



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
www.treasurer.ca.gov/ctcac

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DATE: September 29, 2022

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

FROM: California Tax Credit Allocation Committee – Compliance Section

RE: Electronic Storage Requirements - Update

EXECUTIVE DIRECTOR
NANCEE ROBLES

On February 3, 2022, the California Tax Credit Allocation Committee (CTCAC) released the [2022 Compliance Monitoring Guidance Memo](#) that required in order to maintain efficiency, reduce waste, and keep up with changing technological innovation, CTCAC will require that all projects in the CTCAC portfolio create and maintain an electronic copy of the resident file for all households at a property. The requirement went into effect on February 1, 2022, with a completion date of December 31, 2023.

Several concerns and questions have been brought to CTCAC's attention since the Memo was released, including challenges in processing, requests for a more defined scope, and extended timeframe. CTCAC has reviewed these concerns and will modify the requirement to the following parameters:

1. **For 100% Tax Credit Properties** – the requirement of scanning every recertification for residents will be modified to the required scanning of the initial move-in certification, 1st recertification, and the most recent recertification available at the time the file is scanned. Annually thereafter, as the household recertifies, the recertification should be saved and added in an electronic format to the file. If at any time, CTCAC needs to review the recertifications that weren't initially scanned, an electronic copy of the paper recertification must then be created and submitted to CTCAC for review.
2. **For Mixed Use Properties with conventional units in addition to tax credit units** – the IRS and Section 42 require the 140% Next Available Unit Rule (NAUR) to be tracked annually, therefore it is not possible to reduce the requirement of scanning every recertification for the household.

The initial timeline of 23 months (February 2022 – December 2023) to complete the scanning of files will be modified to the following:

1. **For 100% Tax Credit Properties with 160 or less LIHTC units** – the initial deadline will remain December 31, 2023.
2. **For large 100% Tax Credit Properties with greater than 161 LIHTC Units or Mixed Use properties with conventional and tax credit units** – the deadline will be extended to December 31, 2024.

To ease the burden of scanning, the items required to be scanned will be reduced from the entire file to the following:

- Initial Application
- Initial/Move-in Lease and Lease Addendums
- Any lease addendums signed later than initial move-in
- Correspondence between the owner/management agent and the tenant
- Required Recertifications (*as noted above*)

The requirement of creating an electronic copy of the resident file applies only to existing residents who were in place or moved into the property on or after February 1, 2022. CTCAC does not need electronic copies of households that vacated the property prior to that date or households who may vacate prior to due date (*move-out files*).

The CTCAC Compliance Section thanks you for your patience and understanding as we work toward meeting our LIHTC obligations. 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 owners and management agents.

If you have any question regarding the policies or information noted above, you may contact the following staff:

Elizabeth Gutierrez-Ramos, Senior Compliance Program Manager
Elizabeth.gutierrez@treasurer.ca.gov

Shannon Nardinelli, Senior Compliance Program Manager
Shannon.nardinelli@treasurer.ca.gov

Or by phone at: 916-654-6340.