DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
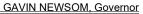**DIVISION OF STATE FINANCIAL ASSISTANCE**
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June 7, 2022

MEMORANDUM FOR: Stakeholders and Potential Applicants for CalHome and
Serna Homeownership Funding Programs

FROM: Jennifer Seeger, Deputy Director
Division of State Financial Assistance

SUBJECT: **CalHome and Serna Homeownership Guidelines and**
Super NOFA Proposed Changes -
Public Comment Notice

BACKGROUND

The California Department of Housing and Community Development (Department) intends to release Guidelines and a Super Notice of Funding Availability (Super NOFA) for the CalHome Program and the homeownership elements of the Joe Serna, Jr. Farmworker Housing Grant Program ("Serna Homeownership") in Fall of 2022. **The CalHome and Serna Homeownership Super NOFA will *not* include funds for multifamily rental housing; Serna multifamily rental projects should apply for funding under the Department's Multifamily Housing Super NOFA.**

The CalHome and Serna Homeownership Guidelines and Super NOFA will implement the requirements of Assembly Bill 434 (Chapter 192, Statutes 2000) related to funds used for the homeownership activities under the Serna Homeownership program, specifically:

- Assist development projects involving multiple home ownership units,
- Assist lower-income agricultural employees and their families to become or remain homeowners, or
- Acquire manufactured housing as part of a program to address and remedy the impacts of current and potential displacement of lower-income farmworker families from existing labor camps, mobilehome parks, or other housing.

For those homeownership elements of Serna, AB 434 requires the Department to:

- Make those funds available at the same time it makes funds, if any, available under the CalHome Program,
- Rate and rank applications in a manner consistent with the CalHome Program, except that the department may establish additional point categories for the purposes of rating

and ranking applications that seek funding under Serna in addition to those used in the CalHome Program, and

- Administer those funds in a manner consistent with the CalHome Program

PUBLIC COMMENT NOTICE

The Department is inviting public comment on the following three documents to inform development of the final CalHome and Serna Homeownership Guidelines and the Homeownership Super NOFA:

1. The most recent (November 2019) CalHome Program Guidelines,
2. The most recent (February 2021) Serna Program Guidelines for the homeownership elements of Serna,[1] and
3. The contents of this memo, which outlines key proposed changes to the most recent CalHome NOFA and Serna NOFA to be included in the Homeownership Super NOFA.

All public comments must be received no later than **June 27, 2022 at 4:00pm. Commenters should submit comments using the survey forms found under the Resources tab on the CalHome program webpage or Serna program webpage.**

Stakeholders are also invited to participate in one of two scheduled webinars on the CalHome and Serna Homeownership Guidelines and Super NOFA:

- Friday, June 17, 2022
  9:30 A.M. – 11:00 A.M (PST)
  Register https://www.eventbrite.com/e/337366601587

- Wednesday, June 22, 2022
  3:00 P.M – 4:30 P.M (PST)
  Register https://www.eventbrite.com/e/337400182027

CALHOME AND SERNA HOMEOWNERSHIP SUPER NOFA KEY PROPOSED CHANGES

The CalHome program consists of six eligible activities:

1. Homeownership Development Project Loans
2. First-Time Homebuyer Mortgage Assistance
3. Owner-Occupied Rehabilitation Assistance
4. Accessory Dwelling Unit (ADU)/ Junior Accessory Dwelling Unit (JADU) Programs
5. Technical Assistance for Self-Help Housing Projects
6. Technical Assistance for Shared Housing Programs

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[1] Updated guidelines for Serna multifamily rental projects were created as part of the Multifamily Housing Super NOFA process but will not be used for this Guidelines update or for the Homeownership Super NOFA.

The Serna program contains three eligible homeownership activities:

1. Single-Family New Construction
2. Owner-Occupied Rehabilitation
3. Acquisition of Manufactured Housing

Alignment of Eligible Activities

As much as possible, the Homeownership Super NOFA will align the three Serna Homeownership eligible activities with three of the CalHome eligible activities as follows:

Activity Type	CalHome Activity	Aligned Serna Activity
New Construction	Homeownership Development Project Loans	Single-Family New Construction
Acquisition of Existing Housing	First-Time Homebuyer Mortgage Assistance	Acquisition of Manufactured Housing
Owner-Occupied Rehabilitation	Owner-Occupied Rehabilitation Assistance	Owner-Occupied Rehabilitation

Maximum Per-Unit Funding Limits and Maximum Application Amounts

Due to significant increases in the cost of housing and the cost of construction in recent years, the Department proposes to increase maximum per-unit funding limits and maximum application amounts for several of the CalHome and Serna Homeownership eligible activities. A chart summarizing the proposed maximums for each eligible activity is included as an attachment to this memo.

