



City of Costa Mesa

FY2021-2022 Substantial Amendment HOME-American Rescue Plan (ARP) Allocation Plan

Draft 8/11/22

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EXECUTIVE SUMMARY

The City of Costa Mesa has been allocated \$1,816,742 of HOME-American Recovery Plan Act (HOME-ARP) funding from the U.S. Department of Housing and Urban Development (HUD). To receive its HOME-ARP allocation, the City must develop a HOME-ARP Allocation Plan that will become part of the FY 2021-2022 Annual Action Plan by substantial amendment.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the City of Costa Mesa engaged in virtual and in-person consultation with agencies and service providers whose clientele include the HOME-ARP qualifying populations. The City also had direct contact with HUD-required organizations that did not participate in a consultation meeting, solicited feedback from organizations and residents by directing them to a survey link on the City website, had three 15-day public comment periods, and two public hearings.

The needs assessment and gap analysis identified the following needs and gaps that may be addressed using HOME-ARP funds:

- Need/Gap: The February 21, 2022 Point-In-Time (PIT) count summary report revealed a total of 150 unsheltered and 58 sheltered homeless individuals in the City of Costa Mesa.
 - Resolution: HOME-ARP funding of permanent supportive housing units will help to resolve chronic homelessness for our unsheltered homeless population.
- Need/Gap: 12,640 (50.5%) of renter households in Costa Mesa spend 30% or more on housing costs (cost burden) and 6,465 (25.9%) of those households spend 50% or more of their gross income on housing costs (severe cost burden).
 - Resolution: HOME-ARP supportive services for qualifying individuals and families can help reduce the total financial burden for households with high housing costs.
- Need/Gap: A majority (57%) of persons included in the Central Service Planning Area (Central SPA) January 2019 PIT count had mental health or substance use issues. 29% were identified as having a developmental or physical disability and 37% were identified as chronically homeless.
 - Resolution: HOME-ARP supportive services for qualifying individuals (individuals at risk or experiencing homelessness) can help address these issues for individuals where other funding received by the City does not.

To address these needs and gaps, the City of Costa Mesa will utilize HOME-ARP funds for supportive services, development of affordable rental housing, and planning and administration.

Participating Jurisdiction:

City of Costa Mesa

Date: June 22, 2022

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CONSULTATION

Summary of the Consultation Process

The City of Costa Mesa engaged in consultation and public participation processes to develop a HOME-ARP allocation plan that meets the requirements established by the U.S. Department of Housing and Urban Development (HUD) and provided in the City's Citizen Participation Plan. The process was a collaborative effort that included consultation with the local Orange County Continuum of Care, the Orange County Housing Authority, local Cities, and several nonprofit agencies that serve those experiencing homelessness, at risk of homelessness, seniors, victims of domestic violence, and other qualifying population groups. Consultation included a virtual consultation meeting with the Orange County Health Care Agency, Office of Care Coordination (CoC), an in-person meeting with nonprofit service providers, direct email and phone contact, and the distribution of surveys that collected information on service needs among the qualifying population groups.

Organizations Consulted by Organization Type and Method of Consultation

Agency/Group/Organization Consulted	Type of Agency/Org	Method of Consultation
Orange County Healthcare Agency, Office of Care Coordination	Continuum of Care (CoC)	Virtual Session
Orange County Housing Authority (OCHA)	County Government, Public Housing Agency (PHA)	Virtual Session
Orange County Social Service Agency	County Government Social Services	Virtual Session
County of Orange	County Government	Virtual Session
City of Garden Grove	City Government	Virtual Session
City of Newport Beach	City Government	Virtual Session
City of Westminster	City Government	Virtual Session
Aesop's Press	Unknown	Virtual Session
211 Orange County	Nonprofit, addresses needs of qualifying populations	Virtual Session
BrainHealth247.org	Addresses Mental Health Needs	Virtual Session
CalOptima	County Organized Health System	Virtual Session

