJs to make careful use of this flexibility so they don't find themselves in a position of exceeding the 30 percent limitation or of having no flexibility to include low-income units and projects that are undertaken later in the term of the HOME-ARP grant. Slide, please.

Okay. So let's talk briefly about the other HOME-ARP requirements for rental housing. The column on the left includes several characteristics of HOME-ARP rental program that have been carried over -- of the regular HOME Program that have been carried over into HOME-ARP. This includes maximum rent levels, ongoing occupancy requirements, cost allocation, project due

diligence requirements, written agreements, recorded use restrictions or deed restrictions, tenant projections, and lease projections. These are all HOME requirements that are also HOME-ARP requirements in identical or a very similar form.

The column on the right includes concepts that are new or very different for HOME-ARP. They either don't exist in the regular HOME Program, or they take a very different form. And so this includes a limit on tenant contribution toward rent. Qualification based on criteria other than annual income so that a qualifying -- someone who was a member of a qualifying population qualifies for a HOME-ARP rental unit on that basis alone irrespective of income. That's very different than a regular HOME Program.

The operating assistance and reserves that I spoke of, very different than in the regular HOME Program. Another very significant difference are multiple methods for prioritizing tenants for admissions that can incorporate the continuum of care coordinated entry in addition to the project specific waiting list that are required in the HOME statute.

In addition, the ability to use master leases in rental housing and a single compliance period for all units irrespective of activity or the level of investment per unit. So the -- for those of you who will go back and look at these slides in the future, the column on the left are HOME-like requirements and the column on the right are things that are quite different. Slide, please.

So we're going to move on and talk a little bit about Tenant Based Rental Assistance. If you'll flip the slide again, please. Okay.

So HOME-ARP funds can be used for Tenant Based Rental Assistance for qualifying populations and HOME-ARP TBRA is very similar to TBRA under the regular HOME Program. It provides ongoing rental assistance covering ongoing rent and utility costs, security deposits either alone or in combination with ongoing rental assistance, and utility deposit assistance when provided in combination with either rental assistance or security deposit assistance. So in that respect, very similar to HOME.

And of course, the assistance is tied to the tenant rather than the unit. So the tenant can take the assistance to another appropriate unit. One of the few differences between HOME-ARP TBRA and regular HOME TBRA is that HOME-ARP can cover up to 100 percent of rent and utility costs, which is not the case for regular HOME. Slide, please.

Okay. So same drill on this slide. The left column lists HOME-ARP characteristics for TBRA that are similar to regular HOME TBRA. Both programs permit the same eligible costs; rental assistance, security deposits, utility payments, and utility deposit payments, as I just spoke of.

On the right side, you will see the things that are different about HOME-ARP when compared to regular HOME funds. Probably the most significant difference is that higher subsidy amount that I spoke of, but also HOME-ARP permits the use of sponsors to lease units and sublease to tenants, which is not something that can be permitted in the regular HOME Program based upon our statute.

If HOME-ARP TBRA is used in a HOME assisted unit or a HOME-ARP assisted rental unit -- so we developed that unit with either HOME or HOME-ARP funding, the PJ or the TBRA administrator can rely on physical inspections performed for the rental unit rather than conducting separate inspections.

And then, the -- in HOME-ARP, the PJ can choose the term of the contract. In the regular HOME Program, there is a two-year statutory limitation on a TBRA contract. And then, finally, unlike regular HOME funds, HOME-ARP TBRA cannot be used in connection with homebuyer programs. Slide, please.

Okay. We're going to move on to the third eligible activity under HOME-ARP. Can you flip the slide, please? Thank you.

Okay. So supportive services are one of two activities that the HOME-ARP Act added to HOME-ARP that are not eligible with regular HOME funds. HOME-ARP funds can be used to provide a broad range of supportive services to QPs either as a standalone program or in combination with HOME-ARP activities. So it permits the pairing of HOME-ARP supportive service funding with non-congregant shelter or with permanent supportive housing that was funded with HOME-ARP funds.

