

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

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May 17, 2021

**MEMORANDUM FOR:** State HOME Program Recipients and Interested Parties

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

**SUBJECT:** Procedure to request temporary HOME Homeownership Value Limits waivers

The State of California HOME Program invites grantees to submit requests to temporarily increase, until the end of the 2021-2022 state fiscal year, their upcoming HUD-issued HOME Homeownership 1-Unit Value Limits at [State and Federal Income Limits](#). These Value Limits for the HOME program will become effective June 1, 2021, and have been posted on the HCD website.

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 HCD 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 pending HUD HOME Value 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 pending HUD HOME Value 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 limit for existing housing, for newly-constructed housing, or for both, 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 (at least three whole months) 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, considering 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**

- a. 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.
- b. Multiply the result by 0.95 to determine the 95 percent of the median area purchase price. Clearly indicate on your documentation both the median and 95% of the median.

- c. 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 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
5. A map or other evidence demonstrating sales data is from within only your HOME Program boundaries

Please submit your request by e-mail to [jay.cortese@hcd.ca.gov](mailto: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 May 28, 2021; however, we encourage you to submit them earlier if possible. All validated 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.**

Starting one month after submission, status inquiries are welcome.