Agency/Group/Organization Consulted	Type of Agency/Org	Method of Consultation
CAPOC	Nonprofit, addresses needs of qualifying populations	Virtual Session
Connecting the Dots	Unknown	Virtual Session
Colette's Children's Home	Nonprofit, addresses needs of qualifying populations	Virtual Session
Covenant House California	Nonprofit, addresses needs of qualifying populations	Virtual Session
Dayle MacIntosh Center	Nonprofit, addresses needs of qualifying populations, including people with disabilities	Email, Phone Contact
Goodwill of Orange County, Tierney Center for Veteran Services	Nonprofit, addresses needs of qualifying populations, including Veterans	Email, Phone Contact
EAH Housing	Nonprofit, addresses needs of qualifying populations	Virtual Session
Fair Housing Foundation	Fair Housing, Civil Rights, Disabilities Service Provider	Email, Phone Contact
Families Forward	Nonprofit, addresses needs of qualifying populations, including homeless and at-risk, TBRA Provider	Virtual Session In-Person Meeting Completed Survey
HomeAid Orange County	Nonprofit, addresses needs of qualifying populations	Virtual Session
Human Options	Nonprofit, addresses needs of qualifying populations, including domestic violence services	Virtual Session In-Person Meeting Completed Survey
Interval House	Nonprofit, addresses needs of qualifying populations, including domestic violence services	Virtual Session
The Lighthouse Outreach	Nonprofit, addresses needs of qualifying populations	In-Person Meeting
Lived Experience Advisory Committee	Individual	Virtual Session
Mercy House	Developer/Owner of Affordable Housing, Supportive Services Provider, & Emergency Shelter	In-Person Meeting Completed Survey
Michael Baker International	Private, Consultant	Virtual Session
OCAPICA	Nonprofit, addresses needs of qualifying populations	Virtual Session
Phone in Participant	Unknown	Virtual Session

Agency/Group/Organization Consulted	Type of Agency/Org	Method of Consultation
Phone in Participant	Unknown	Virtual Session
Project Hope Alliance	Nonprofit, addresses needs of qualifying populations	In-Person Meeting Completed Survey
Share Our Selves	Nonprofit, addresses needs of qualifying populations	Email Completed Survey
StandUp for Kids, Inc.	Nonprofit, addresses needs of qualifying populations	Virtual Session
SquareOne Affordable Housing Inc.	Affordable Housing	Virtual Session
Trellis	Nonprofit, addresses needs of qualifying populations	In-Person Meeting Completed Survey
VOALA	Nonprofit, addresses needs of qualifying populations	Virtual Session
Working Wardrobes VetNet	Veteran's Group	Email, Phone Contact

Table 1 – Organizations Consulted

The City made an effort to have an open consultation process. No agency/service type was knowingly excluded from the process.

Summary of Feedback Received from Consulted Organizations

- There is a lack of mental health and substance abuse supportive services available for youth, survivors of domestic violence and individuals experiencing homelessness.
- Housing first cannot be housing only; supportive and wrap-around services are needed.
- The vacancy rate is very low in Costa Mesa and throughout Orange County. It is estimated to be at less than 2%. There is a lack of availability of housing units.
- Funding programs that are already in motion is a better way to ensure continuity of current services.
- Supportive services such as transportation, legal services, credit repair and assistance with landlord/tenant relations are needed.
- During COVID related school closures there was an increase in gang activity, drug use, and sex trafficking incidents. More case management services are needed to respond.
- Seniors, the disabled and monolingual Spanish speakers are subpopulations that face additional barriers to services.

Other local/regional/state/federal planning efforts considered when preparing the Plan.

Name of Plan/Org/Committee	Lead Organization	Information consulted
Continuum of Care	Orange County 211	Provides regional and local point in time homeless survey data, development of the regional 10-Year Plan to End Homelessness, and development of the regional Discharge Plan
City of Costa Mesa Housing Element	City of Costa Mesa	Provides housing priorities and program goals
5-Yr. & 1 Yr. PHA Plan	Orange County Housing Authority	Identifies OCHA resources to address the housing needs of lower-income renter householders in the County and City
Analysis of Impediments to Fair Housing	Orange County HUD Grantee Cities and the County of Orange	Countywide document that identifies fair housing impediments within participating cities and outlines a plan to address fair housing issues
2019 Point In Time Report	County of Orange	Sheltered and Unsheltered Homelessness count
2022 Point In Time Summary	County of Orange	Sheltered and Unsheltered Homelessness count
Network for Homeless Solutions (NHS)	City of Costa Mesa	The City's Network for Homeless Solutions (NHS) is a task force comprised of representatives of various City departments, nonprofit service agencies, and representatives of faith-based service providers. The main focus of the NHS is to find workable solutions to address the needs of the homeless, especially those with close ties to Costa Mesa

