



**HOME Investment Partnerships
American Rescue Plan Program
(HOME-ARP) Allocation Plan
DRAFT Substantial Amendment
*June 2024***

Revised to:

- remove the Non-Congregate Shelter activity
- add a Supportive Services / Homelessness Outreach activity
- increase the Affordable Rental Housing (development) budget

**Economic Development Department
Community Development Division
1200 Third Ave., Suite 1400, San Diego, CA 92101**

City of San Diego HOME-ARP Allocation Plan

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SECTION 1: EXECUTIVE SUMMARY

The City of San Diego (City) has been allocated \$20,956,979 of HOME American Rescue Plan (HOME-ARP) funding from the U.S. Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the City must engage in consultation and public participation processes and develop a HOME-ARP Allocation Plan. To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the City engaged in consultation with stakeholders and the public, including virtual consultation sessions, an in-person consultation session, survey, 15-day public comment period and three public hearings. The needs assessment and gap analysis identified the following needs and gaps that may be addressed using HOME-ARP funds:

- The *2022WeAllCount Point-in-Time Count* identified a total of 2,307 individuals experiencing sheltered homelessness and 2,494 individuals experiencing unsheltered homelessness in the city of San Diego.
- An estimated 586 people in the city of San Diego will experience a return to homelessness each year.
- In January 2022, there were 2,481 emergency shelter beds, 39 safe haven beds, 762 transitional housing beds, 6,042 permanent supportive housing beds, 1,498 rapid re-housing beds, and 2,482 other permanent housing.
- Based on the City of San Diego's 2019 *Community Action Plan on Homelessness for the City of San Diego*, there is an estimated need for 500 new crisis response shelter beds for individuals as well as 1,369 units of supportive housing, and 181 for rapid re-housing rent assistance and services. It is reasonable to assume the need has grown since the COVID-19 pandemic and the report is being updated.

To address these needs and gaps, the City will utilize HOME-ARP funds for affordable housing through competitive Notice of Funding Availability (NOFA) processes currently in place through the Economic Development Department and/or administered by the San Diego Housing Commission (SDHC).

The City intends to use HOME-ARP funding towards the following eligible activities:

1. Development and support of affordable housing: Production of permanent affordable rental housing, with the focus of leveraging the State of California's (State) Housing and Community Development's Homekey program funding, which may categorically target homeless and those at risk of homelessness. The HOME-ARP funds would provide the necessary capital to match the State's Homekey funding through SDHC's developer collaborative process and/or to support an SDHC acquisition and construction of affordable permanent housing for the qualifying population;
2. Provision of supportive services, including homelessness outreach; and
3. Administration and Planning.

SECTION 2: INTRODUCTION

The City of San Diego (City) has been allocated \$20,956,979 of HOME American Rescue Plan (HOME-ARP) funding from the U.S. Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the City must develop a HOME-ARP Allocation Plan (Allocation Plan). The Allocation Plan must include:

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

In addition to meeting all the above required elements of the HOME-ARP, the required certifications must be submitted along with forms SF-424, SF-424B and SF-424D.

SECTION 3: STAKEHOLDER CONSULTATION

HUD requires each HOME-ARP Participating Jurisdiction to consult with agencies and service providers whose clientele include the HOME-ARP qualifying populations. Agencies that must, at a minimum, be consulted with include, the Continuum of Care serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

HUD also requires that each Participating Jurisdiction provide opportunities for the public to comment on the proposed Allocation Plan, including the amount of HOME-ARP funds that will be received and the range of activities that the state may undertake.

To ensure broad input into the Allocation Plan from stakeholders and the public, the City engaged in consultation with stakeholders and members of the public, including virtual and in-person consultation sessions, survey, 15-day public comment period and three (3) public hearings.

Stakeholder Consultation

The consultation process began on June 29, 2022, when the City of San Diego released a survey to solicit input from stakeholders and members of the public. The City received 95 responses to the survey, 27 of which represented organizations that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities. The City also hosted two (2) input sessions: a virtual session on July 21, 2022, and in-person session on July 28, 2022, at the San Diego Central Library. The input sessions were open for public participation. All virtual consultation sessions included, but not limited to:

1. Overview of the HOME-ARP notice to facilitate understanding of qualifying populations and eligible activities;
2. Opportunity to ask clarifying questions;
3. Requests for input into needs and gaps, and priority populations and activities; and
4. Overview of the Allocation Plan timeline and process.

A complete list of consultations can be found below.

