



HOME-ARP SUBSTANTIAL AMENDMENT, NO.1 TO HOME-ARP ALLOCATION PLAN

[Abstract](#)

The Arkansas Development Finance Authority (ADFA) Substantial Amendment to the September 26, 2022, HOME-ARP Allocation Plan ("the PLAN") - The following is a summary of language that amends the 2021 HOME-ARP Allocation Plan

April 2023

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1. Background

Arkansas Development Finance Authority (ADFA) received \$37,547,010 in HOME-ARP funds. HOME-ARP is a one-time allocation to the state authorized under Section 3205 of the American Rescue Plan Act of 2021, Public Law 117-2, enacted on March 11, 2021. This supplemental funding was allocated by formula under the HUD HOME entitlement program. To receive the HOME-ARP allocation, ADFA developed a HOME-ARP Allocation Plan that was submitted September 26, 2022, as part of the State's PY2021 HUD Annual Action Plan. The Annual Action Plan details each year within the 5-year Consolidated Plan and outlines the implementation of annual funding, which is developed through significant public input, analyses, and planning.

The American Rescue Plan Act of 2021 was authorized for the purpose of providing assistance to the following populations:

- Homeless
- At risk of Homelessness
- Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking
- Veterans and Families that include a Veteran Family Member
- Other Populations (Other Families Requiring Services or Housing Assistance to Prevent Homelessness and Households at Greatest Risk of Instability) as defined by HUD in the Notice.

The Plan was reviewed and approved by HUD on November 14, 2022, and included: 1) an outline of the consultation and public participation processes undertaken, 2) an assessment of the needs of Qualifying Populations and gaps in local housing and services systems, and 3) planned uses of HOME-ARP funds for prioritized populations and eligible activities. The HOME-ARP Program requires that all funds be spent between the period from plan approval November 14, 2022, through September 30, 2030.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, ADFA engaged in consultation with stakeholders and the public, including an online survey, virtual consultation sessions, direct contact with HUD-required organizations that did not participate in a virtual session, a 16-day public comment period, and a public hearing.

2. Needs Assessment and Gap Analysis

The needs assessment and gap analysis identified the following key data points:

- A 2019 Point in Time (PIT) count for the five CoCs in Arkansas, found a total of 1,302 sheltered homeless individuals and 1,415 unsheltered homeless individuals throughout the State for a total of 2,717 homeless individuals. (As explained in the demographic discussion on Homeless Individuals later in this Plan, the PIT count in 2019 is the last year that all CoCs participated in both the sheltered and unsheltered counts.)
- According to data submitted by school districts to the U.S. Department of Education, in the 2019-2020 school year, an estimated 13,335 public school students in Arkansas experienced homelessness over the course of the year; this translates to 2% of all Arkansas youth between the ages of 5 and 19 experienced homelessness during this year.
- The state of Arkansas released 7,547 sentenced prisoners in 2021. On average, within three years of release, 47.49% of those offenders will return to prison, in part due to housing and service barriers. Nationally, one in five people who leave prison will become homeless.
- 729,258 adults in Arkansas have a disability. This is equal to 31% of the population. Health care spending for persons with disabilities in the state averages about \$8.6 billion, or 41% of the state total.
- Households earning between 0-30% AMI are more likely to pay more than 30% of their income towards housing expenses making them at risk for homelessness. Among all renters in Arkansas at 30% income who are cost burdened, 64% earn below 50% AMI (a total of 113,040 households).
- As reported in the data and community consultation, households earning between 0-30% AMI are more likely to experience at least one housing problem (as defined by HUD), including overcrowding and poor housing conditions. In the following

counties, more than 6% of renter-occupied housing units have two or more housing problems: Hot Spring (8.17%), Monroe (7.26%), Scott (6.58%), Van Buren (6.43%), Sevier (6.18%), and Columbia (6.12%).

- During and after the housing crisis caused by the COVID-19 pandemic, certain HOME-ARP Qualifying Populations in Arkansas need support to improve their resilience. These vulnerable families and individuals experience compounded obstacles, including housing cost burden or living in poor housing conditions. Because of this, ADFP will use HOME-ARP to help house or keep these families or individuals housed through eligible activities such as non-congregate shelter and supportive services. Priority will be given to qualifying households or subpopulations that are more susceptible to acute health concerns, physical or sexual assault, and drug and alcohol abuse, making them some of the most vulnerable populations and in need of shelter and specialized services.

