

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
**DIVISION OF COMMUNITY AFFAIRS**  
**HOME Investment Partnerships Program**

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**HOME****MANAGEMENT MEMORANDUM**

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**HOME Investment Partnerships Program****Memorandum Number: 04-06**

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**September 17, 2004**

**To: All Interested Parties**

**From: Tom Bettencourt  
HOME Section Chief**

**Re: Amendment #2 to HOME's 2004 NOFA and NOFA Workshop Questions and Answers**

The purpose of this Management Memo is to amend the 2004 Notice of Funding Announcement (NOFA), and to provide the Questions and Answers from the NOFA workshops.

The following requirements will apply in the filing of a HOME Application in response to the 2004 NOFA and supercede any information provided in the 2004 HOME NOFA, Application and Application Manual:

1. The Activity Delivery Cost allowance for Infill New Construction Program activities is 12%. When HOME funds are drawn for the Infill New Construction Program for construction of the homes, some will be used for these Activity Delivery Costs and some will "roll-over" into permanent loans to the families as needed to make the homes affordable. The balance of the funds must be returned to HCD. These funds may be drawn down again, for another "cycle" of Infill New Construction activity, and an additional Activity Delivery Cost allowance of 12% may be taken. If a third "cycle" is done, an additional Activity Delivery Cost allowance of 12% may be taken.
2. Under the rating category, "Readiness to Implement a Program", please note the following change to the NOFA and Program Application. The milestone for the "fast-track" milestone schedule should be corrected to read: 50% expended within 12 months and 95% expended with 18 months.

This change is necessary to bring the NOFA into consistency with the State HOME Regulations. Note: the 200 point penalty will only be assessed for missing the 18 month expenditure milestone. No penalty will be assessed for missing the 12 month expenditure milestone.

3. Under “VI. ELIGIBLE ACTIVITIES” on Page 8 of the NOFA, Paragraph 5 is replaced as follows:

5. First-Time Homebuyer (FTHB) Project – to develop a specified number of units to be sold to first-time homebuyers. (By the conclusion of construction, the entire HOME investment shall be converted to mortgage assistance to the first-time homebuyers.) Regardless of the use of HOME funds, if the FTHB project has 12 or more HOME assisted units and there is a written agreement with the owner or developer of the housing that HOME funds will be used to assist homebuyers to buy the housing and the construction contract covers 12 or more housing units to be purchased with HOME assistance, then the project is subject to federal Davis-Bacon Prevailing Wage Requirements and requires a NEPA Environmental Assessment. Both “Davis-Bacon” and the need for a NEPA Environmental Assessment apply even if HOME funds are being used solely for downpayment assistance. For the purposes of this section the State of California Standard Agreement does not constitute a construction contract with the owner or developer.