

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
GAVIN NEWSOM, Governor
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE

2020 W. El Camino Avenue, Suite 670, Sacramento, CA 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / (FAX) 263-2763
www.hcd.ca.gov



DATE: May 30, 2024

MEMORANDUM FOR: Interested Parties

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

SUBJECT: Notice of Program Guideline Amendments

A handwritten signature in blue ink, appearing to read "J Seeger".

ADMINISTRATIVE NOTICE NO. 24-02

This Administrative Notice establishes a formal written notification of administrative guidelines and policies that affect the operation of the California Department of Housing and Community Development's ("HCD" or "Department") financing programs. This format is used to identify, clarify, and record administrative guidelines and interpretations of public interest.

This Administrative Notice ("Notice") sets forth and repeals certain requirements under multiple homeownership financing programs, specifically the CalHome program and the homeownership elements of the Joe Serna, Jr. Farmworker Housing Grant program ("Serna Homeownership") as described below.

The matters set forth herein are regulatory mandates and are adopted in accordance with the authorities set forth below: "Quasi-legislative regulations ... have the dignity of statutes ... [and]... delegation of legislative authority includes the power to elaborate the meaning of key statutory terms..." Ramirez v. Yosemite Water Co., 20 Cal. 4th 785, 800 (1999).

WHEREAS the California Department of Housing and Community Development (Department) is authorized to adopt, promulgate, amend, repeal and administer standards, requirements, procedures or guidelines (collectively Program Guidelines) for financial assistance offered pursuant to Department housing finance programs, through the Notices of Funding Availability (NOFAs) and related guidelines as identified below;

WHEREAS pursuant to the statutory authority for the programs referenced in the guidelines and Notices of Funding Availability below, the Program Guidelines shall not

be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code;

WHEREAS the Department is issuing this interpretative guidance for the purposes of (1) ensuring equitable access to CalHome funds, and (2) aligning previously issued program guidelines and NOFA requirements with the most recent program guidelines and NOFA regarding key elements to ensure consistent implementation of key program elements across all currently active contracts;

THEREFORE, by the undersigned execution of the Department's Director, the Department hereby adopts and amends into the Program Guidelines and NOFAs the following amendments thereto, as if such provision were originally set forth in each publication of the Program Guidelines and NOFAs as detailed below:

Article II, General Program Requirements, Section 204, Local Program/Project Administration of the [CalHome Final Guidelines \(effective December 30, 2022\)](#), Article II, General Program Requirements, Section 204, Local Program/Project Administration of the [Serna Homeownership Final Guidelines \(effective December 30, 2022\)](#), and Article 2, General Program Requirements, Section 7721, Local Program/Project Administration of the [CalHome Final Guidelines \(effective November 27, 2019\)](#) are amended to add the following as a new subsection:

Recipient is prohibited from conditioning any prospective or current lender's or Borrower's access to (or use of) CalHome Program funds upon payment of any fee(s), fine(s), or other charge(s) to Recipient (e.g., Recipient is prohibited from requiring a first mortgage lender to pay Recipient a fee in order for such lender to make a loan to a Borrower who is utilizing CalHome Program Mortgage Assistance funds for its down payment).

Subsection (c)(1) of Section 404.3, Administration Requirements, of the [Serna Homeownership Final Guidelines \(effective December 30, 2022\)](#), is amended as follows:

Process for monitoring the requirement of owner occupancy ~~by an Agricultural Worker Household with household income not to exceed Low Income limits;~~

Subsection (e) of Section 404.4, Underwriting and Loan Requirements, of the [Serna Homeownership Final Guidelines \(effective December 30, 2022\)](#), is amended as follows:

Financial assistance provided to individual Households to ~~rehabilitate, repair, or replace Manufactured Housing located in a Mobilehome Park and not permanently affixed to a foundation~~ **purchase a Manufactured Home** shall be

in the form of a secured forgivable Loan, which shall also be made in a manner consistent with applicable law (H.S.C. § 50650.3, subd. (c)). The Loan shall be due and payable in 20 years, with 10 percent of the original principal to be forgiven annually for each additional year beyond the 10th year that the home is owned and continuously occupied by the Borrower (H.S.C. § 50650.3, subd. (c)). Pursuant to H.S.C. § 50650.3(c)), not more than 10 percent of the funds available in a given fiscal year shall be used for financial assistance in the form of secured forgivable Loans.

Subsection (c) (2) of Section 603, Performance Goals, of the Serna Homeownership Final Guidelines (effective December 30, 2022), and the CalHome Final Guidelines (effective December 30, 2022), is amended as follows:

For Self-Help Technical Assistance Grants:

Unit construction shall be completed within ~~36~~ 60 months of the date the Standard Agreement is executed by the Department. If this goal is not met, then:

- (B) If the projected number of Assisted Units has not been completed by the end of the ~~36th~~ 60th month, the Recipient's next application for funding under the Program may receive a penalty deduction in the total points awarded pursuant to the current NOFA.

Subsection 2, Minimum and Maximum Funding Limits, of Section D, Funding Amounts and Limits, of Article II, Program Requirements, of the CalHome Disaster Assistance Round 2 NOFA (issued May 3, 2019, amended September 6, 2019) is amended as follows:

The minimum CalHome loan to a Borrower will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome loan to an individual household will be **40 percent of the Borrower's purchase price for the property, up to a maximum of \$100,000 per unit for First-Time Homebuyer Mortgage Assistance and or \$250,000 per unit for First-Time Homebuyer Mortgage Assistance provided as part of Homeownership Project Development Loans and \$150,000 for Owner-Occupied Rehabilitation Assistance except in the following case: The maximum loan amount will be \$250,000 if the home is in need of reconstruction.** The total assistance for an impacted county, including all activity funds, and the Activity Delivery Fee (ADF), cannot exceed the county set-aside.