Table 2 – Other local / regional / federal planning efforts

PUBLIC PARTICIPATION

The City took several steps to obtain community residents' input to develop the HOME-ARP Allocation Plan. Consultation efforts included public meetings with nonprofit service providers and City Council, posted and emailed surveys, and notices. Specifically, for the HOME-ARP Allocation Plan planning process, the City utilized its internet webpage, social media and newspaper notices to inform residents of the opportunities to provide input and review/comment on the draft Allocation Plan. All City Council meetings were noticed in local newspapers of general circulation in both Spanish and English. Additionally, the draft HOME-ARP Allocation Plan was posted on the City's website for public review and comment for three 15-day public comment periods held from April 17, 2022 to May 3, 2022; from July 3, 2022 to July 19, 2022; and August 21, 2022 to September 6, 2022 (see **Attachment 1**). Hard copies of the draft Allocation Plan were available for public review at the public counter at Costa Mesa City Hall 2nd Floor – 77 Fair Drive, Costa Mesa, CA.

- **Public comment period:** April 17, 2022 – May 3, 2022 and
July 3, 2022 – July 19, 2022
August 21, 2022- September 6, 2022
- **Public hearing:** May 3, 2022 and September 6, 2022

Efforts to Broaden Public Participation & Summary of Comments Received

Citizen Participation Outreach

Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons
In-Person Meeting	Nonprofit Service Providers	8 staff members from 6 Nonprofit Service Providers, discussed homeless/housing needs and HOME-ARP Allocation Plan (03/22/22)	Listed in Summary of Feedback Received from Consulted Organizations	None

Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons
Virtual Meeting	CoC Partners	44 participants listed previously in table of organizations consulted	Listed in Summary of Feedback Received from Consulted Organizations	None
Survey	Service Providers /Broad Community Available in English and Spanish	TBD	TBD	None
Newspaper Ad	Non-targeted/broad community Available in Spanish and English	15-day public comment period – three separate times (04/17/22 to 05/03/22; 7/03/22 to 7/19/22; and 8/21/22 to 9/06/22)	None	None
E-blast to Costa Mesa Partners	Non-English Speaking – Specify other language: Spanish	None	None	None
Public Hearing	Non-targeted/broad community	05/03/22 Regular City Council meeting	None	None
Public Hearing	Non-targeted/broad community	9/06/22 Regular City Council meeting	TBD	None

Table 3 – Citizen Participation Outreach

NEEDS ASSESSMENT AND GAPS ANALYSIS

The needs assessment and gap analysis must evaluate the 1) size and demographic composition of HOME-ARP qualifying populations, and 2) unmet needs of HOME-ARP qualifying populations.

Size and Demographic Composition of HOME-ARP Qualifying Populations in Costa Mesa

Homeless Population

The U.S. Department of Housing and Urban Development (HUD) requires that all Continuum of Care jurisdictions across the nation complete a biennial unsheltered count and an annual sheltered count of all individuals experiencing homelessness in the community on a single point in time during the last ten days of January. The County of Orange was approved by the U.S. Department of Housing and Urban Development to reschedule the 2022 Point in Time (PIT) count to the last 10 days of February due to the impacts of COVID-19. The County of Orange and Orange County Continuum of Care conducted the sheltered count the night of Monday, February 21, 2022, and the unsheltered count started the morning of Tuesday, February 22 through Thursday, February 24. A summary of the results of the 2022 Point in Time count became available on May 11, 2022. The summary information (count comparisons between 2019 and 2022) included in this City of Costa Mesa HOME-ARP Allocation Plan is from the 2022 Point in Time (PIT) summary; The detailed information is from the 2019 PIT count report that provides information about the count that took place from January 22, 2019 to January 24, 2019.

The February 2022 PIT count revealed a total of 208 homeless individuals in the City of Costa Mesa. Among the 208 individuals, 58 were sheltered and 150 were unsheltered. This is a 20% decrease in the number of unsheltered individuals compared the January 2019 PIT count that identified 6 sheltered and 187 unsheltered. The change is attributed to the creation of the temporary 50-bed Bridge Shelter in April 2019 followed by the completion of the 72-bed permanent Bridge Shelter that was opened in April of 2021 on Airway Avenue in Costa Mesa.

