

Home Investment Partnerships Program (HOME) **Frequently Asked Questions (FAQ)**

Q: Our project does not have Article 34 authority. Do we calculate the HOME assistance based on 100% or 49% of the project's housing units?

A: The HOME Program is based on federal regulations which do not make a distinction between restricted and assisted housing units. So for Article 34 purposes, any HOME assistance for the **development, construction or acquisition of a low-rent project** can only be based on the actual HOME-assisted units. Rehabilitation of an existing low-rent project does not trigger Article 34 since it does not increase the number of affordable housing units.

MHP and AHSC Programs are different, because they are based on state regulations, particularly the MHP Regs. Those regulations incorporate the Article 34 construct that allows HCD to assist 100% but restrict only 49% of the units, when there is another eligible entity (such as TCAC) that would restrict the remaining units.

Q: Is NEPA review required to be submitted at the time of application?

A: A full NEPA review is not required at application time; however, a Phase I/II Site Assessment and a Floodplain Analysis must be submitted by all applicants.

Q: Can HOME funds be used with 9% or 4% tax credits?

A: HOME funds can be used with any tax credit financing source.

HOME First Time Homebuyer Project Application Questions and Answers

Q: Is an appraisal required of the proposed home or just of the site?

A: No appraisal is required for the proposed home. The appraisal is required to support the site acquisition costs shown in the development budget. No appraisal is required if no land costs are shown in the development budget.

Q: Are USDA appraisals acceptable if they include a separate As-Is land market value?

A: Yes

Q: Are scattered sites allowed as FTHB and are they considered one project?

A: Similar to Rental Projects, a FTHB Project can consist of a maximum of two non-contiguous sites, where both sites have initial common ownership, financing and management.

Q: Will HCD consider market studies which show higher values than derived from distressed sales? Will HCD accept fewer than 10 comparable sales?

A: HCD will not assign rating points based on the content of the market study (nor the content of any PDP items). PDP items will get maximum points if they are prepared according to the required timeframes in the HOME Supplement and are included in the Application. HCD will work with applicants that score highly enough to analyze the feasibility of the proposed project (including whether the market study is adequate).

Q: What documentation is required for the Local Government Approval item? What happens if documentation isn't provided?

A: To gain points for the Local Government item, the "Status of Local Government Approvals - New Construction Projects" form must be submitted with documentation provided to verify the reported status of local government approvals. Points will be awarded per page 19 of the "FTHB Project Application" form based on the status of the project as reported on the "Status of Local Government Approvals – New Construction project" form. The documentation will not be reviewed for assigning any of the 125 points available for Local Government approval. HCD will review the documentation for applicants that score highly enough to analyze the adequacy of the local government approval documentation in determining whether the project is feasible, given the HOME performance deadlines.

As to supporting documentation, the exact nature of the documentation may vary depending upon what approvals are required. The documentation may include, but is not limited to minutes from city council/county board meeting minutes and must support what is shown on the LG1. The Conditions of Approval and CEQA Determination (if applicable) are helpful to the Department in identifying which approvals are required.

Q: May an application be submitted for both a homebuyer project and a program in the same year?

A: No. Applicants who want to assist a specific subdivision and a program are encouraged to apply for a project this year and a program next year or vice versa. (Combined applications raise implementation, environmental, and labor standards problems.)

Q: Are there any HOME restrictions on who can prepare the cost estimate (for a homebuyer project)?

A: No.

Q: For the Specific Experience rating factor (200 point category), can I list rental new construction projects or rental rehabilitation projects?

A: No, they must be of the same specific type, i.e. affordable homebuyer projects because homebuyer projects are significantly different than rental new construction or rental rehabilitation projects.

Q: Do HOME performance deductions for HOME rental new construction and rental rehabilitation projects apply for my homebuyer project application?

A: Yes as they indicate ability to meet HOME timeframes.

Q: Do all applicants, both State Recipients and CHDO's, need to provide FTHB guidelines?

A: Yes.