Date	Type of Consultation Session	Number of Participants
June 29 - July 29, 2022	Survey	95 respondents
July 14, 2022	San Diego Continuum of Care Meeting (Virtual)	75 attendees
July 14, 2022	San Diego Promise Zone Meeting (Virtual)	14 attendees
July 21, 2022	HOME-ARP Virtual Session	10 attendees
July 22, 2022	Service Provider Session (Virtual)	4 attendees
July 28, 2022	In-person Community Session	5 attendees
July 28, 2022	Supplemental Service Provider Session (Virtual)	2 attendees

Organizations Consulted by Organization Type and Method of Consultation

Agency/Org Consulted	Required Agency/Org Type	Method of Consultation
The Salvation Army	Homeless Service Provider	Survey, Service Provider Consultation
YMCA of San Diego County	Homeless Service Provider	Survey
UPLIFT San Diego	Homeless Service Provider	Survey
San Diego Rescue Mission	Homeless Service Provider	Survey
St. Paul's Senior Services	Homeless Service Provider	Survey
PATH (People Assisting the Homeless)	Homeless Service Provider	Survey, Service Provider Consultation
Telecare	Homeless Service Provider	Survey
Family Health Centers of San Diego	Homeless Service Provider	Survey
Dreams for Change	Homeless Service Provider	Survey
Housing Innovation Partners	Homeless Service Provider	Survey
Alpha Project	Homeless Service Provider	Survey, Service Provider Consultation

Agency/Org Consulted	Required Agency/Org Type	Method of Consultation
Adjoin	Homeless Service Provider	Survey
Transgender Health and Wellness Center	Domestic Violence Service Provider	Survey
San Diego County District Attorney's Office - CARE Center	Domestic Violence Service Provider	Survey
Interfaith Shelter Network	Domestic Violence Service Provider	Survey
Workshops for Warriors	Veterans Groups	Survey, Service Provider Consultation
San Diego Housing Commission	Public Housing Agency	Survey, Consultation
Legal Aid of San Diego	Fair Housing Organization	Survey
Wakeland Housing and Development Corporation	Housing Developer	Survey
San Diego Habitat for Humanity	Housing Developer	Survey
Eden Housing, Inc.	Housing Developer	Survey, Virtual Feedback Session
National CORE	Housing Developer	Survey

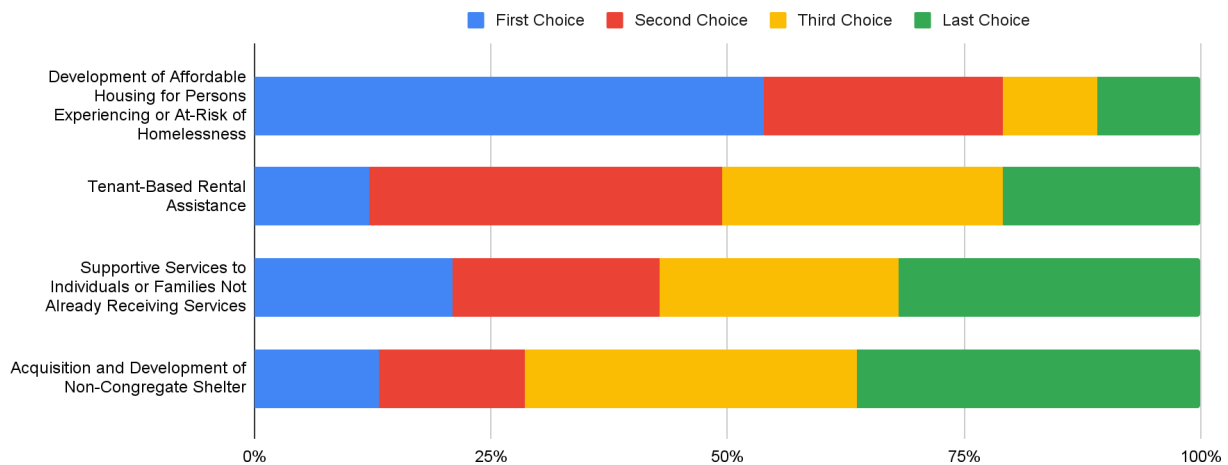
Agency/Org Consulted	Required Agency/Org Type	Method of Consultation
Affirmed Housing	Housing Developer	Survey
2234 - 2240 Logan Ave Holdings LLC	Housing Developer	Survey
Electrical Workers Minority Caucus San Diego	Civil Rights Organization	Survey
Urban League of San Diego	Civil Rights Organization	Survey
Jewish Family Service	Homeless Service Provider	Service Provider Consultation

Summary of Survey Feedback Received from Consulted Organizations

Feedback received from consultation revealed strong support for the following eligibility activities in descending order:

1. Development of Affordable Housing for Persons Experiencing or At Risk of Homelessness;
2. Tenant-Based Rental Assistance; and
3. Supportive Services to Individuals or Families Not Already Receiving Support;
4. Acquisition and Development of Non-Congregate Shelter

In their feedback, many organizations noted the need to expand affordable housing supply as this is the only long-term solution. Many respondents also described the need for supportive services linked to housing, particularly permanent supportive housing.



SECTION 4: PUBLIC PARTICIPATION

- **Public notices:** Public notices have been published in the Daily Transcript, El Latino, Voice and Viewpoint, and notifications of the Public Notice, emailed to the Economic Development Department distribution list
- **Public comment period:** 9/2/2022 - 9/16/2022
- **Dates of public hearing:** 9/7/2022 – Public Safety and Livable Neighborhoods (PS&LN) Committee Meeting, 9/8/2022 – Consolidated Plan Advisory Board (CPAB) Meeting, and 9/13/2022 for City Council hearing

The City conducted outreach efforts throughout the month of July to provide opportunities for the public to participate in the development of the HOME-ARP Allocation Plan. A newsletter was distributed to all individuals through an email list notifying them of the scheduled virtual feedback session, in-person feedback session, and link to the needs

assessment survey. Additionally, the City attended various meetings with agencies and service providers whose clientele include the HOME-ARP qualifying populations to solicit their feedback.