3. Use of HOME-ARP Funding

To address these needs and gaps, ADFA will utilize HOME-ARP funds for the development of non-congregate shelter, to fund supportive services, and to provide operating support to non-profit organizations, as outlined in the program budget:

Activity	Funding Amount	Percent of the Grant
Supportive Services	\$ 10,137,692.50	27%
Acquisition and Development of Non-Congregate Shelters	\$ 21,026,326.00	56%
Tenant Based Rental Assistance (TBRA)	\$ 0	0%
Development of Affordable Rental Housing	\$ 0	0%
Non-Profit Operating	\$ 1,877,350.50	5%
Non-Profit Capacity Building	\$0	0%
Administration and Planning	\$ 4,505,641.00	12%
Total HOME ARP Allocation	\$ 37,547,010.00	100%

4. Proposed Substantial Amendment

Arkansas Development Finance Authority is proposing an amendment to the state's Annual Action Plan for the HOME-ARP program and a Substantial Amendment is required because it meets one of more the following criteria in the HOME-ARP Notice:

- Establish preference to one or more of the HOME-ARP Qualifying Populations or subpopulation(s) within in one or more Qualifying Populations for any eligible activity or project.
- Identifies a preference or use of a preference or method of prioritization to address the unmet need or gap in benefits and services received by individuals and families in the Qualifying Population or category of Qualifying Population, consistent with the PJ's need assessments and gap analysis.
- Identify a preference(s) to address the unmet need or gaps in benefits and services of the other Qualifying Population(s) that are not included in the preferences.
- Addition of Preferences to one or more qualifying populations or subpopulations with in one or more qualifying populations for non-congregate and supportive service projects.

For this substantial amendment, ADFA will also follow the state's Citizen Participation Plan to meet the citizen participation requirements for HUD formula grant programs.

5. Preferences

ADFA intends to give preference for its Non-Congregate Shelter and Supportive Services projects to one or more Qualifying Populations or a subpopulation within one or more Qualifying Populations for any eligible activity or project as outlined below:

Preference #1

Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, and as defined by HUD in the [HOME-ARP Notice](#).

Based on the need and gap analysis, ADFA will prioritize families or individuals who are fleeing, or attempting to flee, domestic violence and sexual assault who are experiencing or at-risk of homelessness. With the increase in domestic violence following the COVID-19 pandemic, more families will require housing and supportive services.

Preference #2

ADFA, additionally, intends to give preference to the Qualifying Population and/or sub qualifying population: *Unaccompanied Youth Under 25 Years of Age, or Families With Children and Youth, Who Do Not Otherwise Qualify as Homeless as defined by HUD in the [HOME-ARP Notice](#).*

Preference # 3

ADFA also intends to give preference to the Qualifying Population and/or sub qualifying population: *Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability, specifically households that have an annual income that is less than or equal to 50% of the area median income, and are 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).*