The specific demographic composition data was not broken down by City in the 2019 Orange County Point in Time count, however, the data was broken down into three Service Planning Areas – North, Central and South. The City of Costa Mesa is part of the Central Service Planning Area (Central SPA) which includes 9 cities and a county unincorporated area. In the Central SPA, 3,332 homeless individuals were counted. Of

that total, 72% were White, 11% were Black or African American, 8% were Multiple Races or Other and 5% were Asian. Additionally, 37% of all persons in the Central SPA count reported being of Hispanic or Latino ethnicity. The 2022 PIT count summary shows that the total number of unsheltered and sheltered individuals experiencing homelessness in Orange County has gone down by 18.55% since the 2019 PIT count.

Table 4 - Homeless Needs Inventory and Gap Analysis

Homeless											
	Current Inventory			Homeless Population				Gap Analysis			
	Family	Adults Only # of beds	Vets	Totals (not identified by adult, child or family status in 2022 PITsummary)				# of Beds			
Emergency Shelter	0	76	0								
Transitional Housing	0	0	0								
Permanent Supportive Housing	0	0	0								
Other Permanent Housing											
Sheltered Homeless				58							
Unsheltered Homeless				150				74			

Data Sources: 1. Orange County Point in Time Count, Everyone Counts Report 2019 (PIT); 2. Continuum of Care Housing Inventory County (HIC); 3. Consultation

At Risk of Homelessness

The term “at risk of homelessness”, as defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(1)); means, with respect to an individual or family, that the individual or family:

- has income below 30 percent of median income for the geographic area;

- has insufficient resources immediately available to attain housing stability; and
 - has moved frequently because of economic reasons;
 - is living in the home of another because of economic hardship;
 - has been notified that their right to occupy their current housing or living situation will be terminated;
 - lives in a hotel or motel;
 - lives in severely overcrowded housing;
 - is exiting an institution; or
 - otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

Income Limit Category	Orange County FY 2022 Income Limits Summary							
	Persons in Family							
	1	2	3	4	5	6	7	8
Very Low Income (50% AMI)	\$47,450	\$54,200	\$61,000	\$67,750	\$73,200	\$78,600	\$84,050	\$89,450
Extremely Low Income (30% AMI)	\$28,500	\$32,550	\$36,600	\$40,650	\$43,950	\$47,200	\$50,450	\$53,700
Low Income (80% AMI)	\$75,900	\$86,750	\$97,600	\$108,400	\$117,100	\$125,750	\$134,450	\$143,100

According to the 2014-2018 American Community Survey (ACS), 6,185 renter households in Costa Mesa have household incomes below 30% of the Area Median Income (AMI) and only 875 rental units in Costa Mesa are affordable for households at that income level. This leaves over 5,310 very-low income households in Costa Mesa at risk of homelessness as defined above.

Table 5 - Housing Needs Inventory and Gap Analysis

Non-Homeless			
	Current Inventory	Level of Need	Gap Analysis
	# of Units	# of Households	# of Households
Total Rental Units	24,985		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	875	6,185	
Rental Units Affordable to HH at 50% AMI (Other Populations)	415	4,730	
<i>Current Gaps</i>	1,290	10,915	9,625

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

Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Violence, Sexual assault, Stalking or Human Trafficking

The 2019 PIT count identified 140 unsheltered adult and 94 sheltered adult survivors of domestic violence in the Central Service Planning Area of Orange County. Providers of services to survivors of domestic violence indicate the number of individuals in need of shelter is likely undercounted as isolation and physical distancing mandates during the Coronavirus pandemic resulted in increased domestic violence concerns while limiting potential flight from unsafe living situations. Demographic information for this qualifying population is confidential.

OTHER POPULATIONS

Other populations, as defined by HOME-ARP, include those who:

1. Are currently housed and at risk of repeat homelessness;
2. Have incomes below 30% AMI and are experiencing severe housing cost burden; and
3. Otherwise meet the definition of at risk of homelessness and have incomes between 30% and 50% AMI.

The Continuum of Care 2019 PIT narrative indicates that 402 or 40.81% of unsheltered individuals reported experiencing homelessness for the first time in the last 12 months. Therefore, almost 60% of the 985 unsheltered individuals surveyed had experienced homelessness previously and would be at a higher risk for repeat homelessness.

The 2014-2018 HUD Comprehensive Housing Affordability Strategy (CHAS) data table indicates that 3,585 renters in Costa Mesa are experiencing severe housing cost burden and 3,505 renters have incomes between 30% and 50% AMI and may be considered eligible under “other populations” if they otherwise meet the definition of at risk homelessness.