Eligible program participants include individuals and families who meet a QP definition and are not already receiving these services through another program. Slide.

Okay. The HOME-ARP statute authorizes the use of HOME-ARP funds for three different categories of supportive services, which are listed here in the slide. And the first we're calling McKinney-Vento Supportive Services because they are a list of supportive services adapted from Section 401(29) of the McKinney-Vento Homeless Assistance Act.

The second category is Homeless Prevention Services. This is also adapted from the eligible homeless prevention services under the Emergency Solutions Grant regulations, but they've been revised and supplemented and streamlined. So they're actually things eligible under HOME-ARP homeless prevention that is not eligible under ESG, which I think is perhaps the most significant thing about this category.

And then, the third category is housing counseling as defined in HUD's housing counseling regulations and provided by certified housing counselors. Slide, please.

Okay. So as I mentioned, this is an overview. And so I do not want to take the time today to sort of walk through each of these different types of activities, but I wanted to, for the purposes of making this slide deck complete, if nothing else, give you a list of the eligible costs under the McKinney Vento Supportive Services and the homeless prevention services. And we will be talking much more about that in session three. Can you flip the slide, please?

Okay. So these are the costs that are eligible to be paid with HOME-ARP funds in connection with HOME-ARP housing counseling. Again, I just want to highlight the categories of eligible costs and make sure that you have a complete slide deck on this. These are typical costs of

housing counseling, but we're going to defer further discussion until section three. Slide, please. Great. Thank you.

Okay. We're going to turn our attention to the fourth eligible HOME-ARP activity, which is acquisition and development of non-congregate shelter, or, as we're calling it, NCS. There's been quite a bit of interest expressed in using HOME-ARP to buy motels and other structures and converting them to use as NCS. So I know that sort of the issuance of the notice and of the grant agreements has been very eagerly anticipated in a lot of quarters.

So interestingly, the HOME-ARP statute did not contain a definition of NCS, nor is there a definition of NCS in other HUD programs. So in the notice, we defined NCS as one or more buildings that provide private units or rooms for temporary shelter, serve individuals and families that meet one or more qualifying populations, and do not require occupants to sign a lease or occupancy agreement. So that is what NCS means in our program. Slide, please. Thank you.

ARP permits the use of HOME-ARP funds for acquisition or development of NCS. Consequently, the eligible activities and costs are similar to HOME and HOME-ARP rental. HOME-ARP funds can be used to acquire standard structures that require no rehabilitation to be used as NCS or to construct or rehabilitate structures for use as NCS. And this can include conversion or adaptive reuse of motels, nursing homes, and other structures to be used as NCS.

The eligible costs include acquisition and development costs and related soft costs. Probably the most significant thing to remember about the NCS activity is that the ongoing cost of operating NCS cannot be paid with HOME-ARP funds. Therefore, as part of the PJ's due diligence, they'll be required to determine that there's a source of operating subsidy for the NCS once it is developed.

There is one other thing on this slide that I want to note and that is the eligible cost include replacement reserves. This is not something that is permitted for home rental and -- but we are permitting PJs to use HOME-ARP funds to capitalize a replacement reserve for the cost of replacing building systems or components if a capital needs assessment indicates that the scheduled replacement will occur within the restrictive use period of the NCS. Slide, please.

So once you have acquired or developed NCS, what are your options for its use? The HOME-ARP statute established four possibilities. And the first is that the NCS remains HOME-ARP NCS for the restricted use period. The other alternative is that the NCS can be used as NCS under the Emergency Solutions Grant. So under the ESG program.

The statute also permits NCS to eventually converted to rental housing. Specifically, ARP permits HOME-ARP NCS units to be converted into HOME-ARP rental housing or into permanent housing under the Continuum of Care Program. A conversion can occur within the restricted use period of NCS after it has served as NCS for the minimum period outlined in the notice. And no HOME-ARP funds can be used for the cost of conversion.

So I just threw two terms at you, restricted use period and minimum use period. Please flip the slide and we'll talk about that a little bit more. Okay.

