
2023HSD01 – HOMEKEY ROUND 3 CO-APPLICANTS

ERRATA AND QUESTIONS & ANSWERS

ERRATA

The Santa Cruz County (County) Human Services Department (HSD) Homekey Request for Proposals (RFP) has been corrected to more clearly describe the National Environment Policy Act Requirements. These corrections do not result in substantive changes to the RFP submission requirements. The edits, which have been incorporated in the RFP document and available to download at the HSD website, are as follows:

Page 12, Section 3.2.1, Project Description: Last sentence has been corrected to read as follows:

The County, in accordance with State requirements, will ensure the recording of a regulatory agreement on the property that meets Homekey project expectations including, but not limited to, long-term affordability restrictions.

Pages 12, Section 3.2.2, Environmental Requirements: Section has been corrected to read as follows:

3.2.2 Environmental Requirements:

Homekey projects must meet and satisfy all federal and state environmental requirements and clearances, if necessary, prior to construction. Additionally, any submitted development budgets should include customary costs for state and/or federal environmental review, at the level applicable to the project, including consultant costs, fees for special studies and due diligence, noticing, etc., as well as County fees for permitting, Planning consultation or design review group (optional, but recommended for major construction projects) and report reviews.

Federal Requirements

For any project receiving federal funds, the award is conditioned on compliance with the requirements of the National Environmental Policy Act ([NEPA](https://www.epa.gov/nepa)¹).

Applicants contemplating requesting and/or utilizing federal funds (such as project-based vouchers or CDBG) for their projects should review the federal awarding agency's (e.g., HUD) guidance for complying with applicable NEPA requirements for their projects.

Teams contemplating federal funding must refrain from undertaking activities that could have an adverse environmental impact or would otherwise limit the choice

¹ <https://www.epa.gov/nepa>

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of reasonable alternatives between the time of application submittal and when the federal agency has approved the environmental review of the project. This is referred to as “choice-limiting actions”.

The prohibition against these choice-limiting actions begins on the date that the application is submitted to the County, or when federal funds are sought for the project, whichever occurs first.

The below choice-limiting actions are prohibited until NEPA Review is completed and when the federal agency issues the Authority to Use Grant Funds:

- a. activities such as acquiring, demolishing, disposing of, rehabilitating, converting, leasing, repairing, or constructing property
- b. any kind of site preparation or construction work
- c. committing or expending HUD or non-Federal funds for program activities with respect to any eligible project.

Teams proposing development of four or more new units, and/or conversion of non-residential property to residential uses, and/or other types of projects that require higher levels of NEPA review, such as an Environmental Assessment or Environmental Impact Statement (EA or EIS), will be required to hire a qualified NEPA consultant to prepare draft NEPA documents for County staff review, with any necessary studies, appendices or analysis, and following County approval, prepare the Environmental Review Record and notices for publication, as well as any monitoring reports, mailings, and responses to comments, etc. that may be required.

Completing the NEPA review for projects requiring an EA or EIS, including local and federal noticing periods, takes a minimum of 8-14 weeks after receipt of all necessary information including the entire draft NEPA document, attachments and analysis and is dictated by the project description and type of NEPA document required. If an EA or EIS is required, it can take several months to hire a qualified consultant and allow them time to conduct necessary studies and complete a draft EA.

State Requirements

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The County supports Teams reviewing the California Environmental Quality Act (CEQA) and land use streamlining tools provided by the State Homekey NOFA and expects Teams to seek their own legal counsel experienced in both CEQA and applicable California labor laws to analyze the available CEQA exemptions and related labor obligations applicable to their projects. Teams will also be responsible for compliance with the Prevailing Wage requirements, and Skilled and Trained Workforce, if applicable, of the Homekey program.

Page 15-16, Section 4, Submission Requirements; *Optional Documents*: Section has been amended or changed as follows:

3. Appraisal: Added a link to the newly released [Homekey 3.0 Appraisal Guidelines](#).²
5. Executed option to purchase, or Contingent Purchase Agreement (per HUD NEPA guidance).
8. Description of Proposed CEQA Exemption and why the project qualifies for it
9. Description of proposed NEPA level of review; Team's experience with NEPA compliance on prior projects; and proposed NEPA review budget

This revision was posted March 17, 2023.

QUESTIONS AND ANSWERS

Questions Related to Submission Requirements

1. Section 4 looks to be for an organization that is looking for funding. I'm just a hotel owner looking to sell my hotel to project Homekey. Do I need to have someone look at my property and submit the proposal?

Property owners interested in this funding opportunity will need to identify a qualified development partner interested in working with the owner on a proposed Homekey project. The County of Santa Cruz will not directly partner with property owners on an application for funding to the state without a pre-identified, qualified, development partner.

² <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/homekey/Homekey-3-0-Appraisal-Guidelines.pdf>

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2. For question 1d, does the project team need to answer each individual requirement stated within the Homekey Round 2 NOFA Article III? Or does the team need to provide an overall statement to explain that we will meet the HCD requirements under the Threshold and Scoring Criteria section?

Detailed, final responses for each individual item are not required. However, please provide local reviewers with enough specific narrative information to assess your project team's capacity for meeting all the outlined requirements.

Questions Related to NEPA/CEQA

1. Who does the CEQA and NEPA determinations?

The lead entity responsible for making CEQA and NEPA determinations for a project will depend on the location, nature, and funding sources involved with a proposed project. Generally, the local jurisdiction in which the project is located, and any federal agencies involved in the project will play a role in the determinations.