Unmet Housing and Service Needs of Qualifying Populations

The greatest unmet housing needs of qualifying populations are:

- Permanent rental housing that is affordable to qualifying and other populations; and
- Permanent supportive rental housing that coordinates specialized services with housing that is affordable to qualifying and other populations

The greatest unmet service needs of qualifying populations, including sheltered and unsheltered homeless populations, currently housed populations at risk of homelessness, other families requiring services or assistance to prevent homelessness,

and those at greatest risk of housing instability or in unstable housing situations are:

- Mental health treatment
- Substance abuse treatment
- Transportation
- Legal Services
- Employment assistance and job training
- Life skills
- Case management
- Outpatient health services
- Outreach services
- Credit repair
- Landlord-tenant liaison services
- Housing search and counseling assistance
- Services for special populations
- Financial assistance to secure stable housing, such as rental application fees, security and utility deposits, and first month's rent

Current Resources Available to Assist Qualifying Populations

As outlined in the 2020-2024 Consolidated Plan, the City has a well-developed strategy to address homelessness in the community. This strategy includes outreach and assessment services for homeless and chronic homeless individuals. These programs will help households, especially extremely low-income households, maximize the amount of income they have available for housing. Program staff will attempt to link individuals to appropriate housing, support services, and public assistance programs (e.g., VA benefits, SSI). To undertake this effort, the City partners with local nonprofit service providers and community-based volunteers. Based on assessments, individuals or households are referred to appropriate housing/service providers. City staff will coordinate the delivery of services and housing with providers to reduce the number of homeless individuals in the community. Both HUD and City funds will be used to carry out these activities, including emergency shelter and rapid rehousing.

Emergency Shelters

According to the 2021 Orange County Housing Inventory Count (HIC), the following emergency shelters are available to assist qualifying populations in the City of Costa Mesa:

Year	Proj. Type	Organization Name	Project Name	Target Pop.	Beds HH w/o Childre	Housing Type	Year-Round Beds	Overflow Beds	Total Beds
2021	ES	Mercy House	Costa Mesa Bridge Shelter	NA	29	Site-based – single site	29	0	29
2021	ES	Mercy House	FEMA - Costa Mesa	NA	0	Site-based – single site	0	9	9
2021	ES	Radiant Health Centers	Short Term Supportive Housing	HIV	0	Tenant-based – scattered site	0	38	38

The City of Costa Mesa opened an emergency Bridge Shelter at a temporary location in April 2019 with 50 beds, while constructing a permanent shelter location with 72 beds that opened in April 2021. The permanent Bridge Shelter was built in coordination with the neighboring City of Newport Beach who made a one-time payment of \$1.4 million in capital costs as well as \$200,000 in furniture, fixtures, and equipment for the site. Additionally, Newport Beach will provide \$1 million annually for 20 set-aside beds. The Bridge Shelter assists persons experiencing homelessness with temporary housing along with a variety of programs including: Collaborative Case Management; Housing Related Support Services (including Coordinated Entry System housing assignments); Housing Search Assistance (linking clients to rental assistance programs and other general housing services); Legal Services; Basic Needs (including food, clothing, and housing/emergency services); Social Services; and Transportation. The permanent Bridge Shelter publishes bi-weekly reports in which they regularly assist approximately 60 to 110+ persons over a two-week span.

Supportive Services

The City recognizes certain segments of the population require additional assistance to secure decent housing and supportive services. Special needs groups in Costa Mesa include: seniors, persons with disabilities (including developmental disabilities), persons at-risk of experiencing homelessness or experiencing homelessness, and low-income families (including large households and female-headed households). Through the annual action plan process for the CDBG program, the City evaluates the needs of various special needs groups and allocates CDBG Public Service dollars accordingly. The City will continue to expend available CDBG funds in a manner that addresses local needs and augments the regional continuum of care system in Orange County.

Approximately \$1,000,000 in General Fund and Housing Authority (former Redevelopment Agency) resources will be allocated to provide direct outreach services for chronic and situational homeless. Services include engagement, assessment, and linkages to appropriate services and housing. City-paid social workers and community volunteers will provide services.