Moreover, in accordance with the City’s Citizen Participation Plan, the City coordinated a community engagement effort to facilitate and encourage the involvement of low- and moderate-income populations. The public participation process was intended to solicit feedback on the draft plan and included:

- Publication of public notices;
- 15-day public comment period;
- Availability of the documents; and
- Public hearings and public meetings.

Efforts to Broaden Public Participation

To broaden public participation, the City publicized the needs assessment survey and input sessions on City Department’s websites and newsletters as well as various social media platforms, including Twitter, Facebook, and LinkedIn. In addition to publicizing through multiple City-affiliated online platforms, information about HOME-ARP outreach efforts were forwarded via email to various contact lists in partnership with City Council Offices and stakeholders, such as SDHC and San Diego Housing Federation.

Comments and Recommendations Received Through the Public Participation Process

Written public comments received during the public participation outreach efforts or during the public hearings can be found below.

Comment/Question	Response	Received during	Date
Any plans approved by HUD?	As of 7/28, City staff was aware of only 26 plans approved thus far. However, to date, a list of approved jurisdictions has not been made available to the City.	In-Person Consultation Workshop	7/28/2022
Are specific projects identified now?	Plan only includes the type of activities the City is proposing to fund. Once HUD approves the plan, the City is required to hold a public hearing to recommend/approve	In-Person Consultation Workshop	7/28/2022

Comment/Question	Response	Received during	Date
	specific project(s).		
What is the HOME-ARP expenditure deadline?	The HOME-ARP program requires all expenditures and projects to be completed by the 'Program Expiration Date' of September 30, 2030.	In-Person Consultation Workshop	7/28/2022
Francine Maxwell asked about the Regional Task Force on Homelessness advisory ad-hoc presentation addressing homelessness of Black people that was presented on July 20 th . African Americans are often qualifying populations for HOME-ARP funding. The report should show how much of this funding goes to benefit this population. African Americans make up the highest percentage of unsheltered in the city, despite only making up for less than 6% in the region.	N/A	Public Safety and Livable Neighborhoods Committee Meeting	9/7/2022
Councilmember Marni von Wilpert, District 5, asked for more details about the 500 crisis response shelter beds, what constitutes a crisis and how that is handled. The substance abuse and behavioral health services being provided is good, but	The need for 500 crisis response shelter beds is from the <i>Community Action Plan on Homelessness</i> . This plan is looking to add more non-congregate beds. The crisis response is our shelter response system -- Bridge Shelters, interim shelters,	Public Safety and Livable Neighborhoods Committee Meeting	9/7/2022

Comment/Question	Response	Received during	Date
<p>she asked what the plan is for that since typically the County administers those types of programs.</p>	<p>and anything within the shelter system that isn't interim housing or affordable housing. The County will sponsor portions of the program including substance abuse services and behavioral health services.</p>		
<p>Council President Pro Tem Monica Montgomery Steppe, District 4, commented on the overrepresentation of the Black population in unsheltered populations, so she would like to know how individuals who are transitioning out of public funded institutions or systems of care are served so solutions are developed.</p>	<p>District 4 staff were referred to the Regional Task Force on Homelessness for more information on the overrepresentation of the Black individuals in homeless populations.</p>	<p>Public Safety and Livable Neighborhoods Committee Meeting</p>	<p>9/7/2022</p>
<p>CPAB Member Yegin Chen asked if the funds will be used as a match for City funds and how large the Homekey program currently is in the City.</p>	<p>HOME ARP funds, in this case, will be used as a match for development of affordable housing as the \$20.9 million would not be able to develop those sites in full. The funding will be used as a match for Homekey which is ran through the San Diego Housing Commission as well as Bridge to Home program through the City of San Diego.</p>	<p>Consolidated Plan Advisory Board Meeting</p>	<p>9/8/2022</p>

Comment/Question	Response	Received during	Date
CPAB member Rich Thesing asked whether this is the first time this program has been available and whether it is a one-time program.	This program is part of the COVID-19 recovery programs. The program expires September 30, 2030 and the City must submit an allocation plan to HUD to be approved to access funding.	Consolidated Plan Advisory Board Meeting	9/8/2022

Comments or Recommendations Not Accepted

All comments and recommendations received were accepted.

SECTION 5: NEEDS ASSESSMENT AND GAP ANALYSIS

The needs assessment and gaps analysis evaluates the:

- 1) Size and demographic composition of HOME-ARP qualifying populations; and
- 2) Unmet needs of HOME-ARP qualifying populations.

Additionally, the needs assessment and gap analysis must identify any gaps within its current shelter and housing inventory as well as the service delivery system. This needs assessment and gap analysis focuses on the housing and service needs of the below qualifying populations:

- 1) Sheltered and unsheltered populations;
- 2) Those currently housed populations at risk of homelessness;
- 3) Other families requiring services or housing to prevent homelessness; and
- 4) Those at greatest risk of housing instability or unstable housing situations.