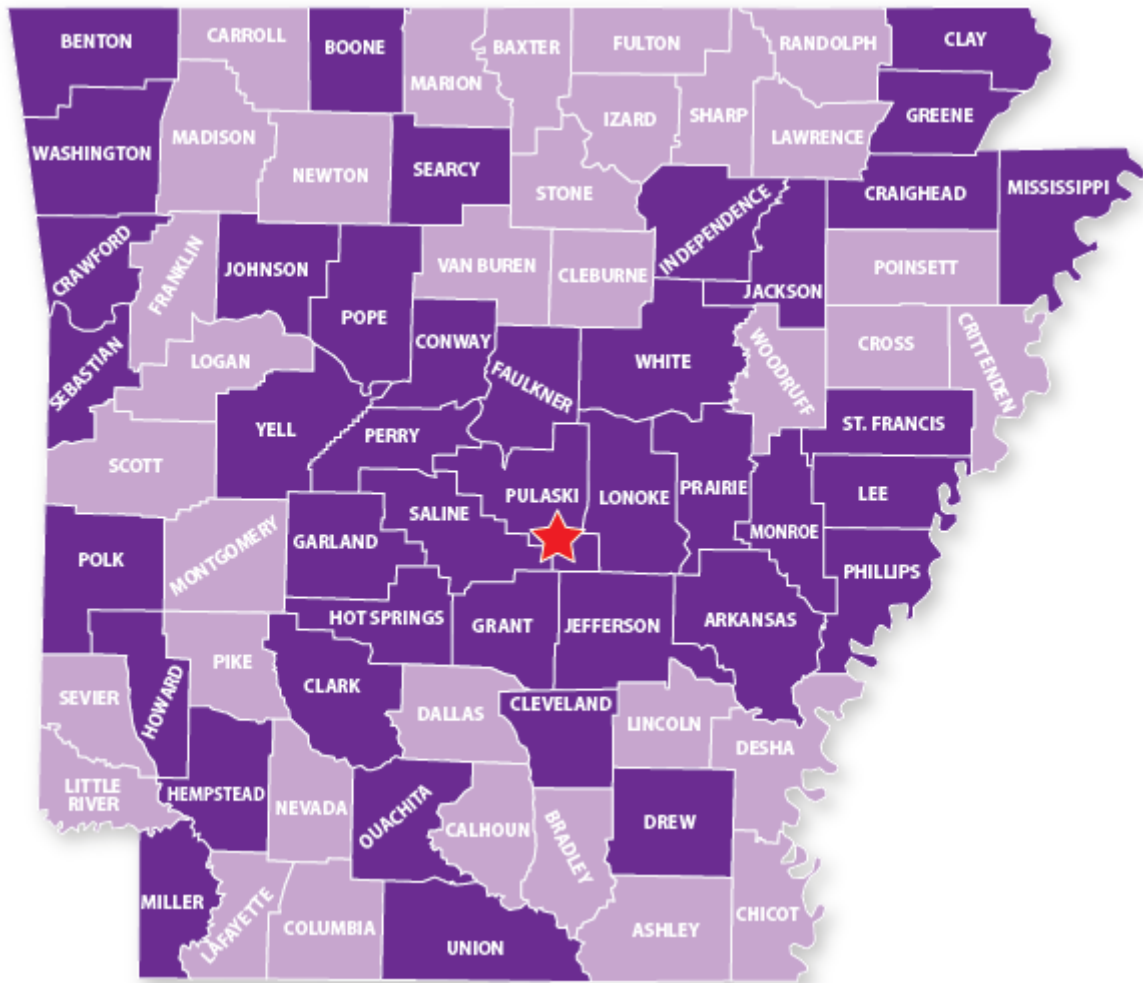
How the use of preferences for these populations or subpopulations will address the unmet need or gap in consistent with the needs assessment and gap analysis

To improve the quality of life for program participants, ADFA has determined that it will give preference and support activities that prioritize families and individuals who are the most vulnerable within the qualified populations who are likely to have great compounded challenges that require more intensive supportive services to achieve and maintain housing stability. These Qualifying Populations require assistance transitioning to housing, including permanent supportive housing, along with short-term or long-term supportive services like case management, healthcare, legal services, and other supportive services. With better housing options and wrap-around services, these families will have a higher likelihood of becoming self-sustaining over time.

Preference # 1 Domestic Violence:

The 2019 PIT identified 318 homeless victims of domestic violence, 92 who were unsheltered. The growing need for victims to seek safety is better understood when looking at the increase of domestic violence in Arkansas in recent years. Arkansas Crime Information Center (ACIC) reported an 83% increase in domestic violence-related homicides between 2019 to 2020. In a 2017 study on homicides by the Violence Policy Center, Arkansas ranked third nationally in the number of women killed by men.

Data from Women and Children First (WCF), a Little Rock based provider that serves victims from across the state, shows that shelter and service needs are not isolated to specific regions of the state. The map below shows in dark purple the counties that WCF alone has served through its programs. WCF reports that 37.3% of Arkansas women and 35.6% of Arkansas men experience intimate partner physical violence and/or intimate partner sexual violence in their lifetimes.



Additionally, WCF reported that over 80% of clients using WCF services have at least one unmet legal need. The client's legal needs range from obtaining Orders of Protection, child custody, support, and other family law issues, to housing law issues, consumer protection issues, and the need for assistance in obtaining public benefits, such as ARKids' health insurance for minor children.

Further, the programs and needs of children experiencing domestic violence have increased with the rising incidents of violence in families making their needs a heightened priority. Children need an environment with programs to address the trauma they have experienced.