So the restricted use period is the period of time that the structure must comply with the HOME-ARP requirements in the notice. So if the HOME-ARP funds funded new construction, the restricted use period is 15 years. If it was acquisition only or rehabilitation, then the restricted use period is 10 years. So you look at the notice, that's the period during which the property has to be used for HOME-ARP purposes.

Now, I mention that the -- that it is possible -- it's permissible to convert HOME-ARP NCS to an affordable house use, either a HOME-ARP rental housing or CoC permanent housing, but that the property had to serve a minimum use period before conversion could take place. And so that is if -- in case where we simply acquired the property and there was no rehabilitation involved, the minimum use period before conversion is permitted is three years.

If there's -- if mode rehabilitation, as defined on the slide, was the activity, then the minimum use period is five years. Substantial rehab is 10 years. And also, if it was new construction, that's a 10-year period. Slide, please.

Okay. We're going to talk about non-profit operating and capacity building assistance that was authorized under ARP. Next slide, please. Thank you.

So ARP authorized the use of HOME-ARP funds to pay operating expenses of non-profit organizations and capacity building costs of non-profits that will carry out HOME-ARP activities within 24 months of receiving the operating or the capacity building funding. For those of you who are familiar with the regular HOME Program, this is very similar to CHOTO [ph] operating.

PJs can use up to 5 percent of their HOME-ARP allocation to pay general operating costs of these non-profit organizations. In addition, they can use up to an additional 5 percent to pay capacity building costs for these organizations. Slide, please.

Okay. There is a -- there are limits on the amount of assistance that any non-profit can receive in a year. So for either operating assistance or capacity building assistance alone -- so the non-profit receives one or the other but not both -- the assistance cannot exceed the greater of 50 percent of general operating expenses of the organization or \$50,000 in any given year.

However, if the organization receives both types of assistance, operating and capacity building, the annual limit is the greater of 50 percent of operating expenses for that year, or \$75,000. And that's an annual limit. We'll talk about this in much more depth in session four.

And with that, if you would flip the slide, I'm going to turn the presentation over to Caitlin who will walk you through the allocation plan requirements. Thanks.

Caitlin Renner: Thank you, Ginny. So for those of you have -- that have reviewed the notice already, you'll know that the notice permitted HOME-ARP grants to be obligated prior to PJ submission of the HOME-ARP allocation plan to provide administrative funding for the PJ planning processes. However, for a PJ to receive the remainder of their HOME-ARP funds, the

PJ must engage in consultation, conduct public participation, and develop a HOME-ARP allocation plan.

The plan must be submitted to HUD as a substantial amendment to the FY 2021 annual action plan. And we have already received a couple of questions about whether the amendment can be submitted for a different fiscal year, but the answer is no. First, the HOME-ARP funds were allocated in 2021, but also the requirement to amend the 2021 plan is simply about where and how PJs will upload their plan as an attachment in IDIS.

So keeping the plan year the same for all PJs really eases the administration and tracking of HOME-ARP allocation plans for HUD. And remember, there's not a deadline for submission of the HOME-ARP allocation plan. So while HUD encourages PJs to begin planning for the use of HOME-ARP as soon as possible because these funds are really needed in the community, there's nothing prohibiting PJs from combining their consultation or citizen participation with their 2022 processes, just as an example.

So this first slide is about consultation. An upfront consultation with certain organizations before or during the development of the HOME-ARP allocation plan is required by the notice. As you can see here, at a minimum, the PJ must consult with Continuums of Care, homeless and domestic violence service providers, veterans' groups, public housing agencies, other public agencies that address the needs of qualifying populations. For example, those populations that don't fall into the homeless category or the victims of domestic violence category. And public and private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

So it should be noted that the notice does require local PJs to consult with all Continuums of Care and public housing agencies serving their jurisdiction as well as any regional or statewide PHAs. However, state PJs are not required to consult with all CoCs or PHAs within the state. Next slide, please.

