


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

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August 20, 2021

MEMORANDUM FOR: Interested Parties

FROM: Jennifer Seeger, Deputy Director 

ADMINISTRATIVE NOTICE: Notice Number: 21-06

SUBJECT: Repeal of Stacking Prohibition of Multiple Department Funding Sources

Administrative Note: This Administrative 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.

Overview

This advisory notice sets forth and repeals the Department of Housing and community Development's (Department) stacking prohibition of multiple Department funding sources for multifamily housing programs. As such, the Department is issuing interpretative guidance to advise the public of the Department's action. The guidelines, which the Department administers, govern all multifamily housing programs referenced below which, by this executive action, the Department is modifying herewith.

Background and Applicability

The Department will now allow the use of multiple funding sources on the same Assisted Unit in a single Project for construction or permanent funding of Project development costs. **The repeal of the stacking prohibition is effective immediately and will apply to any applications submitted for HCD funding programs on or after July 1, 2021 as follows:**

- **Applicants seeking to “stack” a new funding source in a project with a prior award** issued under guidelines that prohibited such stacking, may do so, as long as they do not seek changes to the prior award. Former guideline restrictions on stacking are thus retroactively amended to allow fund stacking in accordance with this memo.
- **Applicants seeking a post-award increase of funding from a prior award** by restructuring the project's unit mix, will be required to forfeit the previous award and reapply under the affected program. For example, where a project has received an award for “Program X” for an application submitted prior to the effective date of this notice and the applicant is seeking increased “Program X” funding by adding additional “Program X” Assisted Units, the applicant will need to forfeit the original “Program X” award and reapply under a subsequent NOFA.

The language below shall replace existing stacking prohibition language in all Department multifamily program guidelines and Notices of Funding Availability (NOFAs) issued on or after January 1, 2018.

Multiple Department Funding Sources

Use of multiple Department Funding Sources on the same Assisted Units is permitted, subject to the following limitations:

1. *A maximum of four Department Funding Sources comprised of no more than two development loans and two housing-related infrastructure grants may be used on a single Project. Housing-related infrastructure grants are those grants provided through the Affordable Housing Sustainable Communities program - Housing Related Infrastructure (HRI) grants, Transit Oriented Development program - Infrastructure grants, and Infill Infrastructure Grant program grants.*
2. *Funding limits set forth in subsection (1) shall not include Department funds awarded for purposes other than capital improvements, such as loans or grants for non-housing related infrastructure, transit amenities, programs, or rental and operating subsidies.*
3. *“Department Funding Sources” shall mean funds awarded for construction or permanent funding of development costs, including housing-related infrastructure costs, under the following programs:*
 - A. *Affordable Housing and Sustainable Communities Program (Affordable Housing Development loans or Housing Related Infrastructure grants)*
 - B. *Housing for a Healthy California (HHC) Program*
 - C. *HOME Program (non-entitlement HCD administered funding only)*
 - D. *Homekey*
 - E. *Infill Infrastructure Grant (IIG) Program (Housing related infrastructure grants)*
 - F. *Joe Serna, Jr., Farmworker Housing Grant (Serna) Program*
 - G. *Multifamily Housing Program (MHP)*
 - H. *National Housing Trust Fund (NHTF) Program*
 - I. *No Place Like Home (NPLH) Program (includes funds awarded either by the Department or an Alternative Process County, but not grants or loans for capitalized operating subsidy reserves)*
 - J. *Permanent Local Housing Allocation (PLHA) Program – Competitive*
 - K. *Supportive Housing Multifamily Housing Program (SHMHP)*
 - L. *Transit Oriented Development (TOD) Program (rental housing development loans)*
 - M. *Veterans Housing and Homelessness Prevention (VHHP) Program*

“Department Funding Sources” do not include existing loans or grants under any Department funding source listed above that are at least 14 years old and will be assumed or recast as part of an acquisition and Rehabilitation project.

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 the usage of multiple funding sources available to an individual multifamily development project;

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:

Use of multiple Department Funding Sources on the same Assisted Units is permitted, subject to the following limitations:

- 1. A maximum of four Department Funding Sources comprised of no more than two development loans and two housing-related infrastructure grants may be used on a single Project. Housing-related infrastructure grants are those grants provided through the Affordable Housing Sustainable Communities program - Housing Related Infrastructure (HRI) grants, Transit Oriented Development program - Infrastructure grants, and Infill Infrastructure Grant program grants.*
- 2. Funding limits set forth in subsection (1) shall not include Department funds awarded for purposes other than capital improvements, such as loans or grants for non-housing related infrastructure, transit amenities, programs, or rental and operating subsidies.*
- 3. "Department Funding Sources" shall mean funds awarded for construction or permanent funding of development costs, including housing-related infrastructure costs, under the following programs:*
 - A. Affordable Housing and Sustainable Communities Program (Affordable Housing Development loans or Housing Related Infrastructure grants)*
 - B. Housing for a Healthy California (HHC) Program*
 - C. HOME Program (non-entitlement HCD administered funding only)*
 - D. Homekey*
 - E. Infill Infrastructure Grant (IIG) Program (Housing Related Infrastructure grants)*
 - F. Joe Serna, Jr., Farmworker Housing Grant (Serna) Program*
 - G. Multifamily Housing Program (MHP)*
 - H. National Housing Trust Fund (NHTF) Program*
 - I. No Place Like Home (NPLH) Program (includes funds awarded either by the Department or an Alternative Process County, but not grants or loans for capitalized operating subsidy reserves)*

- J. *Permanent Local Housing Allocation (PLHA) Program – Competitive*
- K. *Supportive Housing Multifamily Housing Program (SHMHP)*
- L. *Transit Oriented Development (TOD) Program (rental housing development loans)*
- M. *Veterans Housing and Homelessness Prevention (VHHP) Program*

“Department Funding Sources” do not include existing loans or grants under any Department funding source listed above that are at least 14 years old and will be assumed or recast as part of an acquisition and Rehabilitation project.

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, 2019¹

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 \(effective December 26, 2021\) 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.

Multifamily Housing Program (Section 50675 of Part 2 of Division 31 of the Health and Safety Code) [Program Guidelines \(effective June 19, 2019\)](#), [Section 7302, Eligible Project](#) and applicable to Notices of Funding Availability issued on June 19, 2019 as amended on August 1, 2019, January 2, 2020, and July 20, 2020 and amended on August 21, 2020.

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.



Gustavo Velasquez
Director

8/20/2021

Date