Housing Inventory Count

The Housing Inventory County (HIC) is a point-in-time snapshot of the units and beds available exclusively for persons experiencing homelessness. Table NA-1 outlines the 2022 *Housing Inventory Count* within the city of San Diego. Currently, there are 13,304 shelter and housing beds in the homeless response system, of which 45% (5,986) are permanent supportive housing and 33% (4,404) of all beds reserved for veterans.

Table NA-1: Housing Inventory Count (HIC)

Housing Inventory	Beds
Emergency Shelter	2,481
Safe Haven	39

Transitional Housing	762
Permanent Supportive Housing	6,042
Rapid Re-Housing	1,498
Other Permanent Housing	2,482
Total	13,304

Source: Regional Task Force on Homelessness San Diego, 2022 Housing Inventory Count

Affordable Housing Inventory

According to the [SDHC's Preserving Affordable Housing in the City of San Diego](#) study (May 2020), 61,000 (22%) rental housing units in the City are renting at prices affordable to extremely low-income and very low-income households. A unit is considered affordable when a household is not paying more than 30% of their monthly household income towards rent/housing cost. Of these, 14,900 units (5% of all rental housing units in the city of San Diego) are affordable for extremely low-income (0-30% AMI) and 46,100 units (17% of all rental housing units in the city of San Diego) are affordable for very low-income households (31-50% of AMI). The majority of units (119,000 units, 44%) are affordable to low-income households, while the remaining 93,900 units (35%) are at rents affordable only to households with moderate incomes and above.

In addition to the affordable housing inventory, the following projects are currently under development.

Table NA-2: SDHC Development Pipeline as of August 1, 2022

Development	Address	Development Type	Total Units	Affordable Units	SDHC Loan Funding Sources
Jamboree San Ysidro	429 W. San Ysidro Blvd.	New Construction	65	64	HOME, Local Housing Trust Fund Program, Inclusionary, Housing Trust Fund (Commercial Linkage Fee)
East Block Family	4340 44th Street	New Construction	78	77	Bond Only

Development	Address	Development Type	Total Units	Affordable Units	SDHC Loan Funding Sources
East Block Seniors	4340 44th Street	New Construction	117	115	Home, Inclusionary, Housing Trust Fund (Commercial Linkage Fee)
Scripps Mesa	10380 Springs Canyon Rd	New Construction	264	53	Bond Only
Courthouse Commons	220 West Broadway	New Construction	82	41	Bond Only
Ulric Street	2645-2685 Ulric Street	New Construction	96	95	HOME, LHFP, Inclusionary, Housing Trust Fund (Commercial Linkage Fee)
Grant Heights/ Winona Apartments	2651-2663 J Street / 3845 Winona Ave	Acquisition & Rehabilitation	42	41	Bond Only
Mercado Apartments	2001-2097 Newton Ave	Acquisition & Rehabilitation	144	142	Bond Only
The Orchard	922-944 Euclid Ave	New Construction	113	111	Home, Inclusionary, Housing Trust Fund (Commercial Linkage Fee)
Ventana al Sur	4132 Beyer Boulevard	New Construction	101	100	TBD
Mississippi ECB Apartments	2139 El Cajon Boulevard	New Construction	61	60	Bond Only
The Helm	191 W Beech Street	New Construction	78	77	Inclusionary
Ulric Street	2601-2641	New	60	59	Inclusionary

Development	Address	Development Type	Total Units	Affordable Units	SDHC Loan Funding Sources
Apartments II	Ulric Street	Construction			
The Junipers	I-15 and Carmel Mountain Road	New Construction	81	80	Bond Only
The Post 310	465 47th Street	New Construction	43	42	TBD
Aquila Apartments	7251 Naval Way	New Construction	180	180	Bond Only
Bandar Salaam Apartments	3810 Winona Ave	Acquisition & Rehabilitation	68	67	Bond Only
ShoreLINE Apartments	4470 Alvarado Canyon Road	New Construction	126	124	Bond Only
The Iris	1663 Dairy Mart Road	New Construction	100	99	TBD
Nestor Senior Village	1120 Nestor Way	New Construction	74	73	HOME, Inclusionary
Levant Senior Cottages	6950 Levant Street	New Construction	127	126	Bond Only
Cortez Hill Apartments	1449 9th Avenue	New Construction	88	87	TBD
Merge 56	Carmel Mountain Road and S Route 56	New Construction	47	46	Bond Only
Messina Senior Apartments	5255 Mt Etna Drive	New Construction	79	78	TBD
Navajo Family	7005 Navajo Road	New Construction	45	44	TBD

Development	Address	Development Type	Total Units	Affordable Units	SDHC Loan Funding Sources
Apartments					
Iris Trolley Apartments	1507 Howard Ave	New Construction	64	63	TBD
Tizon	11520 W Bernardo Ct.	Acquisition & Rehabilitation	178	175	HOME, Housing Rehabilitation

Source: San Diego Housing Commission

Size and Demographic Composition of Qualifying Populations

The 2022 Point-in-Time (PIT) Count of both sheltered and unsheltered homelessness is used for this analysis.

