



Housing Supplier Reporting Guidelines: Completing the Housing Supplier Annual Report

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Section 1: Purpose and Scope

1.1 Background

The housing supplier requirements outlined herein, established through [Assembly Bill 2873 \(Chapter 316, Statutes of 2022\)](#) and codified in [Section 50199.15 and Section 50199.23 of the Health and Safety Code](#), are intended to increase supplier and contractor participation in the development of low-income housing tax credit (LIHTC) projects by women, minority, disabled veteran, and LGBT business enterprises. Approved by Governor Gavin Newsom on September 13, 2022, Assembly Bill 2873 (AB 2873) requires Housing Sponsors to submit an annual report (referred to as the Housing Supplier Annual Report) to the California Tax Credit Allocation Committee (CTCAC) outlining, among other things, a detailed and verifiable supplier and contractor plan for increasing procurement from diverse suppliers as well as short- and long-term diversity goals and timetables.¹

Additionally, Housing Sponsors must provide procurement data for projects that receive a tax credit allocation after January 1, 2024.² CTCAC must begin to include an aggregation of the information submitted by Housing Sponsors its annual report to the Legislature beginning in 2025.³

These Housing Supplier Reporting Guidelines (or guidelines) have been developed by CTCAC for Housing Sponsors to use in preparing the detailed and verifiable supplier and contractor diversity plans, including a requirement that diverse suppliers are certified by a third party.⁴

AB 2873 does not limit or otherwise affect eligibility for, or the requirements for compliance with specified provisions governing, the state LIHTC program.⁵ Housing Sponsors who believe that submitting specific information required by these guidelines may conflict with federal law, regulations, or funding conditions may elect to omit those elements from their submission.

1.2 Covered Entities

Entities required to submit a Housing Supplier Annual Report are referred to as “Housing Sponsors” and are defined in Section 2.

Reporting requirements apply to any Housing Sponsor that receives an LIHTC allocation on or after January 1, 2024 that meets **either** of the following qualifications:

- The sponsor has completed 5 or more housing projects by January 1, 2023; **or**
- The sponsor has received an annual LIHTC allocation of \$1,000,000 or more.

¹ Health and Safety Code, § 50199.23, subd. (b)(3)(A-B).

² Health and Safety Code, § 50199.23, subd. (b)(3)(E).

³ Health and Safety Code, § 50199.15, subd. (d).

⁴ Health and Safety Code, § 50199.23, subd. (d)(1)(A).

⁵ Health and Safety Code, § 50199.23, subd. (e).

Any Housing Sponsor that **has not** completed 5 or more housing projects by January 1, 2023, **or** has not received an annual LIHTC allocation of \$1,000,000 or more, must comply with the plan and reporting requirements in the year following the commencement of construction on its 5th housing project for which public money was received, **or** in the year following the receipt of an LIHTC allocation of \$1,000,000 or more, as applicable.⁶

Sponsors that are not required to adopt a supplier and contractor diversity plan are encouraged to voluntarily adopt a plan and report on the outcomes of that plan for increasing diverse supplier procurement in all categories of contracts, including technology, goods, services, and construction.⁷

1.3 Implementation Timeline

Housing supplier reporting requirements will roll out and evolve over several years. Beginning in 2025 (for projects that have received an allocation on or after January 1, 2024), CTCAC must include in its annual report to the Legislature, by April 1 of each year, an aggregation of the information submitted by Housing Sponsors during the previous calendar year.⁸ Individual reports received from Housing Sponsors will be posted to the [CTCAC website](#).⁹

By March 1, 2028, CTCAC is required to establish diverse supplier and contractor participation goals.¹⁰

Beginning in 2029, CTCAC must include the established goals in its annual reports. Housing Sponsors may adopt higher goals for their own activities.¹¹ CTCAC will annually consider the information and data from the Housing Supplier Annual Reports and may modify these guidelines as needed.¹²

Section 2: Definitions

“**AB 2873**” means [Assembly Bill No. 2873](#).