So the goal is that PJs will use these consultations to supplement any available data to improve their understanding about qualifying populations and the types of activities that are underway in their community to assist qualifying populations. HUD expects that the information gained from these consultations will inform both the required needs analysis and aid the PJ in developing a strategy for distributing HOME-ARP among the eligible HOME-ARP activities.

In addition, consultation is a great opportunity for the PJ to build relationships with organizations that will likely become partners in administering HOME-ARPs, such as subrecipients, developers, and service providers. And as you can see on this slide here, the PJ must describe its consultation process in the plan and show in that description that it has consulted with all of the required types of organizations listed in the notice. Next slide, please.

For the public participation component, HUD did use its waiver authority to permit an expedited comment -- public comment period of no less than 15 calendar days and at least one public hearing during the development of the plan and before that plan is submitted to HUD for review.

Otherwise, the citizen participation requirements are essentially the same as for other types of substantial amendments to the consolidated plan or annual action plan.

In terms of what information the PJ must provide to the -- for citizen feedback, the notice requires the allocation amount and the activities that the PJ plans to undertake to be made public. However, HUD does encourage PJs to share its basis for proposed funding strategy, which would include data about qualifying populations and its assessment of needs and determination about the gaps in assistance that currently exist so that citizens can really provide meaningful feedback during that public participation process. Next slide. Thank you.

And as with the consolidated plan or action plan, PJs must consider all comments or views that are received through the public hearing and the public comment process and describe those comments or views received in the plan as well as its public participation process and any ways that it looked to expand its public participation process. The PJ will need to explain why it didn't -- did not accept any of the comments that were received, what were those reasons in the plan as well. Next slide.

Okay. So while consultation and public participation do need to be described in the plan, these next few slides really describe kind of the meet the required elements of the HOME-ARP allocation. The actual plan to use HOME-ARP funds.

Much like in the consolidated plan, PJs are required to include a needs assessment and gap analysis in the HOME-ARP allocation plan. As you'll see as I go through the next few slides, the rest of the plan really will need to relate back to this assessment and be justified by how the PJ's strategy that it outlines addresses any needs or gaps that are identified here.

For HOME-ARP, the assessment includes the size and characteristics of all qualifying populations in the jurisdiction as well as a current inventory of housing, shelter beds, and other resources available to assist qualifying populations. The current needs should be compared to the available resources in the PJ's jurisdiction to determine whether there are any gaps and what the most pressing needs are for those HOME-ARP funds.

HUD expects that this review and analysis will be based on current data and the PJ's HOME-ARP consultation, as I was describing. Suggested data sources would include the point and time counts, the housing inventory count, the CHASD, which is the Comprehensive Housing Affordability Strategy Data, that is a special tabulation of census data that is provided by HUD, as well as the most current ACS or other types of data sources.

And these data sources that I listed, they are the data that are automatically populated into the consolidated plan needs assessment and market analysis screens. So we have received the question from PJs about whether they can use their data and analysis if their FY 2021 plan was actually their consolidated plan. And certainly, PJs can use the data or data tables directly from the consolidated plan if those data include the most recent numbers to support the needs assessment in the HOME-ARP allocation plan. The PJ would just really need to carry over the data or the specific data tables that it wanted to reference from the consolidated plan into its HOME-ARP allocation plan for its current submission.

However, PJs should really ensure that their analysis cover all required QP. As you can see here, they're required to be considered on this slide because the data in the consolidated plan may not cover all of the qualifying populations. As Ginny described, some of the qualifying populations are slightly different than those individuals and families that are served by the current Emergency Solutions Grant and Continuum of Care programs with the homelessness assistance. Next slide.

So in terms of what has to be incorporated into the needs assessment, I did mention that HUD strongly encourages PJs to use current data to justify the analysis, but there are actually several required narratives that are referenced in the notice. So you can see on the bullets here on this slide some of the questions that the PJ is going to have to address in the plan. Most of these items are fairly straightforward for a needs assessment.

However, one item that might require a little further explanation in this list is that first bullet, which refers to the qualifying population definition for other populations and specifically, that part of the definition, which refers to those at greatest risk of housing instability. So Ginny sort of thoroughly explained the two definitions for other populations.