Table NA-3: City of San Diego 2022 Point-In-Time Count

Sheltered				2022 Unsheltered
Emergency Shelter	Transitional Housing	Supportive Housing	Total	Total Unsheltered
1,711	568	28	2,307	2,494

Source: 2022WeAllCount Point-in-Time Count, Regional Task Force on Homelessness

Sheltered Homeless Populations

The 2022WeAllCount Point-in-Time Count identified a total of 2,307 individuals experiencing sheltered homelessness and 2,494 individuals experiencing unsheltered homelessness in the city of San Diego. An individual is considered sheltered when they are residing in emergency shelter or transitional housing but not when they are receiving rapid re-housing assistance or residing in permanent supportive housing. Among individuals experiencing sheltered homelessness:

- 24% (558) met the definition of experiencing chronic homelessness;
- 11% (245) were veterans;
- 22% (519) were youth under the age of 24;
- 20% (471) were part of a family with children; and
- 8% (181) were adult survivors of domestic violence.

Unsheltered Homeless Populations

Among the 2,494 individuals experiencing unsheltered homelessness in the city of San Diego:

- 74% identified as male, 26% identified as female, > 1% identified as transgender, and >1% identified as questioning;
- 61% identified as White, 29% identified as Black, African American, or African, 4% identified as American Indian, Alaska Native or Indigenous, 2% identified as having multiple races, 1% identified as Native Hawaiian or Pacific Islander;
- 15% (386) met the definition of experiencing chronic homelessness;
- 11% (265) were veterans;
- 5% (130) were adult survivors of domestic violence;
- 2% (55) were part of family with children; and
- 7% (174) were youth under the age of 24.

At Risk of Homelessness

Households at risk of homelessness are those with incomes below 30% of Area Median Income (AMI) that lack sufficient resources or support networks to prevent homelessness, and 1) have moved more than two (2) times due to economic reasons in the past 60 days; 2) are doubled up with another household due to economic hardship; 3) will be evicted within 21 days; 4) live in a hotel or motel without financial assistance from a nonprofit or government entity; 5) live in an efficiency apartment and are overcrowded; or 6) are exiting a publicly-funded institution or system of care.

HUD received updated Comprehensive Housing Affordability Strategy (CHAS) 2014-2018 data from the U.S. Census Bureau. The CHAS data focuses on housing problems and housing needs, primarily for low income households. The following tables (Tables NA-4 to NA-6) provide information on household incomes at the current area median income level, Housing Problems or Severe housing problems, and housing cost burden.

The 2014-2018 CHAS data indicates there are approximately 89,855 renters with incomes below 50% of AMI that are at risk of homelessness in the City San Diego.

Table NA- 4: Household Income

Household (HH) Income*					
	Owner	% of Total	Renter	% of Total	Total
HH Income below 30% AMI	14,325	6%	51,635	19%	65,960
HH Income	17,595	7%	38,220	14%	55,815

between 30-50% AMI					
HH Income above 50%	203,965	86%	177,730	66%	381,695
TOTALS	235,885		267,585		503,470
*Current AMI levels for City of San Diego can be found here: https://www.sandiego.gov/sites/default/files/hudincomeimits.pdf					

Table NA-5: One (1) or more Housing Problems and/or Severe Housing Problems

One (1) or more Housing Problems and/or Severe Housing Problems			
	Owner	Renter	Total
HH with at least one (1) Housing Problem*	76,360	146,385	222,745
HH with at least one (1) severe Housing Problem**	35,695	87,935	123,630
Housing Totals	112,055	234,320	346,375
*Housing problem defined as: incomplete kitchen facilities, incomplete plumbing facilities, more than one (1) person per room, and/or cost burden greater than 30%			
**Severe housing problem defined as: incomplete kitchen facilities, incomplete plumbing facilities, more than one (1) person per room; and/or cost burden greater than 50%			

Table NA-6: Housing Cost Burden by Income

Housing Cost Burden** by Income					
	Owner	% of Total	Renter	% of Total	Total
Cost Burden* below 30%	163,140	69%	127,320	47%	290,460
Cost Burden between 30%-50%	42,055	18%	67,440	25%	109,495

Cost Burden above 50%	28,880	12%	67,405	25%	96,285
TOTAL	235,875		267,585		503,465
*Cost burden data is unavailable for 7,225 HH					
**Housing Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities)					

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

The 2022WeAllCount Point-in-Time Count identified 181 adult survivors of domestic violence in shelters, transitional housing or safe havens, accounting for 8% of persons experiencing sheltered homelessness in the city of San Diego. The count also identified 130 unsheltered adult survivors of domestic violence, accounting for 5% of persons experiencing unsheltered homelessness.

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.

Currently Housed and At Risk of Repeat Homelessness

Approximately 17% of individuals exiting emergency shelter, or transitional or permanent housing in any given year will return to homelessness within 24 months. From 2017 to 2019, an average of 3,445 people exited homelessness each year, resulting in approximately 586 people are at risk of repeat homelessness per year.