Rental Housing Assistance

The City continues to participate in the Orange County Housing Authority's (OCHA) Housing Choice Vouchers program to provide rent subsidies to very low-income

households provided funding is available. Costa Mesa does not own or manage public housing. It is anticipated that OCHA will continue to provide rental assistance to approximately 591 Costa Mesa renter households (265 disabled persons, 401 elderly persons, 49 families, 74 homeless at admission and 32 veterans). 89 people are currently on the waitlist.

The City also began offering a Tenant Based Rental Assistance (**TBRA**) program in 2020. The program focus is on families with children at risk of homelessness or exiting temporary or bridge shelter housing. This program assists low-income residents with short-term rental assistance to make renting affordable. The City's TBRA program began as a pilot program in response to the COVID-19 pandemic and has been re-evaluated to determine what changes, if any, could be made to increase the number of severely cost burdened Costa Mesa residents receiving this much needed assistance. The result of the evaluation of the TBRA program, as well as a review of all other emergency rental assistance programs funded through the City, was to request City Council approval at the regular City Council Meeting on June 21, 2022 to lift any requirements that were not mandatory per HUD regulations. The end result was an approval from City Council to increase the pool of eligible residents for these rental assistance programs by removing unnecessary barriers or limits beyond HUD required limits (i.e. income limits, length of assistance) to the assistance. The City will continue to evaluate, make necessary modifications and offer rental housing assistance programs based on the availability of funding.

CDBG and CDBG-CV funding is allocated for short-term emergency assistance such as rapid rehousing, homelessness prevention and support services. The City currently funds three local nonprofit organizations with CDBG-CV funds to provide assistance to households at-risk of homelessness. As with the TBRA program, the eligibility requirements of the CDBG-CV funded rental assistance programs were re-evaluated and requirements that were not mandatory per HUD regulations were removed from the eligibility determinations. The income limit was raised from 50% AMI to 80% AMI as HUD regulations allow and the limit on rental assistance per household was removed.

The recent changes to Costa Mesa rental assistance programs, approved by City Council on June 21, 2022, will increase the resources available to Costa Mesa residents facing a severe cost burden (spending 50% or more of their income on housing costs) who might not have been eligible under the previous program guidelines. The City has increased its outreach to residents through a variety of communications in both Spanish and English to increase awareness about these programs.

Gaps within the Current Shelter and Housing Inventory and Service Delivery System

Shelter Gap

According to the 2019 Orange County Point-In-Time count, there were 193 individuals experiencing homelessness in the City of Costa Mesa. As a result, the City opened up a temporary shelter with 50 beds available. In 2021, the City closed its temporary shelter and opened its 72 bed permanent Bridge Shelter in the City of Costa Mesa. The resulting gap as illustrated in Table 4 is an estimated need for 181 (reduced to 74 as of the 2022 Point-In-Time Count) additional shelter beds. However, on the night of the 2019 Point-In-Time count, 211 Emergency Shelter and Transitional Housing beds remained vacant in Orange County's Central SPA, which points to possible gaps in the service delivery system. Comparable information is not yet available from the 2022 PIT count. The City continues to work with the County, neighboring Cities and homeless service providers to close the gaps in the service delivery system and decrease the number of unsheltered homeless in Costa Mesa and Orange County.

Tenant-Based Rental Assistance Gap

The City of Costa Mesa provided \$300,000 in HOME funds for a Pilot TBRA program in 2020 and identified Program Income received through the HOME Program as a future source of funding for TBRA in the 2020-2024 Consolidated Plan. As of the current date, approximately 9% of the funds have provided assistance to three Costa Mesa families. The City has identified that changes to the program, including expanded eligibility criteria for the TBRA program and increased advertising and awareness of the program, are needed to increase the number of Costa Mesa residents participating in the program.

Consultation feedback and information available about the vacancy rate in the City of Costa Mesa (2.8% according to the 2020 ACS), points to a profound gap in the available rental units in the City. With the revised criteria to the TBRA program, the City will be able to direct rental assistance to low income, housing-cost burdened Costa Mesa residents with a current lease in the City and increase the number of households with affordable housing costs (spending no more than 30% of total household income on housing costs).

The City continues to participate in the Orange County Housing Authority's (OCHA) Housing Choice Vouchers program to provide rent subsidies to very low-income households provided funding is available. Costa Mesa does not own or manage public housing. It is anticipated that OCHA will continue to provide rental assistance to

approximately 591 Costa Mesa renter households (265 disabled persons, 401 elderly persons, 49 families, 74 homeless at admission and 32 veterans). 89 people are currently on the waitlist.