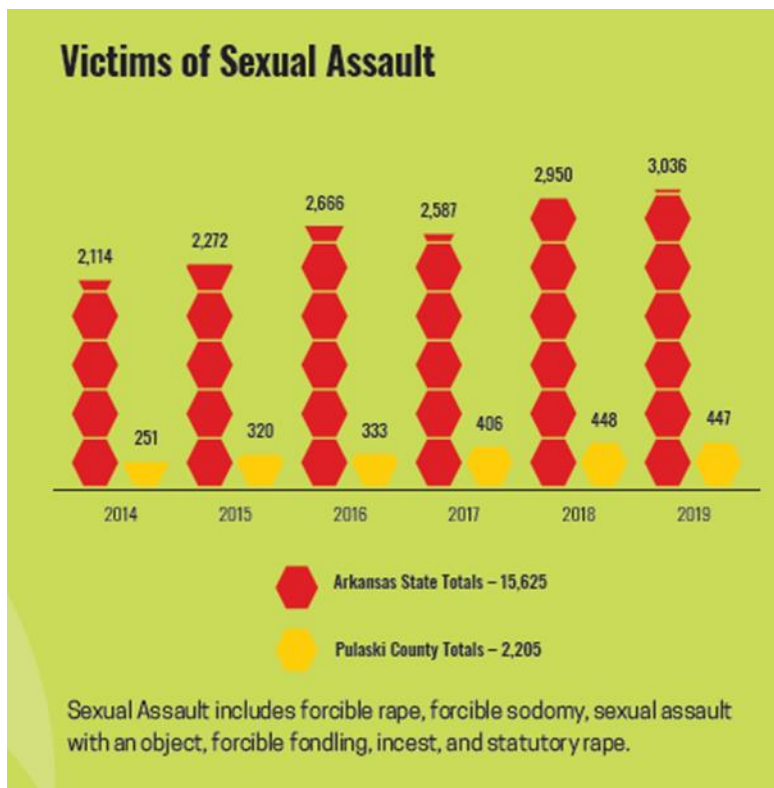
With respect to those fleeing sex trafficking, stakeholders reported that these populations tend to be immigrants and are often in need of legal services.

Women fleeing domestic violence are also likely to be entering poverty. Data of WCF reported that nearly 87% of victims seeking WCF emergency shelter were unemployed and/or made less than \$10,000 annually.

Children exposed to domestic violence may suffer both short-term and long-term effects, both behaviorally and developmentally. They are 6 times more likely to commit suicide, 50 times more likely to abuse drugs or alcohol, and four-time more likely to commit a violent crime. 76.2% of children ended up becoming perpetrators as adults. WCF reported that in 2021, 470 children stayed in their shelter representing half of their shelter population.

The State consulted with Hope Found of Northeast Arkansas during its community consultation. Hope Found educates the community and coordinates services for victims and survivors of human trafficking. They reported that from 2018 to present, they have served 50 clients. Of the 50 clients served, 47 were female and 3 were male.

WCF reported in its 2019 Campaign of Courage report that victims of sexual assault have also been on the rise in recent years with over 3,000 incidents of sexual assault in 2019, as summarized in this chart:

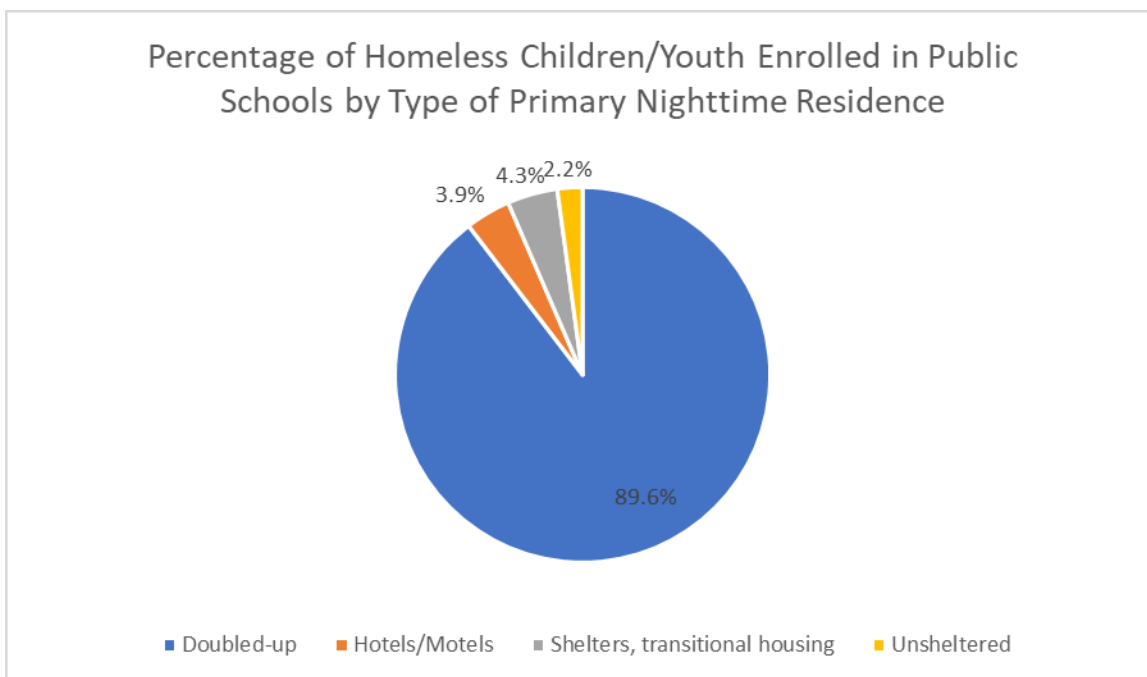


Preference # 2 - Unaccompanied Youth Under 25 Years of Age, or Families with Children and Youth, Who Do Not Otherwise Qualify as Homeless as defined by HUD:

According to data submitted by school districts to the U.S. Department of Education, in the 2019-2020 school year, an estimated 13,335 public school students in Arkansas experienced homelessness over the course of the year; this translates to 2% of all Arkansas youth between the ages of 5 and 19 experienced homelessness during this year.

Students At-Risk of Homelessness

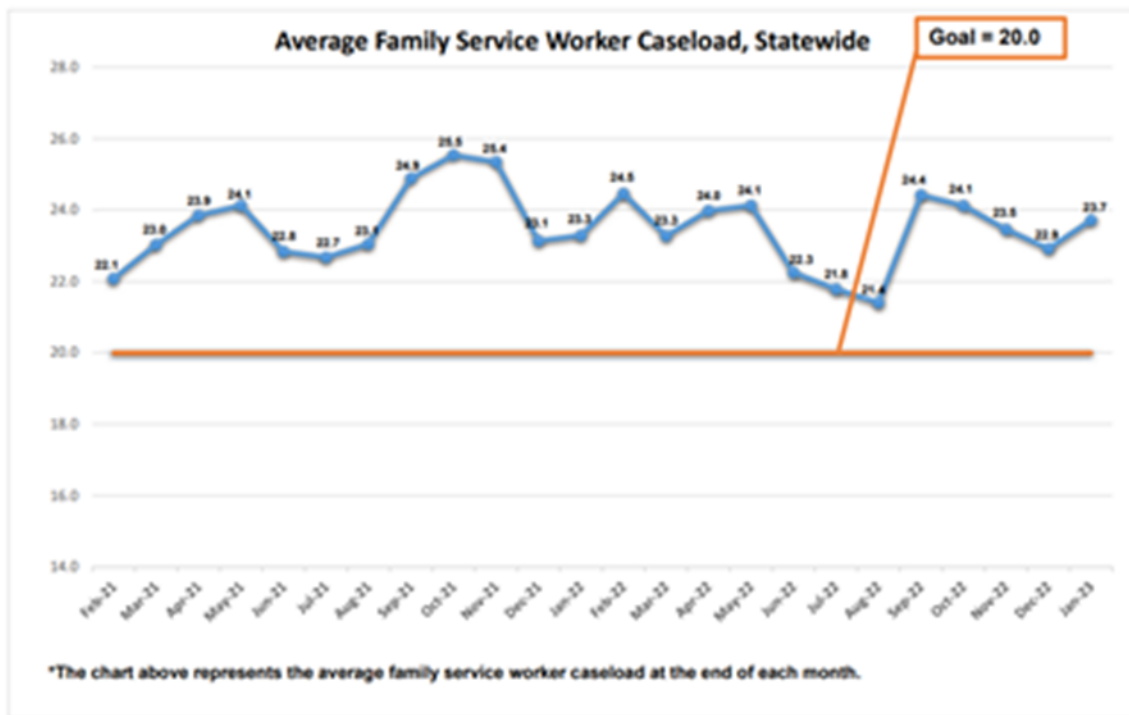
During consultation meetings with homeless stakeholders, several mentioned the value and accuracy of using the U.S. Department of Education’s Homeless Student Count to better understand the real housing need of homeless children and youth throughout the State. According to data submitted by school districts to the U.S. Department of Education, in the 2019-2020 school year, most homeless students (89.6%) were doubled-up (living with another family).