At Greatest Risk of Housing Instability – Households with Incomes < 30% AMI And Experiencing Severe Housing Cost Burden

2014-2018 CHAS data indicates there are 51,635 renter households with annual income less than 30% of AMI that are at greatest risk of housing instability in the city of San Diego. Of these renter households, 36,075 (70%) are experiencing a cost burden greater than 50%.

At Greatest Risk of Housing Instability – Households with Incomes 30-50% AMI That Meet HUD’s §91.5 Definition of At Risk of Homelessness

2014-2018 CHAS data indicates there are approximately 34,695 households with incomes between 30% and 50% of AMI that are experiencing a housing problem and are at risk of homelessness in the city of San Diego. Housing problems include incomplete kitchen facilities, incomplete plumbing facilities, more than one (1) person per room, and a cost burden greater than 30%.

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.

Table NA-7: Permanent Supportive Housing Need and Progress to Date

Permanent Housing Need and Progress to Date			
	Total Need	Increase from 2019-2022	Percentage of Goal
Supportive Housing New Subsidized Units	2,802	1,433	51%
Supportive Housing Tenant Based Rental Subsidies	701	723	103%
Rapid Rehousing Rent Assistance and Services	802	621	77%
Low Income Housing Rent Assistance and Services	344	300	87%
Diversion Assistance	767	200	26%

Source: Community Action Plan on Homelessness Presentation to Public Safety and Livable Neighborhoods Committee on July 20, 2022

As shown in table NA-7, there is a need for 1,369 additional units to add to the overall permanent supportive housing inventory.

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:

- Behavioral health services;
- Supportive services;
- Housing navigation; and
- Diversion.

Additional 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 include the following, as described in HUD CPD Notice 2021-10, as may be amended:

- Case management;
- Child care;
- Coordinated service linkage;
- Credit repair;
- Education services;
- Employment assistance and job training;
- Financial assistance to secure stable housing, such as rental application fees, security and utility deposits, and first and last month's rent;
- Housing search and counseling assistance;
- Legal services;
- Landlord-tenant liaison services;
- Meal or grocery assistance;
- Outpatient health services;
- Outreach services;
- Substance abuse treatment services;
- Services for special populations, including trauma-informed services; and
- Transportation.

Current Resources Available to Assist Qualifying Populations

Current available resources include:

1. Congregate Beds Shelter Units;
2. Supportive Services;
3. Tenant-Based Rental Assistance;
4. Non-Congregate Shelter; and
5. Affordable and Permanent Supportive Rental Housing.

Congregate Beds and Shelter Units

In January 2022, there were 3,288 congregate beds and shelter units. Congregate beds include emergency, safe haven and transitional housing beds and units.

Supportive Services

Through a network of partners, many supportive services are offered to both sheltered and unsheltered individuals experiencing homelessness. These services include: case management, housing navigation and housing readiness services such as documentation assistance; legal guidance, enrollment assistance for income and food assistance programs; Department of Motor Vehicles (DMV) assistance, youth services, employment services; family reunification services; health screenings; and counseling, mental health and substance use disorder referrals.

The City works closely with the Continuum of Care which provides oversight for the Vulnerability Index - Service Prioritization Decision Assistance Tool (VI-SPDAT) to prioritize the most vulnerable chronically homeless individuals.

Tenant-Based Rental Assistance

SDHC currently has a total voucher allocation of 16,339 and a utilization rate of 104%. There are 130,094 applicants on the Section 8 waiting list and the average waiting period is approximately 12 years. SDHC has awarded 720 affordable project-based vouchers and 178 of these units are currently online, with a utilization rate of 88%. The remaining affordable housing project-based units are under construction. There are 73,254 applications on the project-based voucher waiting list.

Non-Congregate Shelter

The City currently funds one (1) non-congregate shelter, which opened in June 2022, as a family shelter and is currently serving as bridge housing for individuals who are 55 years or older and have access to rapid rehousing assistance, a pathway to permanent supportive housing, or a housing voucher. The City is focused on expanding non-congregate shelter options with plans underway to open an additional non-congregate shelter in fall 2022 while also actively working on identifying additional non-congregate shelter options.

Affordable and Permanent Supportive Rental Housing

An estimated 61,000 (22%) rental housing units in the city of San Diego are renting at prices affordable to extremely low-income and very low-income households. In January 2022, there were 6,042 Permanent Supportive Housing beds, 1,498 Rapid Re-Housing Beds, and 2,482 Other Permanent Housing.

Other Resources Available

The City also directly funds activities related to assisting the qualifying populations which include, but are not limited to:

Community Development Block Grant (CDBG) Program: As an entitlement jurisdiction, the City of San Diego receives approximately \$11 million per year for the CDBG program with the goal of assisting low-to-moderate individuals and areas. In fiscal year (FY) 2021, the City

spent more than \$4 million in homelessness-related services, assisting 5,777 individuals. For FY 2023, the City is allocating \$2,381,756 for homelessness with a goal of assisting 4,650 individuals.