Affordable and Permanent Supportive Rental Housing Gap

As identified in Table 5 in this document, there is a need for 10,915 affordable units in the City of Costa Mesa, and only 1,290 units that meet this description. Of the 10,915 that are needed, 5,310 units are needed for households with incomes at or below 30% of the Orange County Area Median Income (AMI) and 4,315 units are need for households with incomes between 30% and 50% AMI.

Of the 89 people currently on the waitlist for Housing Choice Vouchers through the Orange County Housing Authority (OCHA), there are 30 disabled persons, 34 elderly persons and 16 currently homeless. These populations have a higher success rate in maintaining housing with supportive services. According to The Corporation for Supportive Housing (CSH) www.csh.org, the state of California needs approximately 30,000 permanent supportive housing units to resolve chronic homelessness. If you divide that number by the total population of California and then multiply it by the population of Costa Mesa, the gap for permanent supportive housing in Costa Mesa equals 845 units.

Service Delivery System Gap

Consultation with organizations having experience with providing services to the qualifying populations revealed service delivery system gaps including case management, connecting individuals with employment opportunities with sufficient income to afford housing, lack of transportation, move-in assistance, and mental health and substance abuse treatment availability. Service providers also identified that there was a lack of availability of funding for capacity building for their organizations.

Characteristics of Housing Associated with Instability and an Increased Risk of Homelessness

At Greatest Risk of Housing Instability is defined as household who meets either paragraph below:

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);

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

- Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance
- Is living in the home of another because of economic hardship
- 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
- 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
- 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
- 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
- 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

Priority Needs for Qualifying Populations

The analysis of the 2019 Point in Time count, the 2022 Point in Time count summary, CHAS data, ACS data, and consultation with various agencies identified the priority needs for qualifying populations in Costa Mesa as:

- Development of affordable housing, including permanent supportive housing; and
- Housing-related supportive services for qualifying populations

How the level of need and gaps in its shelter and housing inventory and service delivery systems were determined

The City of Costa Mesa analyzed several data sources to determine the needs and gaps in the shelter and housing inventory and service delivery systems. First, city-level data was gleaned from the 2019 Orange County Point in Time Count and then the 2014-2018 American Community Survey (ACS) and the 2014-2018 Comprehensive

Housing Affordability Strategy (CHAS). The Costa Mesa 2020-2024 Consolidated Plan, Regional Housing Needs Allocation (RHNA), 2022 Costa Mesa Housing Element and 2020-2024 Orange County Analysis of Impediments were also reviewed for data to contribute to the needs assessment and gaps analysis for the HOME-ARP Allocation Plan.

Current services provided by the City of Costa Mesa and in collaboration with the County of Orange (OCHA) for the qualifying populations were analyzed and feedback obtained from a virtual meeting, in-person meeting, public hearings and comment period, and completed surveys all were included in the analysis to determine the level of need and gaps in shelter and housing inventory and service delivery systems in Costa Mesa.

PROPOSED HOME-ARP ACTIVITIES

Method for Soliciting Applications for Funding and/or Selecting Developers, Service Providers, Subrecipients and/or Contractors

The City of Costa Mesa (City) will be soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors by issuing a Request for Proposals (RFP) for the development and support of affordable housing and/or the provision of supportive services, either as a separate activity or in combination with other HOME-ARP activities.

The Request for Proposals will be announced through notices to the following parties:

- Current and past CDBG Subrecipients
- Interested Developers and Nonprofit Organizations
- 2-1-1 OC
- Public Notice in the local Newspaper
- Published on www.Planetbids.com

A qualified developer, service provider, subrecipient and/or contractor (Applicant) shall complete and submit the Proposal for HOME-ARP funds and prepare all required attachments and exhibits. After the deadline for the RFP, the Development Services staff shall review the proposal(s) to determine that the minimum program and RFP requirements are met (minimum threshold review) and the proposal(s) is eligible under HUD CPD Notice 21-10. Proposals that do not meet the minimum threshold review will be considered non-responsive. If the proposal(s) meets the minimum threshold review, Development Services and Homeless Services staff will form a Review Panel.

Using scoring and selection criteria provided in the RFP, the Review Panel shall determine whether the proposal(s) is recommended for approval.

Before any HOME-ARP funds are committed to an affordable housing project, the project will be evaluated to determine the amount of HOME-ARP capital subsidy and operating cost assistance necessary to provide quality affordable housing that meets the requirements of HUD CDP Notice 21-10 and is financially viable throughout the minimum 15-year HOME-ARP compliance period.