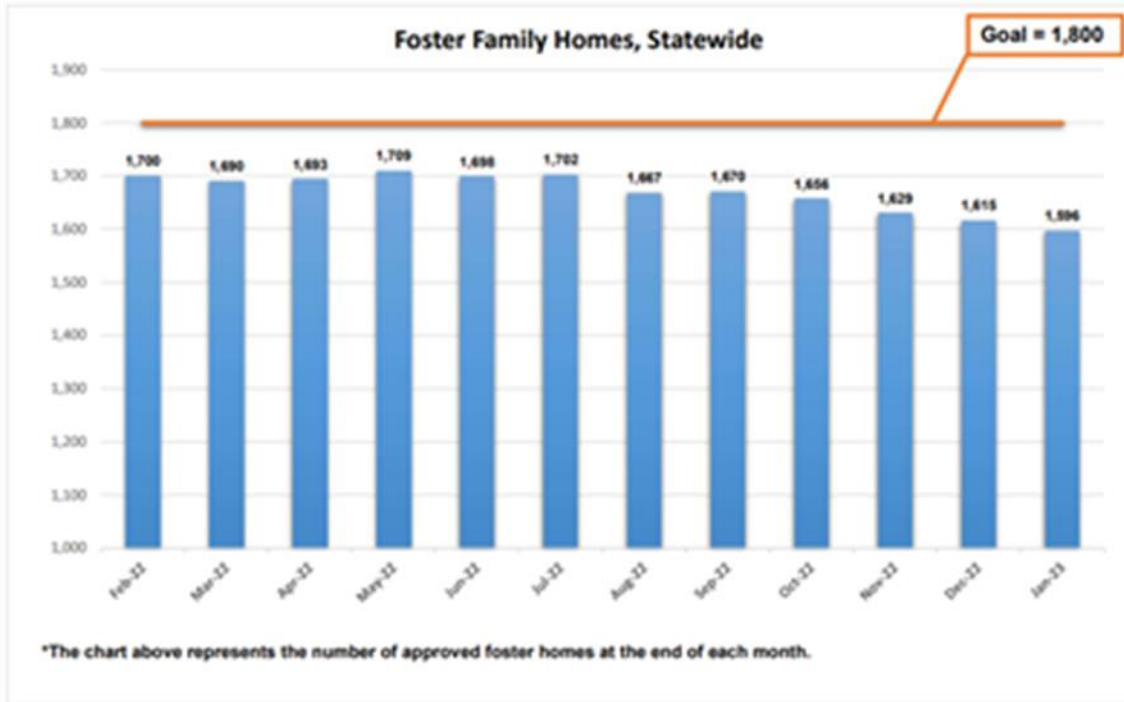


Source: National Center for Homeless Education using the U.S. Department of Education's EDFacts Initiative.
Note: Unsheltered includes cars, parks, campgrounds, temporary trailer, or abandoned building.

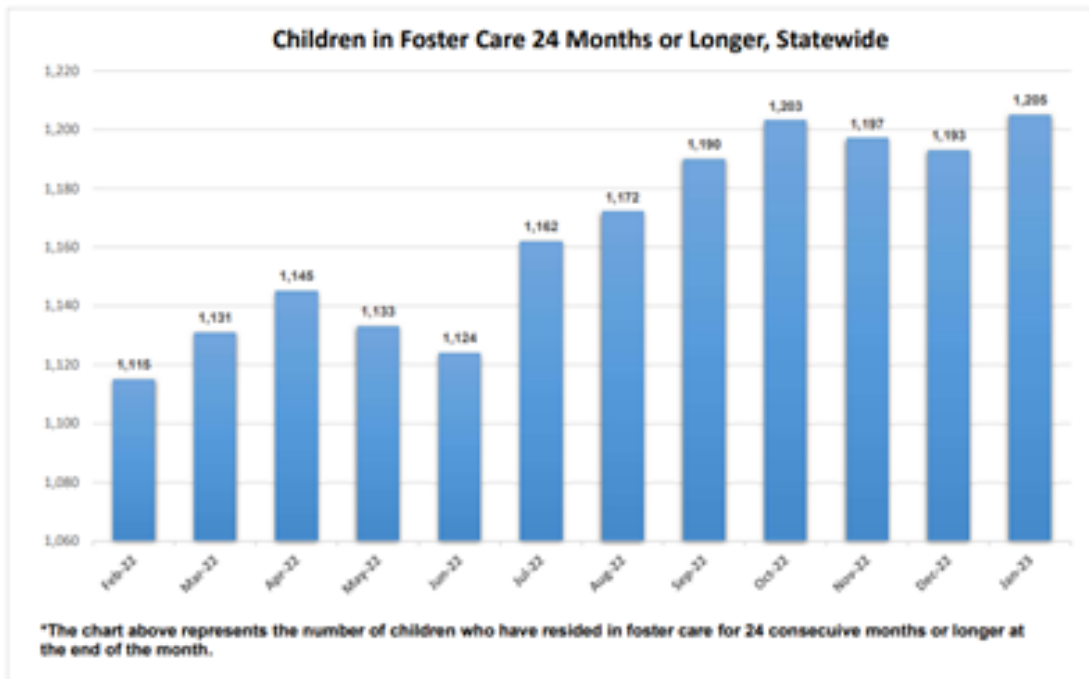
This is consistent with information provided by Our House, an organization based in Little Rock, AR that provides shelter, homelessness prevention, mental health assistance, a career center, and children’s programs. In October 2021, Our House conducted a housing inquiry survey of all individuals seeking housing with its organization. A total of 360 people sought assistance, including 49 families and 181 single adults. When asked where they stayed the previous night, about 31% of families reported staying with family or friends in contrast to 23% of single adults reporting the same. Almost 30% of single adults reported spending the previous night unsheltered on the street or in a vehicle as compared to 12% of families.

