

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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MEMORANDUM FOR: State HOME Program Recipients and Interested Parties

FROM: Jay Cortese, HOME Program Manager
Division of Financial Assistance

SUBJECT: Procedure to request HOME Homeownership Value Limits
Temporary Waivers

The State of California HOME Program invites you to submit requests to temporarily increase, through June 30, 2021, your current HUD Homeownership Value Limits. The latest Value Limits for the HOME program will change effective April 1, 2020. These limits will be posted on the HCD website on or about the effective date. Per the HOME Final Rule at 24 Code of Federal Regulations part 92.254(a)(ii)(3), the Department may request a higher limit for your jurisdiction. Your requests must be submitted to the HOME program, and once reviewed and accepted will be submitted to HUD for approval.

The Department reserves the right to pass on to HUD only those requests which are clearly needed. For example, the HOME program is not likely to request HUD approval for a higher limit if the documentation submitted confirms a history of sufficient housing stock to support your program with the currently-available HUD limits.

The HOME program will submit requests to HUD which clearly document the need for higher limits. The documentation must establish that 95% of the median sales price in the jurisdictional area is higher than the currently-available HUD limits.

You may request:

- a single combined limit for both existing and newly-constructed housing (built within 12 months of sale), encompassing only stick-built single-family housing within your service area; or
- an increase of either the existing housing limit, the newly-constructed housing limit, or both limits, for just stick-built single-family housing within your service area.

- **In addition, you may request a separate limit for condominiums or manufactured/mobile homes, subject to the dataset size requirements below. Please note that usually HUD's Value Limit would be higher than 95% of the median sales price of non-stick-built or non-single-family housing (such as manufactured/mobile homes and condominiums), so HCD doesn't anticipate requests for this type of housing.**

Criteria and Documentation

1. Your recent contiguous home sales dataset(s) must support the 95% of median limit you are requesting. Search criteria must clearly show an attempt to obtain separate data for each housing type affected and reflect all of the one-family home sales for each housing type affected. In addition, the sales must be from within your jurisdictional boundaries (city limits, or for counties, outside of all city limits).
2. Do not restrict your search to "Modest Housing" (i.e., do not exclude 4+ bedroom homes), as the purpose is to establish your city's (or unincorporated county area's) median sales price.
3. HUD requires a dataset spanning the following:
 - A one-month period when 500+ sales are shown for the latest month
 - A two-month period when 250 to 499 sales are shown per month
 - Most areas will have a lower volume of sales per month, in which case it will be necessary to use more months of sales data to make up your dataset. You must reach back as far as necessary to obtain at least 100 records for each requested increased limit (a single new/existing limit per housing type or else separate limits for each) that you are requesting.
4. Once you have the raw data collected, organize it, taking into account the type of limit you are seeking:
 - For a single combined new/existing limit for a certain type of housing, sort all data together.
 - For separate limits for new construction (all types) and existing (all types), provide a separate dataset as noted above, for each for which you are requesting a waiver.
 - For a separate limit for any housing type besides stick-built, if desired, provide a dataset of at least 100 recent sales including only that housing type, separating by new versus existing if desired.
5. Data in the spreadsheet must include housing type, date of sale, sales price, and address or lot number of each property, and must be in ascending order by sale price. Do not include homes for sale or pending sale, which have no bearing in the median cost calculations.

Determining 95% of the Median

1. Take the middle sale on the list if an odd number of sales. If data results in an even number of sales, use the higher of the middle numbers and consider it the median.
2. Multiply the result by 0.95 to determine the 95 percent of the median area purchase price.
3. The work product from this is the Assembled Data that you are to submit with the raw data, which is the data from your source (MLS, County Tax Records, Title Company Report, etc.) that shows the search parameters. Attach a map or other evidence, if necessary, to demonstrate that the dataset is within your HOME Program jurisdiction as discussed above.

Your request must include:

1. A short explanation of why a higher limit is needed in your jurisdiction, along with current listing data to support the need for a higher HOME Value Limit
2. The waiver limit type(s) you are requesting
3. The most recent market data, gathered within 30 days of submission to HCD, which supports your proposed Sales/Value Limits (sold unit data)
4. Both assembled data and raw data that reflects the search parameters

Please submit your request by e-mail to jay.cortese@hcd.ca.gov, and please make sure contact information is included with your submission.

IMPORTANT: All requests must be submitted to the HOME program by April 30th, 2020; however, we encourage you to submit them earlier if possible. All requests received will be submitted to HUD in a single batch. Receipt of each submission will be acknowledged; however, please anticipate this process taking several weeks following submission.

One month after submission, status inquiries are welcome. Please remember that in light of the Covid-19 impact, we expect longer-than-normal turnaround times, both internally and from HUD.