



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: October 2, 2023

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

FROM: California Tax Credit Allocation Committee

RE: Housing Authority of the City of Los Angeles (HACLA) and Los Angeles County Development Authority (LACDA) HUD Waiver Approval for Homeless Populations

In September of 2023, the California Tax Credit Allocation Committee (CTCAC) was made aware of a HUD Waiver approval granted by the Department of Housing and Urban Development (HUD) to 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). The waivers would commence on August 21, 2023 and remain in effect through August 17, 2024. The waiver language included vouchers from the following housing assistance programs:

- HUD-VASH Tenant Based
- HUD-VASH Project Based
- PBV – PSHP
- PBV Homekey
- WL Limited Preference Homeless
- WL Limited Preference TBSH

The waiver language does not apply to Continuum of Care, HOPWA, and Moderate Rehabilitation programs. Additionally, the waiver will apply only to homeless applicants receiving HCVs or projects with PBVs which meet the qualification within the City and County of Los Angeles who receive HUD funding through HACLA or LACDA and will not apply to projects outside those agencies' jurisdiction.

Several concerns and questions have been brought to CTCAC's attention since the waiver was released, as many of the projects that are eligible to receive the HACLA and LACDA HUD

waivers are also funded with Low Income Housing Tax Credits (LIHTC) and may be in conflict with the requirements of the LIHTC program.

Following CTCAC's review of the HUD waiver approval from HACLA and LACDA and consulting with the Internal Revenue Service (IRS), CTCAC's response to the HUD approved waivers are as follows:

- (1) **Self-certification of Social Security Number (SSN)** - The LIHTC program does not require an SSN for admittance to a LIHTC project. This waiver does not impact the LIHTC program.
- (2) **Self-certification of date of birth** – The LIHTC program does not capture this information except at project specifically designated for seniors ages 55+ or 62+. This waiver does not impact LIHTC projects that are designated as Special Needs/Homeless for which this waiver would apply.
- (3) **Self-certification of disability** – The LIHTC program does not require verification of a disability for admittance to a LIHTC project. The waiver does not impact the LIHTC program.
- (4) **Self-certification of applicant income** – The LIHTC program requires income eligibility verification in order for a household to be considered a qualified resident. Please see guidance below for the LIHTC implementation requirements of this waiver.
- (5) **Validity of income verifications up to 120 days of the date received** – The LIHTC program already maintains a 120-day timeframe for required verification documents. This waiver does not impact the LIHTC program. Please see guidance below for a list of all verification documentation required to meet the 120-day timeframe.

For the purposes of (4) above, the HUD approved waiver states:

“...Applicants can submit an affidavit (self-certification) attesting to reported income, assets, expenses and other factors which would affect an income eligibility determination. Based on HUD approved waiver, HACLA must receive information verifying that the applicant is eligible within the period of 60 days *after* HACLA enters into a Housing Assistance Payment (HAP) contract on behalf of the family. If the participant does not provide the documentation of income nor is verified in EIV, HACLA must terminate housing assistance.”

For LIHTC projects with PBV and HCV holders who received their voucher in the City or County of Los Angeles and received the HUD waiver approval through HACLA or LACDA, CTCAC will allow a self-certification of applicant income to be used as “conditional eligibility” for entry into a LIHTC unit, provided the provisions of the HUD waiver approval are met and the required LIHTC income eligibility documentation is provided within 60 days of the date the HAP contract is entered or within 60 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.

**Failure to provide the required verification within the 60-day period noted above, will result in an uncorrected Form 8823 submitted to the IRS for “inability to determine income eligibility”. If documentation showing eligibility is received after the 60-day period noted above, a corrected Form 8823 will be submitted showing the household in compliance as of the day the documentation was received.**

In conjunction with the requirements of the HUD waiver approval (5) above, the following second party documentation (*tenant provided documentation generated by a third-party source*) may be used as verification if third-party verification is not available. Documentation must be dated within 120 days of the date received for HACLA/LACDA or the move-in date, whichever is earlier. The verification documentation includes, but is not limited to:

- Pay stubs (a minimum of two current and consecutive pay stubs),
- Payroll summary report,
- Employer notice/letter of hire/termination,
- SSA benefit verification letter,
- Bank statements,
- Child support payment stubs,
- Welfare benefit letter and/or printouts,
- Unemployment benefit notices,
- Pension benefit statements,
- Temporary Assistance to Needy Families (TANF) award letter, and
- 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 approval does not waive the requirement for the CTCAC forms that document income eligibility. Per the HUD waiver approval 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:

- Section 42 Lease Addendum
- Good Cause Eviction Lease Rider
- HUD VAWA Lease Rider
- Tenant Income Certification (TIC)
- Tenant Income Certification Questionnaire (TICQ)
- Child/Spousal Support Affidavit
- Under \$5000 Asset Certification (*if applicant(s) total assets are under \$5000*)
- 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:

- Verification of Employment (VOE)
- Child/Spousal Verification
- Separated or Estranged Status Affidavit
- Student Verification
- Single Parent Full-time Student Affidavit
- Foster Care Verification Form
- 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 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 60-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](mailto:Elizabeth.gutierrez@treasurer.ca.gov) or Shannon Nardinelli at [Shannon.nardinelli@treasurer.ca.gov](mailto:Shannon.nardinelli@treasurer.ca.gov) or by phone at 916-654-6340.