

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

2020 W. El Camino Avenue, Suite 670, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



Date: June 19, 2024

MEMORANDUM FOR: Key Stakeholders

FROM: Anthony Sertich
Assistant Deputy Director

SUBJECT: Developer Fee Policy

ADMINISTRATIVE NOTICE NO. 24-03

This Administrative Notice establishes a formal written notification of administrative guidelines and policies that affect the operation of the California Department of Housing and Community Development's ("HCD" or "Department") financing programs. This format is used to identify, clarify, and record administrative guidelines and interpretations of public interest.

This memo provides important updates and clarifications regarding the California Department of Housing and Community Development (HCD) policies on developer fees and project funding.

1. No Increase in Developer Fees for Past Awards

HCD will not allow an increase in developer fees for awarded projects or for projects under consideration for award. Project feasibility and developer fees are reviewed and approved based on the original application for the Program specific Notice of Funding Availability (NOFA). Requests to increase developer fees will not be considered.

2. Utilization of Additional Funding Sources:

Awards to projects that secure additional funding subsequent to the HCD award may have the HCD award amount reduced to avoid supplantation of funds and to ensure that the overall financial structure of the project remains balanced and sustainable.

3. Regulatory Review for Developer Fee Limits:

HCD is currently reviewing its Uniform Multifamily Regulations (UMRs) to ensure alignment with the updated developer fee limits set by the Tax Credit Allocation Committee (TCAC) and the California Debt Limit Allocation Committee (CDLAC).

These measures are part of our ongoing efforts to maintain fiscal responsibility and fairness in the allocation of resources. We appreciate your cooperation and understanding in adhering to this guidance.