MEMORANDUM FOR: Interested Parties

FROM: Jennifer Seeger, Deputy Director

ADMINISTRATIVE NOTICE: Notice Number: 21-005

SUBJECT: Notice of Omnibus Interpretive Guidance to Program Guidelines

Administrative Note: This notice establishes a formal written notification of administrative guidelines and policies that affect the operation of Department financing programs. This format is used to identify, clarify, and record administrative guidelines and interpretations of public interest.

This notice sets forth and repeals certain requirements under multiple multifamily financing programs for the purposes of securing Calendar Year 2021 disaster credits through the California Tax Credit Allocation Committee (CTCAC).

The Department of Housing and Community Development (Department) is issuing interpretative guidance to advise the public of the Department’s construction of certain guidelines. The guidelines, which the Department administers, govern the following programs (under the referenced statutory authority):

- Affordable Housing and Sustainable Communities Program (Public Resource Code sec. 75215)
- Housing for a Healthy California Program (Health and Safety Code sec. 53598)
- Infill Infrastructure Grant Program (Health and Safety Code sec. 53559)
- Joe Serna Jr. Farmworker Housing Grant Program (Health and Safety Code secs. 50515.2 and 50517.5)
- Multifamily Housing Program (Health and Safety Code sec. 54014)
- No Place Like Home Program (Welfare and Institutions Code sec. 5849.5)
- Permanent Local Housing Allocation – Competitive Program (Health and Safety Code sec. 50470)
- Transit Oriented Development Program (Health and Safety Code sec. 53560)
- Veterans Housing and Homelessness Prevention Program (Military and Veteran’s Code sec. 987.005)

By this executive action, the Department is modifying the guidelines for the programs listed above.

Background

In recognition of the recent disasters occurring in California, the Federal Consolidated Appropriations Act, 2021 (CAA) provided CTCAC with 9% credits in recognition of the 2020 disasters occurring in California. Eligible disaster areas are those counties designated as qualified 2020 California disaster areas by the CAA, with priority given to sites located within fire perimeters. Disaster area fire perimeters can be identified using the CALFIRE webpage available on the CTCAC website (https://www.treasurer.ca.gov/ctcac/2021/application.asp). The disaster areas defined in the CAA are...
located in 22 of California’s 58 counties: Butte, Fresno, Lake, Lassen, Los Angeles, Madera, Mendocino, Monterey, Napa, San Bernardino, San Diego, San Mateo, Santa Clara, Santa Cruz, Shasta, Siskiyou, Solano, Sonoma, Stanislaus, Trinity, Tulare, and Yolo. These disasters have intensified the widespread housing crisis in California and created housing insecurity for thousands of Californians.

Pursuant to regulations adopted by TCAC on June 16, 2021, a total of $80,743,338 in annual credits will be made available starting in the 2021 second funding round in the amounts shown below:

<table>
<thead>
<tr>
<th>Amount</th>
<th>County/Region</th>
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</thead>
<tbody>
<tr>
<td>$17,261,698</td>
<td>Butte County</td>
</tr>
<tr>
<td>$12,058,293</td>
<td>Santa Cruz County</td>
</tr>
<tr>
<td>$9,395,477</td>
<td>Napa County</td>
</tr>
<tr>
<td>$8,714,494</td>
<td>North Region (San Mateo, Santa Clara, Shasta, Solano, Stanislaus, and Yolo Counties)</td>
</tr>
<tr>
<td>$8,609,728</td>
<td>Fresno County</td>
</tr>
<tr>
<td>$8,408,925</td>
<td>Sonoma County</td>
</tr>
<tr>
<td>$7,553,332</td>
<td>South Region (Madera, Monterey, Los Angeles, San Bernardino, San Diego, and Tulare Counties)</td>
</tr>
<tr>
<td>$6,741,391</td>
<td>Rural (Lake, Lassen, Mendocino, Siskiyou, and Trinity Counties)</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>Supplemental *</td>
</tr>
</tbody>
</table>

* Credits allocated in excess of the county/region’s allocation by the application of the 105% rule above will be deducted from the Supplemental allocation.

Description of Guidelines Change

For the sole purpose of projects applying for 2020 disaster credits on or after July 1, 2021, HCD will allow projects which originally applied as a 4% project and were awarded funds based on 4% loan limits as identified in the applicable Program Guidelines and/or Notice of Funding availability, to switch to a 9% project while maintaining all funds awarded as a 4% project.