Bridge to Home Affordable Housing Program: The City was in a unique position to be able to offer its first Bridge to Home Notice of Funding Availability (NOFA) in May 2021, due to an influx of funding of sale proceeds from Redevelopment assets, California Senate Bill (SB) 2 Permanent Local Housing Allocation, and Community Development Block Grant program income to provide access to funding for the preservation, creation, and rehabilitation of affordable multifamily housing. Round One Bridge to Home allocation was \$33 million and recommended seven (7) projects that would preserve, rehabilitate, or create 662 affordable housing units with completion dates in 2023-2024. Round Two NOFA allocation is \$20 million (recommendations in Fall 2022) and includes approximately \$8.3 million of FY 2023 CDBG funds.

Emergency Solutions Grant (ESG) Program: ESG funding is used to provide supportive services, Tenant-Based Rental Assistance (TBRA) and Rapid Re-housing, and Shelter Services for individuals experiencing homelessness. In FY 2021, 1,806 individuals were assisted with Shelter Operations services and TBRA with expenditures totaling \$1,353,313. In FY2023, \$1,048,961 ESG funding is allocated to provide services to 2,055 individuals.

HOME Investment Partnerships (HOME) Program: The HOME program is the largest block grant to local governments designed exclusively to create affordable housing for low-income households. There are a variety of activities eligible, but the City has focused on rental rehabilitation, rental unit construction, and direct financial assistance to homebuyers. In FY 2021, over \$8 million dollars were expended on affordable housing activities that helped construct 41 affordable housing rental units and assisted 37 first time homebuyers. In FY 2023, \$22,406,729 are being allocated with a goal of building 57 rental units, rehabilitating 27 rental units, and providing financial assistance to homebuyers to six (6) individuals.

Shelter, Housing and Service Delivery System Gaps

Shelter Gap

According to the [*Community Action Plan on Homelessness for the City of San Diego*](#), accepted in October 2019, there is an estimated need for up to 500 new crisis response shelter beds for individuals. For families, the crisis response need is practically met, with modeling showing the need for only 40-80 new crisis response options. Crisis response is modeled at its desired end state for this plan, including 96% utilization for crisis response beds, length of stay for families and individuals at 90 days based on provider feedback, and 13% of persons presenting at the homeless system that can be provided with diversion assistance.

Non-Congregate Shelter Unit Gap

The City currently only funds one non-congregate shelter with 42 units available and actively seeks to add additional non-congregate options. The overwhelming majority of City-funded shelter beds are in congregate settings. The vast disproportion illustrates the service gap and critical need for additional non-congregate shelter options in the City of San Diego's homelessness response system. For certain populations (e.g. seniors and families), non-congregate shelter environments are known to result in better social and well-being outcomes in addition to housing stability outcomes.

Tenant-Based Rental Assistance Gap

Currently, there are 130,094 applicants on the tenant-based rental assistance waiting list. The waiting period for assistance is approximately 12 years. The voucher utilization rate is 104%. Additionally, there are 73,254 applications on the project-based voucher waiting list.

Affordable and Permanent Supportive Rental Housing Gap

According to the *Community Action Plan on Homelessness for the City of San Diego*, the City has a total need for 1,369 units of supportive housing, 181 for rapid re-housing rent assistance and services, and 44 for low-income housing rental assistance. The City of San Diego [2022 Annual Report on Homes](#), which shows progress made towards Regional Housing Needs Allocation (RHNA) goals by income level, indicates that the City only permitted 186 of the 27,549 very low-income homes needed, and only 265 of the 17,331 low-income homes needed.

Supportive Services

While all of the City's shelter and housing programs offer many of the supportive services listed above, based on the input received from the service provider consultation meetings, the greatest unmet service needs within the shelter system currently include:

- Recuperative care;
- Substance use specialists; and
- Behavioral health services.

Priority Needs for Qualifying Populations

Priority needs based on survey responses and consultations for qualifying populations are:

- Affordable Rental Housing, including permanent supportive housing;
- Non-Congregate Shelter;
- Tenant-Based Rental Assistance; and
- Supportive Services, including:
 - Childcare;
 - Education and job training;

- Financial assistance to secure stable housing, such as rental application fees, security and utility deposits, and first and last month's rent;
- Homelessness prevention services (outreach services);
- Housing counseling;
- Legal services;
- Landlord-tenant liaison services;
- Nutrition assistance;
- Mental health services; and
- Services for special populations, including trauma-informed services.

Methodology

The City of San Diego utilized federal, publicly available data, such as the 2014-2018 American Community Survey and the U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) data. Additionally, staff worked closely with SDHC to prepare and represent data in a meaningful and accurate way. Specifically, the *2022WeAllCount Point-in-Time Count* and the Housing Inventory Count provide a picture of the City's acute homelessness needs, specifically with regards to long-term housing options. Additionally, studies such as the City's 2019 *Community Action Plan on Homelessness for the City of San Diego*, the 2022 Annual Home Report, and SDHC's 2020 [Affordable Housing Preservation Study](#) were utilized to illustrate shelter, housing and service delivery system gaps in the City of San Diego.