And under those at greatest risk of housing instability, there is a definition which includes households that are low income. So they are very low income. So they have income equal to or less than 50 percent of AMI, but they also have to meet another condition that's referenced in the notice. And there are seven possible conditions and Ginny did read all of those conditions out. So it's quite a lot and you'll want to reference the notice again when you're looking at these definitions of this type of qualifying population.

However, one of the conditions is that that household lives in housing that has characteristics associated with instability and an increased risk of homelessness. And in order to use this condition to qualify a particular household that's eligible, the notice stipulates that the PJ needs to describe in its HOME-ARP allocation plan what are those conditions and those characteristics of housing that are associated with instability and an increased risk of homelessness. So that's one required narrative here in the needs assessment. Next slide.

So the plan must describe how the PJ anticipates awarding its HOME-ARP funds, whether it is through a solicitation or an RFP process or if the PJ will use subrecipients. The PJ's method can vary by eligible activity and a PJ may even use more than one method of selecting projects or funding recipients for a particular type of HOME-ARP activity. In addition, the PJ would need to identify whether or not it plans to administer any of its programs directly.

And then, the last bullet on this slide, it's sort of a reference to my -- what I first started out with at the beginning of this section, which is that if the PJ chooses to use administrative funds for its planning process. In particular, if a PJ awards those funds to a subrecipient or a contractor before the submission of this plan, it is required that the PJ will describe the role and responsibility of that subrecipient or contractor and specifically name that subrecipient or contractor in the plan so that it's part of that public process. Next slide.

So PJs must identify how they will allocate their HOME-ARP funds among eligible HOME-ARP activities, but they're not required to describe specific projects. What HUD expects is that a PJ would estimate the amount of HOME-ARP funds that will be allocated to each eligible activity type, including administration and planning. And of course, PJs are welcome to provide more detail if they have a more specific plan for funding activities or projects at this point, although we don't necessarily expect that PJs will know what projects they will fund at the time that they submit the allocation plan.

Keep in mind that any -- the more specific detail that's put into the plan, the more likely it is that any changes to those projects or activities could trigger a substantial amendment to the HOME-ARP allocation plan in the future. And that would depend on the requirements that -- for substantial amendments that I'll get to a little later, but also the PJ citizen participation plan. So just something to keep in mind when the PJ is determining what level of detail to put in about its HOME-ARP activities.

And when the notice states that the plan must demonstrate that the PJ's use of HOME-ARP funds will be within HOME-ARP limits, what we mean there is that there's a 5 percent limit on non-profit operating and capacity building and a 10 percent limit for administration and planning costs. So any estimated use of HOME-ARP funds would have to be within those limits. And as always, the plan for using these HOME-ARP dollars on eligible activities really needs to relate back to any needs and gaps identified in the needs assessment. Next slide.

So the goal section of the plan is really greatly simplified from what you would see in a consolidated plan. PJs are only required to set a specific goal for the production or preservation of rental housing and not for the other eligible activity types. However, like, of course, with the other sections of the plan, the goal must be based on the priority needs that were identified by the PJ in its needs assessment. Next slide.

Preferences and referral methods will be discussed in much, much more detail in session two, which is scheduled for this Wednesday. But what you should know for the HOME-ARP allocation plan is that if the PJ plans to implement any preference or method of prioritization, which would include any prioritization that would normally be implemented through a coordinated entry process, that would need to be described and justified within the HOME-ARP allocation plan.

So again, PJs are not required to describe preferences as they relate to a particular project since you probably won't know what projects you're funding when you're developing your plan, but a PJ must describe preferences at least broadly. And then, when it comes time to fund projects, those preferences may be applied to certain projects or certain activities and not others.

So an example of a preference for a qualifying population might be that a PJ establishes a preference for individuals and families that are homeless or individuals and families that are victims of domestic violence for their HOME-ARP rental units. Or any example of a preference for a subpopulation of a QP, of a qualifying population, might be a preference for homeless veterans or families with a -- homeless families with a veteran family member. So that is a subpopulation of the homeless qualifying population.