Monthly reports from the Arkansas Department of Human Services show a clear deficit in both foster family homes and in staff across the state, with almost 1,300 children reported to be in foster care more than 24 months:





A report titled “Every Day Counts” provides monthly data on adoptions and foster care need. This chart shows the growth in the number of children in care for more than 24 months through January 2023:



Preference # 3 - Households that have an annual income that is less than or equal to 50% of the area median income, and are 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):

Data on persons exiting publicly funded institutions or systems of care is very limited. However, a report titled, "The State of Mental Health in America" ranked Arkansas as 39th in overall mental illness prevalence and access to care. The state's rank for adults with mental illness was 16th, for youth 48th, and mental health workforce availability ranked 29th. CDC data from 2020 lists Arkansas as having the 2nd highest rate in the nation of disabled citizens at 19.2% across all demographics. Of that total, CDC reports that 31% of adults have a diagnosed disability with 14% having disabilities related to cognition and other impediments to independent living. According to information from the Arkansas Enterprises for the Developmentally Disabled (AEDD), as of December 2022, there were more than 3200 qualifying individuals awaiting approval for supportive services by the State of Arkansas, including but not limited to personal health and safety, self-care skills, independent living skills, transportation support, access to medical/mental health care, employment/vocational training, and early childhood support services. Additionally, the Arkansas State Hospital (ASH), is the only publicly operated acute psychiatric inpatient hospital with nine units and 222 patient beds. Several privately run inpatient centers also operate in the state but access to shelter and wrap around services is limited.

The Arkansas Department of Corrections monthly *Director's Board Report* includes a variety of corrections-related data, including monthly exits and information on reentry programs. For the month of January 2023, a total of 384 persons were released from prison with no information on their reentry in shelter or housing. Future research on persons leaving corrections indicates that there are no "halfway houses" or other housing options available to persons leaving corrections in Arkansas. Due to limited work histories and low incomes, most individuals released from prison cannot afford to buy or rent housing in the private market. Many landlords are unwilling to rent to formerly incarcerated people. An estimated four out of five landlords employ background checks to screen out prospective tenants with criminal records.

How HOME-ARP funds will be used to address the unmet needs or gaps in benefits and services of the other Qualifying Populations that are not included in the preference

ADFA will design and administer their HOME-ARP program to provide all four QPs with access to HOME-ARP projects and activities. For the purposes of this amendment, providing access means allowing all four QPs to apply for or be referred to HOME-ARP projects or activities. As stated in prior sections, ADFA has established three preferences for families and individuals that are at a greater risk of having housing instability and difficulty accessing shelter. Through its application process, ADFA will prioritize eligible HOME-ARP activities that support the stabilizations of these households, which will alleviate homelessness, affordability challenges, overcrowding, and unsafe living conditions. ADFA will solicit applications through a formal Notice of Funding Opportunity (NOFO) that will entertain projects targeted toward all Qualifying Populations who may need Non-Congregate Shelter and/or Supportive Services but will provide additional points or other criteria to projects that have a preference for individuals or families that qualify under the Qualifying Populations or Subpopulations described above. In practice, this process may not always result in individuals or households from all four QPs being served but in no case will ADFA exclude or remove the eligibility of any QP from its HOME-ARP program.

As provided for in the following section, ADFA will also require the application and referral methods for access to HOME-ARP funded shelter and services be open to all Qualifying Populations. In addition to NCS and SS, ADFA will provide funding for operating assistance to non-profit organizations who serve all the Qualifying Populations, and who are committed to carrying out one or more of the state's HOME-ARP Activities - Development of HOME-ARP Non-Congregate Shelter (NCS) and or provide HOME-ARP Supportive Services (SS).