“**Certification**” is a verification process to confirm that a business is women, minority, disabled veteran and/or LGBT-owned.¹³

“**Committee**” means the California Tax Credit Allocation Committee (CTCAC).

⁶ Health and Safety Code, § 50199.23, subd. (c)(1).

⁷ Health and Safety Code, § 50199.23, subd. (c)(2).

⁸ Health and Safety Code, § 50199.15, subd. (a) and (d).

⁹ Health and Safety Code, § 50199.23, subd. (d)(4).

¹⁰ Health and Safety Code, § 50199.23, subd. (d)(3).

¹¹ Health and Safety Code, § 50199.23, subd. (b)(4).

¹² Health and Safety Code, § 50199.23, subd. (d)(2).

¹³ Health and Safety Code, § 50199.23 subd. (d)(1)(A).

“Control” means exercising the power to make policy decisions and active involvement in the day-to-day management of a business enterprise. Being an officer or director does not alone demonstrate active involvement.¹⁴

“Disabled veteran business enterprise” has the same meaning as defined in [Section 999 of the Military and Veterans Code](#).¹⁵

“Housing Sponsor” or “sponsor” refers to an entity applying for low-income housing tax credits.

“LGBT business enterprise” means a business enterprise that is at least 51-percent owned by a lesbian, gay, bisexual, or transgender person or persons; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more lesbian, gay, bisexual, or transgender persons; and whose management and daily business operations are controlled by one or more of those individuals.¹⁶

“Minority business enterprise” means a business enterprise that is at least 51-percent owned by a minority group or groups, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more minority groups, and whose management and daily business operations are controlled by one or more of those individuals. The contracting entity shall presume that minority includes African Americans, Hispanic Americans, Native Americans, and Asian Pacific Americans.¹⁷

“Women business enterprise” means a business enterprise that is at least 51-percent owned by a woman or women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women, and whose management and daily business operations are controlled by one or more of those individuals.¹⁸

Section 3: Housing Supplier Annual Report

3.1 Contents of the Housing Supplier Annual Report

Housing Sponsors must annually submit a Housing Supplier Annual Report to CTCAC by February 15 of each year, beginning on February 15, 2025, unless another deadline is designated by the Committee. The Housing Supplier Annual Report is comprised of two main components: the Diversity Plan (described in Section 3.2) and Procurement Data (described in Section 3.3).

The reporting period shall cover all contract activities directly related to the development and construction of a housing project from the first day following the date on the

¹⁴ Health and Safety Code, § 50199.23 subd. (a)(1).

¹⁵ Military and Veterans Code, § 999, subd. (b)(7) and Health and Safety Code, § 50199.23 (a)(2).

¹⁶ Health and Safety Code, § 50199.23 subd. (a)(3).

¹⁷ Health and Safety Code, § 50199.23 subd. (a)(4).

¹⁸ Health and Safety Code, § 50199.23 subd. (a)(5).

reservation letter with an option to include prior contracting activities. The final report shall cover the year that the project is placed in service.¹⁹

Housing Sponsors shall retain all documents and data they rely on in preparing their Housing Supplier Annual Report in conformance with the Housing Sponsor's retention policies and shall provide these documents and data to CTCAC upon request.

Housing Sponsors should submit the Housing Supplier Annual Report with required data to AB2873@treasurer.ca.gov. Please visit [our website](#) to download the current version of the reporting form. Housing Sponsors must submit the completed workbook electronically in Excel format. Supplemental materials and attachments, including narrative information, may be submitted in PDF format. Paper/hard copies will not be accepted.

3.2 Diversity Plan

The Diversity Plan should include methods and strategies to increase procurement opportunities for diverse suppliers in all categories used in the development and construction of the housing projects, including technology, goods, services, and construction.²⁰

The Diversity Plan must be submitted annually, beginning in the **first year** of reporting.