As always, the preference must be based on unmet needs and gaps in assistance and must not violate fair housing and civil rights requirements.

The last bullet here on this slide is referring to those qualifying populations or other qualifying populations subpopulations that are not included in a preference. And so the purpose here is that there's a required narrative where the PJ shows that through the use of its preference or methods of prioritization, it's not going to be shutting out other qualifying populations completely from accessing HOME-ARP assistance.

So even though the PJ's implementing a preference, it still has a plan to serve all qualifying populations. Next slide, please.

Refinancing guidelines are only applicable if the PJ will allow refinancing as part of a HOME-ARP rehabilitation of rental housing project. So this narrative requirement is really the same as for the HOME Program -- the regular HOME Program, but it's included here in the HOME-ARP allocation plan to allow a PJ to set separate standards -- separate refinancing guidelines for HOME-ARP from the HOME Program.

If the PJ will permit refinancing as part of one of those HOME-ARP rental projects that involves rehabilitation and would like to just use the same guidelines that it uses for HOME, that's perfectly fine. Those guidelines that the PJ had included for HOME in its action plan would need to be carried over here into the HOME-ARP allocation plan for review by HUD. Next slide.

So that was really the content of the plan. But in addition to completing the plan, there's some -- there's a little bit more that needs to be submitted. And here on this slide, we've identified the specific SF-424s that must be submitted along with the plan and also a set of certifications that is required by notice and that HUD has posted on the HOME-ARP webpage.

Most of the certifications will be familiar to PJs from their com plan and action plan submissions. However, there is a specific HOME-ARP certification which is new, though it is based on one of the HOME specific certifications in which the PJ certifies that it will use the funds in compliance with the requirements.

Any certification usually submitted for HOME with the com plan or action plan that is not listed here or is not listed in the notice was specifically waived. So this is not the exact same set of certifications, but this is the list of certifications that must be submitted for HOME-ARP. Next slide, please.

And this slide on substantial amendments refers to substantial amendments to the HOME-ARP allocation plan and not the initial submission of the HOME-ARP allocation plan which is, of course, itself a substantial amendment to the fiscal year 2021 plan. So these requirements will not affect PJs really at this point, but it's something to keep in mind that in addition to whatever is in the citizen participation plan, these are the types of changes to the HOME-ARP allocation plan that would trigger a substantial amendment in the future.

These are essentially the same requirements as in the consolidated plan regulations and part 91 for substantial amendments. However, like with the initial submission, HUD did reduce the public comment period to 15 calendar days for substantial amendments. Next slide, please.

So I mentioned at the beginning that the HOME-ARP allocation plan is a substantial amendment to the FY 2021 plan and really, all that that will affect is where and how the PJ will submit its plan in IDIS in the eCon Planning Suite. This slide goes through the process for making an amendment to the FY 2021 plan and uploading the HOME-ARP allocation plan into the system.

You can note that the instructions for making an amendment are provided in much more detail in the eCon Planning Suite desk guide, which is on the HUD exchange. But essentially, PJs will use the AD-25 screen in the eCon Planning Suite if the plan is a 2021 year one action plan and consolidated plan. And if not, then the PJ will use the AD-26 screen because their plan would be a year two through five action plan. So a later year action plan after -- in-between consolidated plans.

The only thing that's really new about this process from the regular amendment process is that HUD added an attachment point on the AD-25 and 26 screens called HOME-ARP allocation plan. This attachment point is required by the notice and using the attachment point is really helpful -- will be helpful to HUD in tracking which plans have been submitted and following them through the process.

Please note that unlike the CARES Act amendments for anyone on the training who was involved with that last year, PJs are not required to make any edits to any of the other screens in the eCon Planning Suite. So any of the other content in their action plan or consolidated plan. Only the administrative screens. Next slide.

Consistent with the consolidated plan and action plan, HUD does have a 45-day -- 45 days after the plan is submitted to review and accept or disapprove the plan or the plan will be considered approved. That 45-day period starts when the PJ submits all three of its required SF-424s electronically in IDIS.