Applicability

- The guideline change will be effective immediately.
- Only projects located within a disaster county pursuant to TCAC Regulation Section 10325(d)(1 with one or more applications for HCD funding submitted prior to the date of this memo as a 4% project are eligible.
- **IMPORTANT!** The Project Sponsor must fill out a short survey notifying HCD of its intent to apply for 9% disaster credits.
- HCD will respond via email confirming receipt of survey within 24 of submittal.
- This allowance is only for the funding round for which is requested. The approval may not be transferred to any subsequent funding round or project.
- If the project is unsuccessful in securing an award of 2020 Disaster Credits, the project will be required to either apply as a 4% credit as originally proposed, or request a switch to 9% which would be subject to resizing of the loan pursuant to the applicable program guidelines and Notice of Funding Availability.
Omnibus Modification to Program Guidelines

WHEREAS the 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 as identified below;

WHEREAS pursuant to the statutory authority set forth above in the memorandum preceding this modification, 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 to clarify its construction of the Program Guidelines in view of the availability of critical limited federal disaster tax credits made available through the Federal Consolidated Appropriations Act, 2021 (CAA);

WHEREAS the Department has a current outstanding pipeline of more than 122 projects funded by HCD and awaiting competitive allocation of tax credits and/or bond allocations;

WHEREAS CTCAC adopted regulations on June 16, 2021 governing the allocation and eligibility of Calendar Year 2021 disaster credits pursuant to the Federal Consolidated Appropriations Act, 2021 (CAA);

WHEREAS the housing needs in disaster impacted communities are a critical component recovery, particularly lower-income households which have limited resources and options post-disaster;

THEREFORE, by the undersigned execution of the Department’s director, the Department hereby adopts and amends into the Program Guidelines the following omnibus addendum thereto, as if such provision were originally set forth in each publication of the Program Guidelines:

Projects seeking 4% credits and located in a designated disaster County as designated by the Federal Consolidated Appropriations Act, 2021 (CAA) with locations identified by CALFIRE and available on the CTCAC website may request a waiver from the Department approving application for 9% percent federal tax credits without consequence to the original approved award amount. This waiver is provided solely for the purposes of applying for disaster credits provided by the Federal Consolidated Appropriations Act (CAA) of 2021 pursuant to the regulations adopted by CTCAC on June 16, 2021 and made available through the California Tax Credit Allocation Committee on June 17, 2021.

This addendum is notwithstanding the following:

Affordable Housing and Sustainable Communities (Division 44, Part 1 of the Public Resources Code (PRC) commencing with Section 75200) Program Guidelines, Section 104, Assistance Terms and Limits as follows:

- Round 3 Guidelines (effective July 7, 2017)
- Round 4 Guidelines (effective October 29, 2019)
- Round 5 Guidelines (effective October 31, 2020)

and applicable to Notices of Funding Availability issued on October 2, 2017, November 1, 2018, and November 1, 2019.

1 Any changes to AHSC guidelines remain ineffective until such time the Strategic Growth Council ratifies or adopts the changes to the AHSC guidelines. Any approvals for a waiver to apply for Calendar Year 2021 Disaster Credits will be conditioned on Strategic Growth Council ratification.
Housing for Healthy California Article 1 (Section 53590 of Division 31 of the Health and Safety Code) Program Guidelines (effective May 13, 2019), Section 103, Uses and Terms and applicable to Notices of Funding Availability issued on May 13, 2019 and February 28, 2020 as amended on June 22, 2020

Infill Incentive Grant (IIG) Program of 2019 (Section 53559 of Division 31 of the Health and Safety Code) Program Guidelines (adopted October 30, 2019, as amended on February 14, 2020), Section 305, Grant Terms and Limits and applicable to the Notices of Funding Availability for large and small jurisdictions issued October 30, 2019.

HOME Investment Partnership Program, 2019 Notice of Funding Availability, Section II Paragraph E (Activity funding amounts and limits), issued October 31, 2019.

Joe Serna, Jr., Farmworker Housing Grant Program (Section 50517.5 of the California Health and Safety Code) Program Guidelines (effective December 26, 2019) referencing Section 7302 of the January 2019 MHP guidelines, and applicable to the 2019 Notice of Funding Availability issued on December 26, 2019 and Program Guidelines (effective February 25, 2021) and applicable to the 2020 Notice of Funding Availability issued on February 25, 2021.


No Place Like Home (Sections 5849.1 and 5890 of the Welfare and Institutions Code) Program Guidelines (effective October 23, 2020), Section 200, Uses and Terms of Noncompetitive and Competitive Allocations and applicable to the Notice of Funding Availability issued on October 23, 2020.

Permanent Local Housing Allocation – Competitive Allocation Program (Section 50470 of Division 31 of the Health and Safety Code) Program Guidelines (effective October 2019), Section 402, Threshold Requirements and Section 403, Selection Criteria and applicable to the Notice of Funding Availability issued on February 26, 2020 and amended on November 6, 2020.

Transit-Oriented Development Program (Section 53560 of Division 31 of the Health and Safety Code) Program Guidelines (effective April 30, 2020), Section 106, Assistance Terms and Limits and applicable to the Notice of Funding Availability issued on April 30, 2020.

Veterans Housing and Homelessness Prevention (Section 987.001 of Chapter 6 of Division 4 of the Military and Veterans Code) Program Guidelines, Section 103, Uses and Terms of VHHP Assistance as follows:

- Round 3 Guidelines (effective February 14, 2017)
- Round 4 Guidelines (effective May 9, 2018, amended May 18 and June 22, 2018)
- Round 5 Guidelines (effective November 8, 2019)

and applicable to Notices of Funding Availability issued December 2016, May 9, 2018 as amended on May 18, 2018, and November 8, 2019 as amended on January 24, 2020.

6/21/2021

Gustavo Velasquez
Director