The City will not restrict the eligibility/availability of proposals that may be submitted to the City under the RFP that will be issued to solicit applications for funding and/or selecting developers, service providers, subrecipients and/or contractors for the use of HOME-ARP program funds. The City cannot anticipate if proposals will be submitted for eligible projects under Supportive Services or for the Development of Affordable Rental Housing category because the solicitation is going to be available for either type of project. The City also does not want to limit the possibility of proposals for either eligible activity. Therefore, HOME-ARP funds may be allocated to either Supportive Services and/or Development of Affordable Rental Housing based on proposals that the City receives in response to the RFP solicitation process. After the City has selected a proposal(s), the City will adjust the amount of funding allocated in either category, not to exceed the total HOME-ARP allocation or an amount that would trigger a substantial amendment per the City's Citizen Participation Plan or the HUD CDP 21-10 Notice.

Use of HOME-ARP Funding:

Eligible Activities	Funding Amount	Percent of the Grant	Statutory Limit
Acquisition and Development of Non-Congregate Shelters	\$		
Tenant Based Rental Assistance (TBRA)	\$		
Development of Affordable Rental Housing	\$ 772,116		
Supportive Services	\$ 772,116		
Non-Profit Operating	\$	%	5%
Non-Profit Capacity Building	\$	%	5%
Administration and Planning	\$ 272,510	%	15%
Total HOME-ARP Allocation	\$1,816,742		

Table 6 – Use of HOME-ARP Funding

The City of Costa Mesa will not directly administer HOME-ARP activities beyond program administration and planning and no subrecipients or contractors are responsible for program administration and planning on behalf of the City.

Rationale for Uses of HOME-ARP Funding

The vacancy rate of rental units in the City of Costa Mesa according to the 2018 ACS is 2.8%. The actual vacancy rate in 2022 has been suggested to be closer to 1.8%. The number of units available, the high cost of rent and the volume of cost burdened and severely cost burdened renters is a prime indicator for the use of HOME-ARP funds for the development of affordable rental housing.

The City's homeless strategy is based on the proposition that it is less expensive and disruptive for a household to remain housed in their existing home than to be rehoused. To this end, the City focuses its resources on agencies that provide various safety-net services to prevent households from becoming homeless. Although the City already supports programs that provide supportive services to the HOME-ARP qualifying populations, the gap and needs analysis provided in this document reveal the need for additional support services to increase the opportunity and stability for low-income individuals to obtain and maintain housing.

HOME-ARP PRODUCTION HOUSING GOALS

Affordable Rental Housing Production Estimate and Goals

The estimated number of affordable rental housing units that will be produced or supported with the City's HOME-ARP allocation cannot be calculated until after the RFP process is completed. The number will depend on the number of proposed projects received and the required funding to complete any or all of those projects. It will also depend on the type of proposals received since our request will be for both Affordable Housing projects as well as Supportive Services projects.

California's Regional Housing Needs Assessment (RHNA) is the basis for determining future housing need by income category, within the state and is based on growth in population, households, and employment. The City of Costa Mesa's RHNA allocation is divided among four income categories which are benchmarked on the County of Orange's median income for a family of four. Costa Mesa's RHNA Allocation for the 2021-2029 Planning Period for Very Low Income 0-50% MFI is 2,919 units and Low Income 51-80% MFI 1,794 units. The City's goal is to make as much progress toward the City's RHNA requirement as possible with the HOME-ARP funding that is available.

PREFERENCES

The City does not intend to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project.

HOME-ARP REFINANCING GUIDELINES

The City of Costa Mesa will not utilize HOME-ARP funds for refinancing of properties that may be rehabilitated with HOME-ARP funds.

ATTACHMENTS

Attachment 1: Public Hearing and Comment Period Public Notice
HUD Certifications and SF-424

CITY OF COSTA MESA
HOME-ARP ALLOCATION PLAN
FY2021 ANNUAL ACTION PLAN SUBSTANTIAL AMENDMENT
PUBLIC PARTICIPATION

DRAFT

CITY OF COSTA MESA
HOME-ARP ALLOCATION PLAN
FY2021 ANNUAL ACTION PLAN SUBSTANTIAL AMENDMENT
CERTIFICATIONS AND 424 FORMS

DRAFT