3.2.1 Elements of the Plan

Examples of elements that may be included in the plan:

1. **Commitment to supplier diversity:** Description of the Housing Sponsor's corporate policy regarding supplier diversity, leadership commitment, employee engagement, corporate culture, etc.
2. **Internal program activities**, such as:
 - a. Establishing and implementing a supplier diversity program with adequate resources.
 - b. Developing a program with articulated and defined mission, goals, and directions.
 - c. Training employees on the program.
 - d. Defining employees' responsibilities and expectations.
 - e. Assisting prime contractors with their supplier diversity programs.
 - f. Implementing recognition and/or award programs.
 - g. Preparing and submitting annual supplier diversity plans and progress reports.

¹⁹ Health and Safety Code, § 50199.23 subd. (b)(2).

²⁰ Health and Safety Code, § 50199.23 subd. (b)(3)(A).

3. **External program activities**, such as:

- a. Conducting outreach to promote the supplier diversity program and provide education.
- b. Supporting organizations that promote the interest of and advocate for diverse suppliers and diverse communities.
- c. Developing and providing technical assistance and capacity building opportunities for diverse and small businesses.

4. **Subcontracting program and related activities**, such as:

- a. Description of efforts and initiatives to encourage prime contractors to increase the utilization of diverse subcontractors.
- b. Description of a Housing Sponsor's efforts to connect prime contractors with diverse suppliers.
- c. Description of how prime contractors report their diverse spend.
- d. Description and examples of prime contractors' utilization of diverse subcontractors.
- e. Description of award/recognition programs.

In the second year of reporting, the Plan must include short- and long-term diversity goals and timetables, but not quotas, related to contractor race and ethnicity, contractor gender, and contractor census-tract income distribution.²¹ See section 3.2.2 for guidelines on the establishment of these goals.

In the third year of reporting, the Plan must include aggregate level data for contractors headquartered or having a primary location in low-income census tracts in the state.²²

3.2.2 Goals and Reporting Requirements

Beginning in the **second year** of reporting, Housing Sponsors shall establish substantial and verifiable short- and long-term goals to increase diverse supplier participation in the development of LIHTC projects. "Substantial goals" are defined as realistic and demonstrate a commitment to encourage participation of diverse suppliers in procurement contracts.

Short-term goals are applicable to a period of one (1) year.

Long-term goals are applicable to a period of five (5) years. Goals shall be set annually for each major product and service category which provides opportunities for procurement, including:

- Technology

²¹ Health and Safety Code, § 50199.23 subd. (b)(3)(B).

²² Health and Safety Code, § 50199.23 subd. (b)(3)(C).

- Goods
- Services
- Construction²³

No penalty shall be imposed for failure of any Housing Sponsor to meet and/or exceed goals.

Housing Sponsors may consider the following factors in setting their goals:

1. Total purchasing and/or contracting projections;
2. Availability of diverse suppliers and competitiveness in the geographical area served by the housing development;
3. Market dynamics based on historical data and trends; and
4. Other appropriate factors which would increase diverse suppliers' share of procurement contracts.

Guidelines for Establishing and Reporting Goals:

1. Housing Sponsors shall supply a narrative describing diversity set goals (both short- and long-term), progress in meeting or exceeding the goals, and any circumstances that may have caused the entity to fall short of these goals.
2. Housing Sponsors shall provide a description of the challenges of recruiting and including diverse suppliers in the Housing Sponsor's purchases and contracts. Describe strategies implemented to overcome or mitigate the barriers to utilization of diverse suppliers.
3. Goals for each specific product or service category shall be expressed as a percentage of total dollars awarded to outside vendors in that category; however, where appropriate, non-numeric goals may also be included.
4. Overall program goals shall be expressed as a percentage of total dollars awarded to outside vendors in all categories of products and services purchased by a Housing Sponsor other than products and services.