For activities that involve acquisition or rehabilitation of an existing home, the proposed maximum per-unit funding limit is $200,000. These activities are:

1. CalHome First-Time Homebuyer Mortgage Assistance
2. Serna Acquisition of Manufactured Housing
3. CalHome or Serna Owner-Occupied Rehabilitation where the home is not in need of reconstruction

For activities that involve construction, or full reconstruction, of a home, the proposed maximum per-unit funding limit is $250,000. These activities are:

1. CalHome Homeownership Development Project Loans
2. Serna Single-Family New Construction
3. CalHome or Serna Owner-Occupied Rehabilitation where the home is in need of reconstruction

The proposed maximum application amounts for the different activities will be:

1. $10,000,000 for New Construction (CalHome Homeownership Development Project Loans, Serna Single-Family New Construction)
2. $5,000,000 for Acquisition of Existing Housing (CalHome First-Time Homebuyer Mortgage Assistance, Serna Acquisition of Manufactured Housing)
3. $5,000,000 for Owner-Occupied Rehabilitation (CalHome or Serna)

There are no proposed changes to the maximum per-unit funding limit or maximum application amounts for the CalHome ADU/JADU (Accessory Dwelling Unit / Junior Accessory Dwelling Unit) Programs, Technical Assistance for Self-Help Housing Projects, or Technical Assistance for Shared Housing Programs.

Applicants cannot apply for more than the maximum application amount across all applications submitted in the Homeownership Super NOFA funding round. Applicants who submit one or more applications for New Construction activities *and* one or more applications for other eligible activities are limited to no more than $10,000,000 total across all applications; of that $10,000,000 total, no more than $5,000,000 may be for applications that are *not* for New Construction activities.

Rating and Ranking Criteria

All applications, whether for CalHome funding or Serna funding, will be evaluated on the following factors:

Evaluation Criteria	Maximum Points
Capability	40
Community Need	15
Feasibility	25
Community Revitalization	10
Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program	5
Total	95

Applications for Serna funding will also be evaluated on the following additional factors:

Percentage of Units for Target Population	30 Points Max
Less than 25%	0 Points
25 – 49.9 %	10 Points
50 – 74.9%	20 Points
75 – 100%	30 Points
Farmworker Need (Presence of farmworkers based upon recent U.S. Census of Agriculture)	10 Points Max

County	Percentage of Statewide Hired Farm Labor	
Fresno, Monterey, Tulare, Santa Barbara, Ventura, Kern, San Joaquin	5 % or more	10 Points
Santa Cruz, Madera, Merced, Sonoma, Stanislaus, San Diego, San Luis Obispo, Riverside	3- 4.99%	5 Points
All other California Counties	Less than 3%	3 Points

Details on the rating for each of the evaluation criteria are included as an attachment to this memo.

Applicability of Negative Points Policy

Applications will be reviewed, and negative points assessed, consistent with the Department's Negative Points Policy (Administrative Notice Number 2022-01) dated March 30, 2022, as published on the Department's website.

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Attachments:

