



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: March 24, 2020

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

FROM: Anthony Zeto, Deputy Executive Director

RE: UPDATED Compliance Workshops and COVID-19 Precautionary Monitoring Changes

This memorandum serves as updated guidance from the California Tax Credit Allocation Committee (TCAC) to owners and property management agents of LIHTC properties in California on the following topics regarding the memorandum published on March 13, 2020:

1. Advanced and Basic Compliance Workshops
2. Changes to Compliance Monitoring through April 30, 2020

Advanced Compliance Workshops – Anaheim, Burbank, and San Diego

On March 13, 2020, CTCAC published guidance that as a precautionary measure in response to concerns and questions regarding the COVID-19 virus, the TCAC Compliance Section would be postponing the Advanced Compliance Workshops originally scheduled in March and early April 2020 to June 2020. The changes were as follows:

1. Anaheim – Originally scheduled for 3/24/2020
 - a. New Date – June 11th, 2020
2. San Diego – Originally scheduled for 3/25/2020
 - a. New Date – June 4th, 2020
3. Burbank – Originally scheduled for 4/1/2020
 - a. New Date – June 9th, 2020
4. Burbank – Originally scheduled for 4/2/2020
 - a. New Date – June 10th, 2020

If you were enrolled in the above workshops, your registration was automatically moved to the new date without any further action is required. If you chose to cancel your registration, your place at the workshop was released and you may not be able to register again for the new date.

As of the date of this memorandum, the Advanced and Basic Workshops that are scheduled for Sacramento, Fresno, and Oakland have now been postponed as well. The changes are as follows:

1. Sacramento Advanced – Originally scheduled for 4/13/2020
 - a. New Date – June 17th, 2020
2. Fresno Advanced – Originally scheduled for 4/15/2020
 - a. New Date – June 15th, 2020
3. Fresno Basic – Originally scheduled for 4/16/2020
 - a. New Date – June 16th, 2020
4. Oakland Advanced – Originally scheduled for 4/20/2020
 - a. New Date – July 28th, 2020
5. Oakland Basic – Originally scheduled for 5/7/2020
 - a. New Date – July 29th, 2020
6. Oakland Basic – Originally scheduled for 5/8/2020
 - a. New Date – July 30th, 2020
7. Sacramento Basic – Originally scheduled for 5/13/2020
 - a. New Date – June 18th, 2020
8. Sacramento Basic – Originally scheduled for 5/14/2020
 - a. New Date – June 19th, 2020

As with the previous workshops, if you were enrolled in the above workshops, your registration will be automatically moved to the new date and no further action is required. If you choose to cancel your registration, your place at the workshop will be released and you may not be able to register again for the new date.

As of the date of this memorandum, Governor Newsom has declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the state prepare in the event of a broader spread of COVID-19. Many counties are under “shelter in place” and “stay at home” orders through April 7, 2020. TCAC is operating with an abundance of caution in the postponing of the workshop dates.

To minimize the risk and spread of COVID-19, please also follow the instructions recommended by the Centers for Disease Control and Prevention (CDC):

- Washing hands with soap and water for a minimum of 20 seconds
- Avoiding touching eyes, nose or mouth
- Avoid physical contact like shaking hands or hugs
- Avoid close contact with people (maintain a 6 feet distance)
- Stay away from work, school, or other people if you become sick with respiratory symptoms like fever, cough, and shortness of breath
- Only go outside for essential needs

Compliance Monitoring – ALL compliance monitoring Inspections canceled through April 30, 2020. Desk audits may begin in May 2020.

On March 13, 2020, TCAC published guidance stating that due to feedback from Management companies and concerns from staff around the COVID-19 virus and the requirement for TCAC staff to enter the units of people who may be ill or have been exposed to COVID-19, TCAC would be cancelling all travel and physical audits at properties for the period from March 16, 2020 through April 30, 2020 and conducting desk audits instead.