Subsection 2.a, Minimum and maximum per-unit funding amounts, of Section D, Funding amounts and limits, of Article II, Program Requirements, of the CalHome 2019 NOFA (issued November 27, 2019, amended December 23, 2019 and February 5, 2020) is amended as follows:

Per-unit funding limits: Loans

The minimum CalHome Loan to a Borrower will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome Loan per-unit will be:

First-Time Homebuyer Assistance

The maximum Loan amount will be 40 percent of the Borrower's purchase price for the property, up to a maximum of \$~~100~~200,000. **For Mortgage Assistance provided as part of a Homeownership Project Development Loan, the maximum Loan amount by an Award recipient to a Borrower will be 40 percent of the Borrower's purchase price for the property, up to a maximum of \$250,000.**

Owner-Occupied Rehabilitation Assistance

The maximum Loan amount will be \$~~75~~200,000, except in the following case: The maximum Loan amount will be \$~~125~~250,000 if the home is in need of reconstruction (Guidelines Section 7716, subd. (zz)(2))

ADU/JADU Assistance

The maximum per-unit Loan amount for ADU construction will be \$~~100~~250,000.

Homeownership Project Development

The maximum per-unit Loan amount for Homeownership Project Development Loans will be \$100,000. If an Applicant is applying to fund Homeownership Project Development with a Self-Help Housing Project, the Applicant may additionally apply for Technical Assistance of \$15,000 per-unit on top of the application amount requested for Homeownership Project Development.

Subsection 2.a, Minimum and maximum per-unit funding limits, of Section D, Funding amounts and limits, of Article II, Program Requirements, of the CalHome 2020 NOFA (issued August 31, 2020) is amended as follows:

Grant Activities

For the purposes of this NOFA, the minimum and maximum amount of funding to individual Borrowers will be:

First-Time Homebuyer Assistance, ~~including for mortgage assistance provided as a part of a Homeownership Development Project Loan~~

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~~200,000. **For First-Time Homebuyer Assistance provided as part of a Homeownership Development Project Loan, 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 \$250,000. The minimum Loan to a Borrower will be not less than \$1,000.

Where an Applicant is applying to perform a Homeownership Development Project Loan with a self-help housing component, the Applicant may additionally apply for Technical Assistance of \$15,000 per-unit in addition to the Loan amount requested in the application for the Homeownership Development Project.

Owner-Occupied Rehabilitation Assistance

The maximum Loan amount by an award recipient to an eligible Borrower will be ~~\$75~~**200**,000, unless the home is in need of reconstruction. If the home is in need of reconstruction, the maximum Loan amount will be ~~\$125~~**250**,000. The minimum Loan to a Borrower will be not less than \$1,000.

ADU/JADU Assistance

The maximum Loan amount by an award recipient to an eligible Borrower for ADU/JADU construction will be ~~\$100~~**250**,000. The minimum Loan to a Borrower will be not less than \$1,000.

Subsection 2, Minimum and maximum funding limits, of Section D, Funding amounts and limits, of Article II, Program Requirements, of the CalHome Disaster Assistance 2021 NOFA (issued August 6, 2021, amended November 18, 2021) is amended as follows:

The minimum CalHome Loan from a Recipient to an individual Household will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome Loan to an individual Household will be **40 percent of the Borrower's purchase price for the property, up to a maximum of ~~\$100~~200,000** per unit for First-Time Homebuyer Mortgage Assistance **or \$250,000 per unit for First-Time Homebuyer Mortgage Assistance provided as part of Homeownership Predevelopment Loans, and \$250,000 per unit for ADU/JADU Assistance, ~~and Homeownership Predevelopment Loans.~~** The Technical Assistance for Self-Help Housing Projects maximum per-unit Grant amount will be \$15,000, and all expenses shall be documented. If applying for the Shared Housing Program, the maximum application amount is \$300,000. The maximum Loan amount for Owner-Occupied Rehabilitation Assistance to an individual household will be \$200,000 **except in the following case: The maximum Loan amount will be \$250,000 if the home is in need of reconstruction.** The total assistance for an impacted county, including all activity funds, and the Activity Delivery Fee (ADF), cannot exceed the county set-aside.

Subsection 2.a, Minimum and maximum per-unit funding limits, of Section D, Funding amounts and limits, of Article II, Program Requirements, of the [CalHome 2021 NOFA \(issued September 21, 2021\)](#) is amended as follows:

Grant Activities

For the purposes of this NOFA, the minimum and maximum amount of funding to individual Borrowers will be:

First-Time Homebuyer Assistance, ~~including for mortgage assistance provided as a part of a Homeownership Development Project Loan~~

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~~200,000. **For Mortgage Assistance provided as part of a Homeownership Development Project Loan, the maximum Loan amount by an Award recipient to a Borrower will be 40 percent of the Borrower's purchase price for the property, up to a maximum of \$250,000.** The minimum Loan to a Borrower will be not less than \$1,000.

Where an Applicant is applying to perform a Homeownership Development Project Loan with a self-help housing component, the Applicant may additionally apply for Technical Assistance of \$15,000 per-unit in addition to the Loan amount requested in the application for the Homeownership Development Project.

Owner-Occupied Rehabilitation Assistance

The maximum Loan amount by an award recipient to an eligible Borrower will be ~~\$100~~200,000, unless the home is in need of reconstruction. If the home is in need of reconstruction, the maximum Loan amount will be ~~\$150~~250,000. The minimum Loan to a Borrower will be not less than \$1,000.

ADU/JADU Assistance

The maximum Loan amount by an award recipient to an eligible Borrower for ADU/JADU construction will be ~~\$100~~250,000. The minimum Loan to a Borrower will be not less than \$1,000.