1. Proposed Maximum Funding Limits for Homeownership Super NOFA
2. Proposed Rating Factors for Homeownership Super NOFA

Attachment 1

Proposed Maximum Funding Limits for Homeownership Super NOFA

CalHome Eligible Activities	Serna Eligible Activities	Current CalHome Maximum Per-Unit Funding Limits	Current Serna Maximum Assistance per Assisted Unit	Proposed Maximum Per-Unit Funding Limits	Current CalHome Maximum Application Amount	Current Serna Maximum Project Funding Amounts	Proposed Maximum Project Funding Amounts
Homeownership Development Project Loans	Single-family new construction	The maximum per-unit Loan amount for Homeownership Development Project Loans will be **$100,000.**	For a single-family new construction project, the grant amount is limited to **$150,000** per assisted unit.	$250,000	$5,000,000	$3,000,000	$10,000,000
First-Time Homebuyer Mortgage Assistance	Acquisition of Manufactured Housing	The maximum Loan amount by an award recipient to an eligible Borrower will be 40 percent of the Borrower's purchase price for the property, up to a maximum of **$100,000.**		$200,000	$5,000,000		$5,000,000
Owner Occupied Rehabilitation Assistance	Owner Occupied Rehabilitation	The maximum Loan amount by an award recipient to an eligible Borrower will be **$100,000** unless the home is in need of reconstruction. If the home is in need of reconstruction, the maximum Loan amount will be **$150,000**.	For owner-occupied rehabilitation, the grant amount is limited to **$75,000** per assisted unit.	$200,000, or $250,000 for reconstruction	$5,000,000	$2,000,000	$5,000,000
ADU/JADU		The maximum Loan amount by an award recipient to an eligible Borrower for ADU/JADU construction will be **$100,000**.		No Change	$5,000,000		No Change
Technical Assistance for Self-Help Housing Projects		The maximum per-unit Grant amount will be **$15,000.** All expenses shall be documented.		No Change	$500,000		No Change
Technical Assistance for Shared Housing		N/A		No Change	$300,000		No Change

Attachment 2

Proposed Rating Factors for Homeownership Super NOFA:

All applications, whether for CalHome funding or Serna funding, will be evaluated on the following factors:

Criteria Defined	Maximum Points

Capability to operate the proposed program, administer and conduct the Self-Help Technical Assistance Project, or develop the type of Homeownership Project proposed in the application:
 	
Number of units assisted within the last four years:
 	
• For CalHome Mortgage Assistance, CalHome or Serna Owner-Occupied Rehabilitation, CalHome ADU/JADU, and Serna Acquisition of Manufactured Housing:
  ▪ 2 to 5 (*20 points*)
  ▪ 6 to 10 *(30 points)*
  ▪ 11 or more (*40 points*)
• For CalHome Technical Assistance for Self-Help Housing Projects:
  ▪ 2 to 10 (*20 points*)
  ▪ 11 to 20 (*30 points*)
  ▪ 21 or more *(40 points)*
• For CalHome Technical Assistance for Shared Housing:
  ▪ 2 (*20 points*)
  ▪ 3 – 4 ~ *(30 points)*
  ▪ 5 or more ~ (*40 points*)
• For CalHome Homeownership Development Projects and Serna Single-Family New Construction:
  ▪ 2 (*20 points*)
  ▪ 3 to 4 (*30 points*)
  ▪ 5 or more (*40 points*)
	40

Community Need in a geographic area for the proposed Local Program or project will be based on the following factors: For CalHome Mortgage Assistance Programs, Serna Acquisition of Manufactured Housing, CalHome Technical Assistance for Self-Help Housing Projects, CalHome Technical Assistance for Shared Housing Programs, CalHome ADU/JADU Programs, CalHome Homeownership Development Projects and Serna Single-Family New Construction: • Housing affordability in the geographic area: The ratio of the current median sales price of a single-family home to the AMI for a 4-person Household in the county in which the CalHome program or project is located. The current median sales price is the most recent available from the California Association of Realtors as of the NOFA date, and the AMI is updated on an annual basis by the Department; • Percent of renter Households that are low income: The percent of Households in renter-occupied housing with incomes below 80 percent of AMI, as reported in the most recent HUD Comprehensive Housing Affordability Strategy U.S. Census Bureau American Community Survey (HUD CHAS) data; • Percent of renter Households occupying overcrowded housing: The percent of renter-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data; and • Rental vacancy rate: The percent of rental housing units that are currently vacant, as reported in the most recent HUD CHAS data. For **CalHome and Serna Owner-Occupied Rehabilitation Programs:** • Age of the housing stock: The percent of owner-occupied housing units over 30 years old, as reported in the most recent U.S. Census Bureau American Community Survey (ACS) data; • Percent of homeowner Households that are in poverty: The percent of families in owner-occupied housing with incomes below the federal poverty line, as reported in the most recent ACS data;	**15**

• Percent of homeowner Households that are low income: The percent of Households in owner-occupied housing with incomes below 80 percent of AMI, as reported in the most recent HUD CHAS data; and • Percent of homeowner Households occupying overcrowded housing: The percent of owner-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data.	

Feasibility in a geographic area for the proposed Local Program or project will be based on the following factors:
 	
For **CalHome Mortgage Assistance Programs:**
• Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data;
• Availability of homes for sale relative to the proposed lending activity: The ratio of the following:
   o The number of home sales in the previous year priced below *either* the current median sales price of a single-family home in the county in which the CalHome program is located, *or* $500,000, whichever is less;
   o The number of Loans that the Applicant expects to provide in the program;
   o The Applicant will provide home sales information based on publicly available real estate transactions data (e.g., Zillow.com, Redfin.com).
 	
