



July 2025

MEMORANDUM FOR: Sponsors/Owners of Co-Regulated Developments

FROM: California Department of Housing and Community Development
California Housing Finance Agency
California Tax Credit Allocation Committee

SUBJECT: Streamlining of Long-Term Monitoring for Co-Regulated Developments (AB 2006)

California Department of Housing and Community Development (“HCD”), California Housing Finance Agency (“CalHFA”) and California Tax Credit Allocation Committee (“CTCAC”) (together “the Agencies”) are pleased to announce that the Agencies have entered into a Memorandum of Understanding (“MOU”), pursuant to California Health and Safety Code Section 50260 that outlines how the Agencies will improve customer service and reduce the administrative burden on stakeholders. Effective January 1, 2025, the MOU establishes a more streamlined process, thereby eliminating the submission of duplicative information and providing aligned procedures in compliance monitoring across the Agencies for the five below listed categories. Representatives from each Agency have been collaborating and working hard to align processes, implement new procedures and create brand new forms to benefit our stakeholders.

The MOU applies only to developments subject to regulatory agreements with two or more of the Agencies (“Co-Regulated Developments”). Developments subject to a regulatory agreement with a single Agency will continue to follow that Agency’s existing monitoring processes.

For all Co-Regulated Developments, a lead agency has been designated to oversee the processes as outlined below (“Lead Agency”):

Physical Inspections/Site Inspections – Residents will no longer be subjected to multiple annual site inspections for Co-Regulated Developments – the annual site inspection will now be conducted once, as follows:

- For Co-Regulated Developments with site inspection requirements for CalHFA and either, or both HCD and CTCAC, where CalHFA holds an active permanent loan or 1st lien financial regulatory agreement, CalHFA will conduct site inspections, including notifications and scheduling.
- For Co-Regulated Developments with HCD and CTCAC site inspection requirements, a Lead Agency will be designated annually in January to conduct site inspections. The designated Lead Agency will also be responsible for notifications and scheduling of site inspections, with details provided in the inspection notification sent at the beginning of each year.

Reserve Draws – The submission and approval process of reserve draws for Co-Regulated Developments with HCD and CalHFA funding has been streamlined into a single process.

- The sponsor/owner will submit one Reserve Disbursement Request to CalHFA and copy HCD using the [CalHFA/HCD Reserve Disbursement Request Form](#).
- CalHFA will review the request, and if approved, CalHFA will notify both the sponsor/owner and HCD of the approval.
- If either CalHFA or HCD has any questions regarding the request, then that Agency will communicate such questions directly with the sponsor/owner via email and copy the other Agency.

Ownership and Control Party Changes – The submittal process for ownership and control party changes has been streamlined to reduce administrative burdens on Co-Regulated sponsor/owners.

- CalHFA will serve as the Lead Agency for Co-Regulated Developments with a CalHFA regulatory agreement and regulatory agreements from either, or both, HCD and CTCAC. Once approved by all applicable agencies, CalHFA will issue the final approval to the sponsor/owner.
- HCD will serve as the Lead Agency for Co-Regulated Developments with HCD and CTCAC regulatory agreements. Once approved by both agencies, HCD will issue the final approval to the sponsor/owner.
- The sponsor/owner will submit a single request to the lead agency and copy the other Agency(ies) for ownership and control party changes, including but not limited to sales, transfers, limited partner changes, and general partner changes. Sales of projects within five years of their Regulatory Agreement expiration date must provide evidence that the Project and proposed transaction complies with Preservation Notice Law requirements, as stated in Government Code Sections 65863.11 and/or .13.
- A newly created Ownership Change Form has been designed for a more efficient submittal process. This form also includes a list of documents required by each

agency. The [Ownership Change Form](#) and supporting documents must be submitted to the Lead Agency to initiate the transaction.

- Each agency will conduct an independent review and approval of the request, and final approval will be communicated to the sponsor/owner by the Lead Agency. The other Agency(ies) will be copied with final approval.

Property Management Company Changes – The submittal process for property management company changes has also been streamlined to improve efficiency and reduce administrative burden.

- HCD will serve as the Lead Agency for property management company changes in Co-Regulated Developments with HCD, and, either or both, CalHFA and CTCAC regulatory agreements.
- The sponsor/owner will submit a single request for a property management company change, including a newly created Management Change Form. This form also includes a list of documents required by each agency. The [Management Change Form](#) and all required documents must be submitted to HCD with a copy to the other Agency(ies) to initiate the approval process.
- Each applicable agency will conduct an independent review and approval of the request, and final approval will be communicated to the sponsor/owner by the Lead Agency.

Operating Budgets – HCD and CalHFA have developed a Combined Operating Budget Form to streamline the submission process for all developments with HCD and CalHFA regulatory agreements, including those under the CalHFA Mental Health Services Act (“MHSA”) and Special Needs Housing Program (“SNHP”).

- The sponsor/owner will submit to HCD and CalHFA a single operating budget using the [Combined Operating Budget](#) Form.
- Each agency will independently review and approve the submitted budget.

Additional Resources

These updates represent exciting improvements to the state’s compliance monitoring process for Co-Regulated Developments. The Agencies will continue to collaborate on service improvements, including an IT solution for document submittal, and communicate with owners/sponsors about upcoming trainings and updated information in future notices.

For questions regarding HCD projects, contact AMCbranch@hcd.ca.gov.

For questions regarding CalHFA projects, contact assetmanagement@calhfa.ca.gov.

For questions regarding CTCAC projects, contact ab2006@treasurer.ca.gov.