



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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MARINA WIAINT

DATE: March 4, 2025

TO: Owners and Management Companies of Low-Income Housing Tax Credit Projects

FROM: California Tax Credit Allocation Committee – Compliance Section

RE: Compliance Fines - Updated

This Memorandum (Memo) serves as updated guidance from the California Tax Credit Allocation Committee (CTCAC) to owners and management companies of Low-Income Housing Tax Credit (LIHTC) projects in California regarding Compliance Fines for uncorrected violations of CTCAC policy or procedures.

In 2016, California Assembly Bill 1920 (AB 1920) authorized CTCAC to levy fines for noncompliance violations of the tax credit program. The intent of AB 1920 was to provide an administrative tool for CTCAC to ensure compliance for the duration of the 55-year extended-use period of requirements at LIHTC projects.

Currently, CTCAC reports noncompliance with federal program requirements to the Internal Revenue Service (IRS) with a Form 8823 during the 15-year federal compliance period. For some of those violations, CTCAC will also issue fines. CTCAC will issue fines for violation of CTCAC requirements such as deeper targeting and service amenities, or federal requirements following the 15-year federal compliance period not enforced by the IRS.

The Committee adopted changes in the CTCAC regulations on December 14, 2016 establishing Section 10337(f) providing CTCAC the authority to issue compliance fines. The original fine schedule was published to the CTCAC website and adopted by the Committee on March 15, 2017. The Committee also approved revisions to the fine schedule on June 16, 2021 and July 20, 2022.

## Compliance Fine Schedule

March 4, 2025

CTCAC retains the authority to issue negative points for program violations, though will not levy fines in cases negative points are issued. CTCAC uses its discretion to determine the most appropriate sanction based on the circumstances when choosing to levy fines or issue negative points. For less egregious violations, the schedule provides a correction period - generally 30 days. For most violations, CTCAC will not impose a fine if the noncompliance is corrected during the correction period given by CTCAC. For more serious violations, an immediate fine is assessed in addition to the requirement of correction. If the noncompliance remains uncorrected after the initial correction period, additional fines will be levied monthly based on the date the noncompliance occurred.

Pursuant to Section 10337(f)(3), all fines are subject to appeal. Fine payments are due within 30 days of assessment or completion of the appeal process. If a fine assessed against a project owner is not paid within six (6) months from the date when the fine was initially assessed and after reasonable notice has been provided to the project owner, CTCAC may record a lien against the project. If a violation for which a fine is assessed is not corrected within 90 days of the assessed fine, CTCAC may record a lien against the project.

Changes to stated policies or procedures on this Memo may be changed or revised in response to regulation changes or updates to the program. If you have any questions regarding the policies or information noted above, please contact Compliance Section Chiefs, Elizabeth Gutierrez-Ramos at [elizabeth.gutierrez@treasurer.ca.gov](mailto:elizabeth.gutierrez@treasurer.ca.gov) or Mayra Lozano at [mayra.lozano@treasurer.ca.gov](mailto:mayra.lozano@treasurer.ca.gov).

**EXHIBIT A**  
**Compliance Fine Schedule**

All payments are due within 30 days of assessment or completion of appeal

Compliance Period		Compliance Violation	Corrective Time Period	Initial Fine	Reoccurring Fine
Federal 15-Year	Extended-Use				
X		Failure to Provide Service Amenities	Immediate if not in place 6 months after the last building has been placed in service	Twice the financial gain, based on the service costs presented in the application or, if none, an assumed cost of \$20,000 per year	After 30 days, an additional twice the monthly financial gain.
X	X	Failure to submit Annual Operating Expense (AOE) Documents or Annual Owner Certification (AOC) Documents	30-Day Corrective Period	\$250	\$50 per month until corrected
X	X	Failure to submit Tenant Demographic Data	30-Day Corrective Period	\$250	\$50 per month until corrected
X	X	Sale of Property or Change of Ownership Entity without CTCAC Approval	Immediate	\$500	After 30 days, an additional \$500 per month until CTCAC approval
X	X	Other Transfer Event completed without CTCAC Approval - (Refinance, Supplemental Loan, AGP/MGP Change)	Immediate	\$500	After 30 days, an additional \$500 per month until CTCAC approval
X	X	Change of Property Management Company without CTCAC Approval	Immediate	\$500	\$500 per month until corrected
X	X	Change in Unit Mix without CTCAC Approval	Immediate	\$500	\$500 per month until corrected
X	X	Failure to use CTCAC required Forms (TIC, TICQ, THIF, Under \$5K Asset, Child/Spousal Support Affidavit, etc.)	30-Day Corrective Period	\$250	\$100 per month until corrected
X	X	Failure to maximize utilization of accessible units, give priority for accessible units to persons residing in the complex or on waiting list who need the accessibility features	30-Day Corrective Period	\$250	\$100 per month until corrected
	X	Uncorrected NSPIRE - LOW	30-Day Corrective Period	\$250 per instance	\$50 per instance per month until corrected
	X	Uncorrected NSPIRE - MODERATE	30-Day Corrective Period	\$300 per instance	\$50 per instance per month until corrected
X	X	Uncorrected NSPIRE - SEVERE	Immediate	\$400 per instance	\$100 per instance per month until corrected
X	X	Eligibility - Household not Income Eligible	30-Day Corrective Period	\$250 per instance	\$100 per instance per month until corrected
X	X	Eligibility - Incorrect/Overcharged Rent of less than \$15	30-Day Corrective Period	\$100 per instance + overage rebated to tenants	\$100 per instance per month until corrected

**EXHIBIT A**  
**Proposed Compliance Fine Schedule**  
All payments are due within 30 days of assessment or completion of appeal

Compliance Period		Compliance Violation	Corrective Time Period	Initial Fine	Reoccurring Fine
Federal 15-Year	Extended-Use				
X	X	Eligibility - Incorrect/Overcharged Rent of \$15 or more	Immediate	\$250 per instance + overage rebated to tenants	\$100 per instance per month until corrected
X	X	Failure to comply with CTCAC Regulation Section 10336(a)	Immediate	\$250 per instance + overage rebated to tenants	\$100 per instance per month until corrected
	X	Unit Vacant/Offline for more than 60 days	Immediate	\$250 if unit is vacant for more than 60 days, not turn-key ready, not being advertised, or being held for another entity	\$250 per instance per month until corrected
X	X	Failure to Respond to Agency Request for Monitoring	Immediate if no response is received within 7 calendar days of rescheduled monitoring inspection notification letter	\$500	\$500 per month until corrected
X	X	Failure to Report Casualty Loss to CTCAC within seven (7) days of the insurance adjuster assessment date	Immediate	\$400	\$100 per month until casualty loss is reported to CTCAC
	X	Violation of Student Rule Requirements	Immediate	\$250 per instance	\$100 per instance per month until corrected
X	X	Reoccurring or Repeated Noncompliance pursuant to CTCAC Regulation Section 10337(f)(6)	Immediate	\$500 per instance	