



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: November 24, 2025 –(UPDATED)

EXECUTIVE DIRECTOR
MARINA WIANT

TO: Owners and Property Management of Low-Income Housing Tax Credit (LIHTC) Projects

FROM: California Tax Credit Allocation Committee

RE: Housing Authority of the City of Los Angeles (HACLA) - HUD Waiver Approval for Homeless/Unhoused Populations and SB1500 Amendments for CTCAC File Requirements

In September of 2023, the U.S. Department of Housing and Urban Development (HUD) Waiver granted the Housing Authority of the City of Los Angeles (HACLA) and the Los Angeles County Development Authority (LACDA) to streamline and reduce barriers to entry for homeless/unhoused populations seeking entry into projects with Housing Choice Vouchers (HCV) or Project-Based Vouchers (PBV). This waiver expired on August 17, 2024.

On January 16, 2025, HUD issued a new waiver approval to the Housing Authority of the City of Los Angeles (HACLA). HUD approved a waiver of 24 CFR 982.201(e) and 983.251(a)(2) as it relates to third-party verification of date of birth, disability status, and income and assets, at the time of admission, for persons experiencing homelessness for the HACLA Housing Choice Vouchers (HCV) and Project-Based Vouchers (PBV) program. HACLA must comply with the alternative requirements referenced in the approval letter. This waiver, effective immediately, is designed to reduce barriers to housing access for homeless and unhoused populations utilizing HCV or PBV administered by HACLA.

The waiver is for HACLA's HCV and PBV programs only and will remain in effect through January 16, 2027.

Senate Bill (SB) 1500 Alignment and CTCAC Compliance

Pursuant to SB 1500, if an owner or management agent leases an HCV/PBV subsidized unit in the City or County of Los Angeles to an unhoused person and later determines the unhoused person does not meet the applicable income requirements, CTCAC is prohibited from taking negative action against the owner or management agent if the noncompliance is cured within 24 months of discovery and the

local housing authority and continuum of care have developed and posted on their respective internet websites a plan describing how the local housing authority and continuum of care will coordinate with the owner or management agent to move tenants that do not meet applicable income requirements into affordable housing where the tenant is eligible for occupancy within 24 months of discovery of the violation.

Under SB 1500, “negative actions” include issuing negative points on a current or future application, filing a Form 8823 with the Internal Revenue Service within 6 months of discovering the violation, and imposing a financial penalty.

For units restricted to tenants earning up to 30% of the area median income (AMI), the income requirements shall be deemed satisfied during the 24-month period if the following are met:

1. The tenant experienced homelessness prior to moving into the unit.
2. The tenant self-certified household income at no more than 30 percent of AMI.
3. Third-party verification shows the tenant’s household income as no more than 50 percent of AMI, unless the tenant is otherwise eligible pursuant to federal income eligibility requirements.
4. The tenant’s income certification is fully verified in accordance with the program rules within 90 days of the date the tenant took possession of the unit.
5. At least 50 percent of the assisted units restricted to 30 percent AMI are occupied by verified, income-eligible households.
6. The issuing housing authority and continuum of care, in coordination with other public agencies, coordinate with an owner or a management agent and move a tenant found to have a household income of more than 50 percent of the AMI following third-party verification described in paragraph (3) within 24 months of discovery of the violation to an affordable housing unit for which the tenant is eligible without reliance upon the same waiver described

All CTCAC program rules apply, however, please follow the strictest regulatory requirements for your LIHTC project when funded with other layering, following all HUD waiver guidelines.

For LIHTC projects with PBV income eligibility, documentation will be allowed as noted above, provided within 90 days of the date the HAP contract or within 90 days from the household move-in date. Please be aware that HUD does not allow the LIHTC program to use information obtained from the EIV portal. All verifications for the LIHTC program must be obtained through second or third-party verification.

Please note, negative actions will resume for failing to correct a finding of noncompliance within the 24-month period. Such failure may result in an uncorrected Form 8823 being submitted to the IRS for “inability to determine income eligibility,” and/or assessment of a fine or negative points. If documentation showing eligibility is received, CTCAC will submit a corrected Form 8823 as of the day the documentation was received.

Income verification received within 90 days of move in will follow the same income eligibility requirements. Documentation must be dated within 120 days of the date of the move-in date, The verification documentation includes, but is not limited to:

1. Pay stubs (a minimum of two current and consecutive pay stubs),
2. Payroll summary report,

3. Employer notice/letter of hire/termination,
4. SSA benefit verification letter,
5. Bank statements,
6. Child support payment stubs,
7. Welfare benefit letter and/or printouts,
8. Unemployment benefit notices,
9. Pension benefit statements,
10. Temporary Assistance to Needy Families (TANF) award letter, and
11. Unemployment insurance or worker's compensation material.

CTCAC Required Forms

CTCAC requires the following forms be included in the file to demonstrate eligibility for the LIHTC program. The HUD waiver does not waive the requirement for the CTCAC forms that document income eligibility. Per the HUD waiver and LIHTC requirements, the forms noted below shall be dated within 120 days of the move-in date, unless otherwise noted.

The required CTCAC forms are:

1. Section 42 Lease Addendum
2. Good Cause Eviction Lease Rider
3. HUD VAWA Lease Rider
4. Tenant Income Certification (TIC)
5. Tenant Income Certification Questionnaire (TICQ)
6. Child/Spousal Support Affidavit
7. Under \$5000/Under \$50,000/Under \$51,600 Asset Certification
8. Zero Income Certification (*if applicant(s) state they do not have a source of income*)

The following forms are required only if the applicant indicates that any of the following income or asset sources apply:

1. Verification of Employment (VOE)
2. Child/Spousal Verification
3. Separated or Estranged Status Affidavit
4. Student Verification
5. Single Parent Full-time Student Affidavit
6. Foster Care Verification Form
7. Live-in Aide Verification Form

The Section 42 Lease Addendum, Good Cause Eviction Lease Rider, and HUD VAWA Lease Rider shall be included with the initial lease for the household.

For the TIC, an initial "conditional" TIC should be completed using the self-certification information provided by the household, in conjunction with the HUD waiver approval, and signed within 5 days of the household occupying the unit. Once the required verifications have been obtained and household eligibility is determined, an updated TIC should be completed that indicates the information provided by the verifications.

The TICQ, Child/Spousal Affidavit, Under \$5000/Under \$50,000/Under \$51,600 Asset Certification, and Zero Income Certification should be completed in conjunction with the application process and conditional TIC.

All other forms should only be completed if they are applicable to the resident. They may be completed within the 90-day timeframe provided by the HUD waiver approval.

CTCAC thanks you for your patience and understanding. The changes to stated policies or procedures on this memo may be revised as the subject matter changes or CTCAC receives notification from IRS or HUD on any regulation changes or updates to the program. CTCAC looks forward to continued success in our working relationships with our government partners, the project owners and the property management companies to meet the needs of the residents.

If you have any questions regarding the policies or information in this memo, please email Elizabeth Gutierrez-Ramos at Elizabeth.Gutierrez@treasurer.ca.gov or Mayra Lozano at Mayra.Lozano@treasurer.ca.gov or by phone at 916-654-6340.