After further consideration and due to the rapidly changing circumstances surrounding the COVID-19 virus and feedback from our partners in the industry, TCAC is completely canceling ALL scheduled inspections through April 30, 2020. Starting in the month of May 2020, TCAC will be conducting desk audits with the physical units to be conducted at a later date. TCAC has also reviewed the previous guidance on the March 13, 2020 memorandum regarding the process and number of files that need to be submitted and made changes.

TCAC will follow the following format for desk audits:

1. TCAC staff will notify the owner and management contact of the property scheduled for desk audit.
2. TCAC staff will request the pre-inspection documents returned within 1 week of the initial request (Project Status Report (PSR), Rent Roll, Utility Allowance (U/A))
3. TCAC staff will review the received pre-inspection documents.
4. TCAC staff will send the owner and management contacts a list of **30%** of the files that will need to be submitted.
5. The files should be submitted to TCAC within 4 business days via a secure File Transfer System such as ShareFile, FTP Today, ExaVault, etc. Remote access via a log-in may also be permitted.
6. TCAC staff will review the normal 20% total sample from the files that are submitted, and may expand the sample to the full 30% of files received if patterns of noncompliance emerge (current existing TCAC protocol).

Once the desk audit has been completed, the owner will receive a findings letter that will outline any issues that need to be corrected. During this period of “shelter in place” and “stay at home” orders, TCAC will be extending the owner’s response due dates from 30 days to 60 days, with the possibility of another extension if necessary. When travel restrictions have been removed, TCAC staff will schedule the physical inspection of the property. The Inspection will not be considered closed until both parts (file and physical) have been completed.

Essential vs. Non-Essential Business Practices

TCAC is aware of the current confusion and concern around “shelter in place” and “stay at home” orders and how they relate to LIHTC properties, management companies, and the

staffing needed to address both the day-to-day needs and emergency issues at the properties. TCAC published a memorandum on March 19, 2020 addressing certification and recertification procedures, works orders, and service amenities. TCAC also clarifies that day-to-day operation of a property is considered an essential business practice as the tenants rely on your agency to provide a semblance of normalcy in ensuring that problems with their unit are addressed timely and other concerns (including VAWA needs) are being met in these uncertain times. Please refer to the March 19, 2020 memorandum for the TCAC requirements and follow up with TCAC staff with any questions or concerns.

In order to be able to perform essential business practices, while protecting the safety of your on-site staff and residents, TCAC recommends implementing the following:

1. Have an Emergency Protocol Plan in place to address both this current concern and any future problems
2. Wherever possible, allow for remote working for staff
3. Limit office hours and have a sign-up sheet where tenants can schedule face-to-face meetings, instead of walk-ins
 - a. Have face-to-face interactions in the community room or somewhere that will offer CDC recommended social distancing of at least 6 feet
 - b. Sanitize surfaces after meetings
4. Post guidance on your window or door about how to apply at your property
 - a. Have an online application system or a drop box where potential applicants can pick up/drop off an application
5. Have staff working in offices stay a minimum of 6 feet from each other or if the office is too small, rotate the days the on-site staff is physically in the office
6. Prioritize work orders to Emergency or Critical Repair only
 - a. Notify tenants that non-essential work orders will be delayed until after the “shelter in place” and “stay at home” restrictions have been lifted.
7. Follow the guidance in the March 19, 2020 memorandum for completing normal certifications and recertifications.
8. Follow CDC guidelines for hygiene (washing hands), distance, and other social distancing recommendations.

The TCAC Compliance Section thanks you for your patience and understanding as we continually monitor the COVID-19 situation and work towards to meet our LIHTC obligations, while maintaining respect for the safety and health of TCAC staff, the staff of the owner and management companies we serve, and the tenants who reside in tax credit properties. As circumstances change, TCAC may provide additional guidance or change existing guidance to better reflect information provided by the Governor of California, the CDC, State and Local Public Health Agencies. For any questions, please contact Elizabeth Gutierrez-Ramos at elizabeth.gutierrez@treasurer.ca.gov or Shannon Nardinelli at shannon.nardinelli@treasurer.ca.gov.