Fact Sheet for Public Comment
HOME Draft Program Guidelines

The purpose of the HOME Program Guidelines (the Guidelines) is to align California's HOME Program Activities more closely to the federal regulations for HOME. This will create more flexibility for local jurisdictions and other recipients of HOME Funds to better serve their communities.

The Department will release a HOME Program Manual (the Manual) with the first NOFA that will be administered under the Guidelines. This Fact Sheet provides explanations for the thought-process behind what's included in the Guidelines that will be more thoroughly explained in the Manual and the NOFA. It is meant to aid stakeholders with their review for public comment on the Guidelines.

What Program Activities do these HOME Program Guidelines have authority over?

The HOME Program Guidelines establish rules and procedures for implementing these Program Activities:

- First-Time Homebuyer
- Owner-Occupied Rehabilitation
- Tenant-Based Rental Assistance
- Single Family Development

What about multifamily development activities?

Multifamily new construction, rehabilitation, and acquisition activities will be administered under the forthcoming Housing Development Finance Committee (HDFC) Regulations.

What's happening to the state HOME Regulations? (25 C.C.R. § 8200, et seq.)

Together, the HOME Program Guidelines and the HDFC Regulations will replace the state HOME regulations.

Any HOME Recipients with Standard Agreements executed prior to the effective date of these Program Guidelines and governed by the state HOME regulations then in effect may optionally request to have their Standard Agreement, and their Program Activities and obligations thereunder, governed instead by the rules, policies, and procedures of these Program Guidelines. The Department may approve the request for specific provisions of these Program Guidelines to replace provisions of the state HOME regulations, or for these Program Guidelines to replace the state HOME regulations in their entirety. The decision of the Department to approve or disapprove of such a request may be given, withheld, or conditioned in the sole and absolute discretion of the

Department. In the event of an approval, the Department may require that the HOME Recipient take various legal or administrative actions as a condition of the approval, including but not limited to, modifying its Standard Agreement or executing a new Standard Agreement that replaces the one in existence, and impose any other terms or conditions as the Department deems necessary in its sole and absolute discretion.

When will the HOME Program Guidelines go into effect?

The Department aims to release the final version of the HOME Program Guidelines in December 2026. Shortly after, a NOFA for Program Activities will be released, as well as the HOME Program Manual, which will contain more detailed information regarding the eligible Program Activities.

What is the Single-Family Development Activity?

Under the Guidelines, the First-Time Homebuyer Project Activity that was available in previous NOFAs is no longer available, and it is replaced with the Single-Family Development Activity. The key differences are:

- HCD will no longer underwrite loans to homebuyers. That responsibility will fall to the HOME Recipient.
- HOME Funds may be used for subdivision development, scattered site development, or acquisition and rehabilitation of Single-Family Housing.
- HOME Funds may be used for more predevelopment costs, including land acquisition.
- HOME Recipients may choose between two models (shown below).

Broadly, HOME Recipients may choose between two models:

1. Recapture Model

   Under the Recapture Model, a HOME Recipient may use HOME Funds to develop single-family housing for sale to eligible first-time homebuyers, and roll the funding into a loan or grant for the homebuyer. Those funds must be subject to recapture under HCD's Resale and Recapture Policy for the Period of Affordability.

2. Resale Model
   Under the Resale Model, a HOME Recipient may use HOME Funds to cover development costs for Single-Family Housing for sale to eligible First-Time Homebuyers. A prorated amount of proceeds will be considered Program Income, and the Single-Family Housing units must be subject to resale

provisions under HCD’s Resale and Recapture Policy for the Period of Affordability.

What’s happening to First-Time Homebuyer Programs/Infill New Construction?

Under the Guidelines, the First-Time Homebuyer Program Activity that was available in previous NOFAs, which funded First-Time Homebuyer loans for infill new construction projects, will not be available in that form. Infill new construction or scattered site development will be permitted under the Single-Family Development Activity. The First-Time Homebuyer Program Activity will fund loans or grants to eligible homebuyers, and may be used to purchase existing, eligible housing. The HOME Recipient will be responsible for underwriting the loans and/or making the grants. This Activity will also allow HOME Recipients to structure their own loans or grants within a much broader set of parameters to better meet the needs of their communities.

What does the Period of Affordability for OOR do?

For Owner-Occupied Rehabilitation Program Activities, the Guidelines use the period of affordability reduce the minimum loan or grant term from 30 years to three or five years depending on the amount of investment. Under previous NOFAs, OOR was required to make 30-year deferred loans to homeowners. Under the Guidelines, similar to the First-Time Homebuyer Program Activity, the HOME Recipient will be responsible for underwriting the loans and/or making the grants, and may structure their own loans or grants within a much broader set of parameters to better meet the needs of their communities.

How are Eligible Applicants being expanded?

Under the Guidelines, State Recipients, Subrecipients, Native American Entities (NAEs) and Community Housing Development Organizations (CHDOs) may apply for Program Activities.

State Recipients, Subrecipients, which includes nonprofit organizations, and NAEs may apply for any Program Activity if the NOFA allows.

CHDOs may only apply for the Single-Family Development Activity, and must own and develop the units. However, an organization that is a CHDO may apply for the other Program Activities as a Subrecipient.

Further limitations or criteria for Applicants may be established in the NOFAs.