For **Serna Acquisition of Manufactured Housing:**
• Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data;
	25

- Availability of homes for sale relative to the proposed lending activity: The ratio of the following:
  - The number of home sales in the previous year priced below *either* the current median sales price of a single-family home in the county in which the CalHome program is located, *or* $500,000, whichever is less;
  - The number of Manufactured Housing units that the Applicant expects to acquire;
  - The Applicant will provide home sales information based on publicly available real estate transactions data (e.g., Zillow.com, Redfin.com).

For **CalHome and Serna Owner-Occupied Rehabilitation Programs and CalHome ADU/JADU Programs:**
- Age of the housing stock: The percent of owner-occupied housing units over 30 years old, as reported in the most recent ACS data; and
- Percent of homeowner Households occupying overcrowded housing: The percent of owner-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data.

For **CalHome Technical Assistance for Shared Housing Programs:**
- Incidence of severe cost burden for low-income renters: The percent of Households in renter-occupied housing units spending 50 percent or more of income on housing expenses, as reported in the most recent HUD CHAS data; and
- Rental vacancy rate: The percent of rental housing units that are currently vacant, as reported in the most recent HUD CHAS data.

For **CalHome Technical Assistance for Self-Help Housing Programs, CalHome Homeownership Development Project Loans, and Serna Single-Family New Construction:**

• The readiness of the project development to proceed as evidenced by the status of local government approvals, project financing commitments, and resolution to impediments to development;
• Evidence of ability to serve Low- and Very Low-Income Households pursuant to the Mortgage Assistance underwriting requirements stated in Section 7731, as evidenced by the development budget and proposed unit sales prices; and
• Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data.
• Availability of homes for sale relative to the proposed lending activity. The ratio of the following:
   o The number of home sales in the previous year priced below *either* the current median sales price of a single-family home in the county in which the CalHome program is located, *or* $500,000, whichever is less; to
   o The number of Loans that the Applicant expects to provide in the program.
   o The Applicant will provide home sales information based on publicly available real estate transactions data (e.g., Zillow.com, Redfin.com).	

Contributes to Community Revitalization as defined in Section 7716(l), or meets a legislatively mandated priority for funds allocated to the CalHome program, or develops a Rehabilitation program that addresses climate adaptation or resiliency consistent with the Hazard Mitigation Plan or the Safety Element of the General Plan adopted by the jurisdiction in which the program will be offered.	**10**

Volunteer Labor, Self-Help Labor, or Youth Construction Skills Training Program: Applicants applying for CalHome Homeownership Development Projects, Serna Single-Family New Construction, CalHome Self-Help Technical Assistance Homeownership Projects, or a CalHome Mortgage Assistance Local Program for new construction housing or acquisition with substantial rehabilitation, when the Recipient is acquiring and substantially rehabilitating properties for sale to first-time homebuyers, will receive up to 5 points to the extent that: • The Applicant utilizes Volunteer Labor or Self-Help Construction labor, where a minimum of five hundred (500) hours of on-site construction labor per assisted unit is provided; or • The Applicant utilizes labor provided by youth participating in a construction skills training program, where a minimum of five hundred (500) hours of on-site construction labor per assisted unit is provided. The five hundred (500) hours of construction training labor shall be provided by the 16- to 24-year-old program participants; • 15 percent of units to be developed include an ADU or a JADU; • Homeownership development projects or Serna single-family new construction projects are located in a High-Resource or Highest-Resource area, as identified on the TCAC/Department Opportunity Area Map.	**5**
MAXIMUM TOTAL POINTS	**95**

Applications for Serna funding will also be evaluated on the following additional factors:

Percentage of Units for Target Population		30 Points Max
Less than 25%	0 Points	
25 – 49.9 %	10 Points	
50 – 74.9%	20 Points	
75 – 100%	30 Points	
Farmworker Need (Presence of farmworkers based upon recent U.S. Census of Agriculture)		10 Points Max
Counties	Percentage of Statewide Hired Farm Labor	
Fresno, Monterey, Tulare, Santa Barbara, Ventura, Kern, San Joaquin	5 % or more	10 Points
Santa Cruz, Madera, Merced, Sonoma, Stanislaus, San Diego, San Luis Obispo, Riverside	3- 4.99%	5 Points
All other California Counties	Less than 3%	3 Points