Once submitted, HUD will review and may disapprove based on two criteria, whether the plan is substantially complete and consistent with the statute, which is the American Rescue Plan, of course. And I'll provide a little bit more detail on the definitions of those two criteria on the next slide. But do note that once the plan is final, meaning that HUD has accepted it, the plan must be made public by the PJ. Next slide, please.

Okay. So here are the definitions for the two criteria for disapproval. First, it's inconsistent with the ARP. So a plan is inconsistent with the ARP if the PJ has described some ineligible of HOME-ARP funds, which would be any activity type or cost referenced in the plan that's not specifically permitted by the notice.

And second, the plan may be substantially complete if the plan meets any of the following criteria. The PJ did not complete the public participation or consultation processes or if the plan itself does not describe those processes. The plan is missing one of the required elements that I

described earlier. If the plan does not name the subrecipient or contractor that received administrative funds prior to submission of the plan or does not describe that organization's roles and responsibilities and would be considered substantially incomplete. And of course, this is only applicable if a PJ chooses to fund a subrecipient or contractor with administrative funds prior to submission of the plan.

And finally, if HUD rejects any of the required certifications, the plan is considered to be substantially incomplete. Next slide.

If the plan is disapproved in writing by HUD, this slide describes the process for resubmission. HUD expects a PJ to resubmit within 45 days and then HUD will review and respond within 30 days of the resubmission. So it's a bit of a shorter period. But note that resubmission is based on whatever the reasons were for disapproval in HUD's notification. So for issues with content of the plan, a missing element or perhaps a cost or activity that's not eligible that needs to be removed from the plan, a PJ should be able to resubmit timely.

However, if HUD has rejected a PJ certification as inaccurate, HUD's notice to the PJ of its rejection of the certification will provide detailed actions that the PJ must take to make that certification accurate. And that may not involve any edits to the HOME-ARP allocation plans or that would be a bit of a different process than resubmission in order to make that certification accurate to receive the remainder of that HOME-ARP grant aside from whatever administrative funds were already received. Next slide.

And then, finally, there are slightly different review requirements for insular areas. So this is consistent with current requirements for HOME and the consolidated plan and annual action plan. But essentially, the HUD field office will also need to review whether the insular area has demonstrated in the past that it is capable of carrying out its planned activities.

So the insular area PJs should be pretty familiar with this requirement. There's a bit more information that needs to be submitted in this case to the field office aside from what the rest of the PJs will be doing. Next slide.

And so that wraps up the HOME-ARP allocation plan overview. Thank you so much for joining us today. I do want to say that we will be posting a recording of this webinar, but please give us a few days to do so. And also, HUD will be scheduling office hours webinars once we finish the four sessions that Ginny referenced that are describing this notice.

So in a few weeks, we'll be scheduling those office hours webinars and you'll have a chance to actually ask questions live about the notice and anything that you heard today.

In terms of additional resources related to the HOME-ARP allocation plan, HUD actually provided an optional template for the HOME-ARP allocation plan, and that is currently posted on the HOME-ARP webpage. It incorporates all of the required elements in a fillable form. The template is not required, as I said, but it is a great resource for ensuring that the PJ's plan will meet the HOME-ARP requirements.

And if a PJ chooses to use the template, the PJ can always attach additional data tables, narratives, anything extra that the PJ chooses to submit to the template before uploading its plan in IDIS. So certainly, PJs are not limited to what is currently in the template if a PJ chooses to use the template.

In addition, HUD is working on a training. It will be a recorded webinar that will be posted on the HOME-ARP allocation plan that will go into much more detail on the public participation, consultation, and planning process and provide some tips in addition to just what was provided today around the requirements. So keep an eye on the HOME-ARP listserv for an announcement of that recorded webinar.

And as a reminder, please join us for session two on Wednesday, which will cover preferences, referral methods, and rental housing requirements in much more detail than the brief overview that Ginny provided today.

Thank you all again for joining us today.

(END)