3.2.3 Implementation of the Plan

Each Housing Sponsor's Diversity Plan and implementation program shall be designed to ensure that diverse suppliers are encouraged to become potential suppliers of products and services. Housing Sponsors are encouraged to consider:

1. Maintaining an appropriately sized staff to provide overall diversity plan direction and guidance and to implement program requirements.
2. Implementing an outreach program to inform and recruit diverse suppliers to apply for procurement contracts. Outreach activities may vary depending on the

²³ Health and Safety Code, § 50199.23 subd. (b)(3)(A).

size of the Housing Sponsor, geographic location, and other factors and can include:

- a. Seeking out opportunities to identify diverse suppliers, such as attending in-person events to connect diverse suppliers with Housing Sponsors;
- b. Supporting the efforts of organizations experienced in the field who promote the interests of diverse suppliers;
- c. Working with diverse suppliers to facilitate contracting relationships by explaining the Housing Sponsor's qualification requirements, bid and contracting procedures, materials requirements, invoicing and payment schedules, and other procurement practices and procedures;
- d. At the request of any unsuccessful diverse supplier bidder, provide information concerning the relative range/ranking of the contractor's bid as contrasted with the successful bid. Information on additional selection criteria, such as warranty periods, maintenance costs, and delivery capability, shall be provided when requested if disclosure would not violate the proprietary nature of the specific contract element;
- e. To the extent possible, make available to diverse suppliers contractors lists of purchase/contract categories which offer them the best opportunity for success;
- f. Encourage employees involved in procurement activities to break apart purchases and contracts as appropriate to accommodate the capabilities of diverse suppliers;
- g. Summarize these Supplier Annual Report guidelines in outreach program handouts.

3.2.4 Subcontracting Program Requirements

1. The Housing Sponsor shall encourage and assist its prime contractors to develop plans to increase the utilization of diverse suppliers as subcontractors.
2. Housing Sponsors are encouraged to incorporate in all purchase orders, requests for bid proposals, and other appropriate procurement documents related to procurement efforts subject to the subcontracting program, a statement similar to the following:

***Utilization of Business Enterprises Owned by Women, Minority,
Disabled Veteran, and LGBT Persons***

1. *It is the policy of the Housing Sponsor that diverse suppliers shall have the maximum practicable opportunity to participate in the performance of contracts. However, this policy shall not be used to exclude qualified non-diverse suppliers from participating in contracting with the sponsor.*

- 2. The contractor agrees to use his or her best efforts to carry out this policy in the award of subcontracts to the fullest extent consistent with the efficient performance of this contract.*
- 3. The contractor agrees to inform all prospective diverse supplier subcontractors of their opportunity to request information and resources on the third-party verification process for diverse suppliers.*
3. Each Housing Sponsor shall include in its Diversity Plan a description of future plans for encouraging both prime contractors and subcontractors to engage diverse suppliers in all procurement categories which provide subcontracting opportunities.

3.3 Procurement Data

Procurement data includes data for the year and the aggregate data for each project funded in whole or in part with moneys raised by a credit allocated on or after January 1, 2024. The following data must be reported:

1. The number and dollar amount of all contracts in all categories, and by each category of contract, that was issued during the year. The categories of contracts shall include technology, goods, services, and construction.
2. The number and dollar amount of all contracts in all categories, and by each category of contract, that was issued during the year to each business-owner group, including women business enterprises, minority business enterprises, disabled veteran business enterprises, and LGBT business enterprises.
 - a. Businesses with multiple certifications may only be counted in one diverse category.
 - b. If a Housing Sponsor has spend with a supplier before the supplier is certified, the Housing Sponsor may count the spend for the entire calendar year in which the supplier becomes certified.
 - c. If a Housing Sponsor has spend with a supplier whose certification has expired and is later renewed, the Housing Sponsor may count the spend for the expired period if the supplier renews their certification within the same calendar year.
3. The total number and dollar amount of contracts issued to subcontractors for each business-owner group, including women business enterprises, minority business enterprises, disabled veteran business enterprises, and LGBT business enterprises, by each category of contract.
4. The number and dollar amount of all contracts, including subcontracts, and by each category of contract issued during the year, for businesses headquartered or having a primary location in a low-income census tract in the state.