SECTION 6: HOME-ARP Activities

The City of San Diego plans to use HOME-ARP funding for Development and Support of Affordable Housing and Acquisition and Development of Non-Congregate Shelters through competitive Notice of Funding Availability (NOFA) processes currently in place through the City's Economic Development Department and/or administered by SDHC.

The City of San Diego will use HOME-ARP funding either as a local match for the State of California's Housing and Community Development's Homekey program funding through SDHC's developer collaborative process and/or to support an SDHC acquisition and construction of affordable permanent housing for the qualifying population. The Homekey program is designed to sustain/expand housing for and help protect Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19.

In the case of a developer collaborative, SDHC completes a Request for Qualifications (RFQ) process. Developers placed on a shortlist of qualified developers are invited to submit projects to SDHC for review. Submitted projects are reviewed through evaluation phases. Any selected project is submitted via a joint application to the Homekey program for consideration.

If a Homekey local match is not needed, remaining funding will be added to one of the following: the next SDHC Notice of Funding Availability (NOFA), a NOFA round for the Bridge to Home program, or to support the City's efforts to expand Non-Congregate options for shelters. SDHC's competitive NOFA is issued annually in the fall and consists of capital funds and vouchers.

The City of San Diego will not directly administer HOME-ARP activities beyond program administration and planning, not to exceed the Statutory Limit of 15%. The City plans to utilize subrecipient(s) to directly administer HOME-ARP activities.

Use of HOME-ARP Funding

Type of Eligible Activity	Funding Amount	Percent of the Grant	Statutory Limit
Tenant Based Rental Assistance (TBRA)	\$ 0		
Supportive Services	\$ 240,342	1.1%	N/A
Acquisition and Development of Non-Congregate Shelters	\$ 0		
Development of Affordable Rental Housing	\$ 20,192,713	96.4%	N/A
Administration and Planning	\$ 523,924	2.5%	15%
Total HOME ARP Allocation	\$ 20,956,979		

Rationale for Uses of HOME-ARP Funding

The City of San Diego will distribute HOME-ARP in accordance with an eligible activity and community prioritization: Development of affordable housing, and supportive services related to homelessness, as identified in the survey results and consultations.

As documented in the City's [2020-2024 Consolidated Plan](#), housing costs have increased for all households since 2008. With the demand in housing due to many individuals or

households moving or relocating to the city of San Diego and the economic recovery; both rental and purchase affordability has continued to decline during the COVID-19 pandemic. The supply cannot keep pace with the demand generated by continued in-migration and investor interest. Growing demand for housing, coupled with labor and supply shortages have continued to push housing costs beyond the reach of the lowest income households.

HUD 2014-2018 CHAS data identified 123,195 renters with income less than 30% AMI who were severely cost burdened. An additional 62,190 renters with income between 30% and 50% who were severely cost burdened.

The volume of severely cost-burdened renters could be reduced through the use of HOME-ARP funds for either tenant-based rental assistance or rental housing production. Given the shortage of available units resulting from increased demand generated by continued in-migration and investor interest, implementing a new tenant-based rental assistance program is unlikely to meet the needs of San Diego's most vulnerable renters. Considering the recent infusion of emergency housing vouchers directly from HUD to local public housing authorities, adding new vouchers could also create unnecessary competition for scarce units.

As a resource to fund additional affordable rental units, HOME-ARP will help to ease the burden of housing costs for San Diego's lowest-income renters who are at high risk of housing instability and homelessness or are currently experiencing homelessness. Permanent supportive rental housing will help to address the needs of San Diego's growing population of people experiencing chronic homelessness or people with disabilities who need affordable housing.

Availability of appropriate shelter varies across the city of San Diego. The City has made significant investments in non-congregate emergency shelter and transitional housing during the past two (2) years yet demand for shelter continues. Investment in non-congregate shelter with this funding will enable the City to better meet this demand and offer more effective, trauma-informed service to the unsheltered population. This will complement the investment of HOME-ARP funds in affordable and permanent supportive housing which helps to accelerate the throughout at the City's existing shelters, allowing for more people to move from the streets into non-congregate shelter while they work towards housing readiness.

HOME-ARP Production Housing Goals

The City estimates that 200 affordable rental units will be added to the current housing inventory using HOME-ARP funds. Support will include unit supportive services for qualifying populations as applicable.

The City is confident that the specific affordable rental housing production goal of 200 will address the priority need of providing additional permanent affordable housing and supportive housing options, as appropriate, for qualifying populations as identified from the needs assessment survey responses and consultations completed. Throughout the

consultation process, partners and stakeholders emphasized that addressing this need is essential to reducing the number of individuals and families experiencing homelessness. The actual delivery of units will depend on the type of project, location, and available resources to assist the project.

Preferences

Tenants will be identified through the Continuum of Care Coordinated Entry System, to the maximum extent feasible, to ensure that people with more severe service needs and levels of vulnerability are prioritized for housing and homelessness assistance. The City of San Diego does not intend to give preference to one or more qualifying populations or a subpopulation for any eligible activity or project.

HOME-ARP Refinancing Guidelines

The City of San Diego does not intend to utilize HOME-ARP funds for refinancing existing debt secured by affordable rental housing units.