6. Prioritization and Referral Methods

ADFA will recommend use of the Coordinated Entry System (CES) for its HOME-ARP projects to collect information and documentation required to determine whether an individual or family meets the criteria of a HOME-ARP qualifying population, and to prioritize program eligibility based on the state's established preferences. Coordinated Entry will also work with the funded non-congregate shelters to secure permanent housing placements for each individual or household served. ADFA will enter into a written agreement with the balance of state CoC to use its CES to accept applicants from all QPs for its HOME-ARP projects and activities. The CES will select individuals and families from the Qualifying Populations and Subpopulations identified in the section on preferences for referrals for HOME-ARP NCS and SS assistance before other QPs. If two or more eligible applicants qualifying for the same or different preferences are selected for HOME-ARP assistance, the CES will refer each applicant based on length of time identified as homeless or at-risk of homelessness based on intake and assessment.

For those requiring shelter and supportive services who may fall outside of coordinated entry, the State will utilize other methods to provide referrals to participating agencies to determine eligibility, including but not limited to referrals from the Department of Children and Family Services (DCFS), hotline calls to domestic violence providers, and referrals from Medicaid PASSE providers through the Department of Human Services or Department of Developmental Disabilities Services. PASSE providers refer the beneficiaries based upon their individualized areas of need for support. Other potential referrals include calls for assistance through the 211 system and through local partners who serve Qualifying Populations who are not served by CES, such as formerly incarcerated persons. Referrals for supportive services and non-congregate shelter will be made to HOME-ARP projects for individuals and families from the Qualifying Populations and Subpopulations identified in the section on preferences before other QPs. The HOME-ARP service providers may also develop waiting lists from those referrals for all QPs, documenting the date households presented for assistance to determine the first come first serve order at their locations if individuals and families from the Qualifying Populations and Subpopulations identified in the section on preferences are not available for placement.

There will be no violation of fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in [24 CFR 5.105\(a\)](#) when applying preferences through these referral methods. Persons who are eligible for a preference must have the opportunity to participate in all HOME-ARP activities of the PJ in which they are eligible under this Notice, including activities that are not separate or different, and cannot be excluded because of any protected characteristics or preferential status.

7. Public Participation

As part of the HOME-ARP Notice, HUD approved an abbreviated process to allow flexibility to institute more streamlined requirements to address immediate needs relative to the coronavirus. HUD requires that proposed substantial amendments be made public and provide for a minimum 15-day public comment period. ADFA will use the flexibilities provided in the HOME-ARP Notice as follows for this Substantial Amendment:

Notification of the availability of the Proposed Substantial Amendment, No.1 will be completed through the following:

- ADFA will publish a Public Notice that contains a summary of the Substantial Amendment in the statewide newspaper, the Arkansas Democrat Gazette. The Public Notice will describe the contents and purpose of the Substantial Amendment and will also include a list of the locations where copies of the entire Substantial Amendment may be examined.
- ADFA will post the Public Notice and provide a copy of the Proposed Substantial Amendment on ADFA's website.
- The Public Notice will be circulated to local governments; housing, economic, and community development organizations; and other interested individuals and groups.
- Social Media will be utilized to provide the public additional notice on the availability of the Substantial Amendment.

- Copies of the Proposed Substantial Amendment, No.1 will be made available through the following methods:
 - The State of Arkansas website at <https://portal.arkansas.gov/events> and ADFA's website at: <https://adfa.arkansas.gov/>.
 - Providing copies to any individuals that request a copy by contacting ADFA.
- ADFA will conduct a one (1) day Public Hearing

The dates of the minimum 15-day public comment period are April 23, 2023, through May 8, 2023, and within the public notices and information that is distributed via email distributions.

8. Public Comments

Public Hearing is scheduled for Monday, May 1, 2023, at 10:00 am

- Central High Meeting Room, 2nd Floor, Arkansas Department of Commerce
1 Commerce Way, Little Rock, AR 72202
- Zoom Link: <https://tinyurl.com/5c88tcaw>
Virtual Meeting ID: 891 2055 9447; Passcode: ss48Ju

Public Comment period is April 23, 2023, through May 8, 2023

- Please submit written comments to:
 - Email: adfa.home.arp@arkansas.gov
 - Mail to: Arkansas Development Finance Authority (ADFA)
Attn: ADFA HOME-ARP
1 Commerce Way, Suite 602
Little Rock, AR 72202

The notice will be posted on these websites:

<https://adfa.arkansas.gov/> and <https://portal.arkansas.gov/events>

9. Final action on the Substantial Amendment

All written comments provided during the Substantial Amendment process will be considered in preparing the final Substantial Amendment, No.1. A summary of the comments received and a response to those comments will be included in the Final Substantial Amendment. After the State considers any comments, and prepares the Final Substantial Amendment, the Substantial Amendment will be submitted to HUD for review and approval.