5. The number and dollar amount of all contracts in all categories, and by each category of contract, that were issued for a project funded in whole or in part through moneys raised by notice of allocation of a credit on or after January 1, 2024. This may include information on contracts related to the project that were issued prior to the credit allocation.
6. The number and dollar amount of all contracts in all categories, and in each category of contract, that were issued for a project specified in #5 to each business-owner group, including women business enterprises, minority business enterprises, disabled veteran business enterprises, and LGBT business enterprises.
7. The total number and dollar amount of contracts issued to subcontractors for each business-owner group specified in #6 by each category of contract.
8. The number and dollar amount of all contracts, including subcontracts, for a project specified in #4 for businesses headquartered or having a primary location in low-income census tracts in the state.²⁴

Section 4: Procurement Goals

By March 1, 2028, CTCAC will establish supplier and contractor participation goals for diverse suppliers.²⁵ These guidelines and CTCAC's regulations will be updated accordingly.

Beginning in 2029, CTCAC will include the established goals in its annual reports. Housing Sponsors may adopt higher goals for their own activities.²⁶

The Committee will annually consider the information and data from the Supplier Annual Reports and may modify these guidelines.²⁷

Section 5: Third Party Certification Requirements

Certification is a verification process to confirm that a business is women, minority, disabled veteran and/or LGBT-owned.

Housing Sponsors shall use the following guidelines to comply with the third-party certification requirement.

5.1 Verification Requirements

The following rules and guidelines shall be used to verify the eligibility of diverse suppliers for participation in the development of LIHTC projects:

1. In assessing the suitability of a diverse supplier to bid for procurement contracts, a Housing Sponsor may require additional information or the completion of

²⁴ Health and Safety Code, § 50199.23 subd. (b)(3)(E)(i-viii).

²⁵ Health and Safety Code, § 50199.23 subd. (d)(3).

²⁶ Health and Safety Code, § 50199.23 subd. (b)(4).

²⁷ Health and Safety Code, § 50199.23 subd. (d)(2).

additional forms to comply with specific requirements created by the unique character of its business, such as insurance requirements, product and service codes, bonding limits, and so on.

2. Certification forms shall be available for inspection by CTCAC.
3. Businesses with multiple certifications can only be counted in one diverse category.

5.2 Acceptable Certifications

5.2.1 Approved Third-Party Verifiers

Visit our website for a [list of third parties](#) authorized to perform verifications of diverse suppliers and provide certifications. There may be other entities that can certify diverse businesses.

Note: Housing Sponsors may submit procurement information for non-certified diverse suppliers and shall indicate that the diverse supplier has not been certified. The data will not count toward procurement goals, per the requirement of Health and Safety Code 50199.23(d)(1)(A), requiring diverse suppliers be certified by a third party. Housing Sponsors should indicate why the diverse supplier is not certified or if the diverse supplier is in the process of becoming certified.

Section 6: Contacts and Submission Instructions

CTCAC staff is available to answer questions and assist sponsors with supplier reporting requirements. Please email AB2873@treasurer.ca.gov with any questions.

Please submit the Supplier Annual Report to: AB2873@treasurer.ca.gov. Only Excel formatted documents will be accepted. Supplemental documents and attachments may be submitted in PDF format. Paper/hard copies will not be accepted.

Section 7: Resources

For additional information, please visit the following websites:

View the full text of AB 2873 on the California Legislature website:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2873

View Health and Safety Code Chapter 3.6. Low-Income Housing Credit [50199.4 - 50199.23] on the California Legislature website:

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=31.&chapter=3.6.&part=1.&lawCode=HSC

California Tax Credit Allocation Committee website: <https://www.treasurer.ca.gov/ctcac/>