



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: October 24, 2023

EXECUTIVE DIRECTOR
VACANT

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

FROM: California Tax Credit Allocation Committee – Compliance Section

RE: Request for Management Company Changes for Projects Placed-In-Service

The California Tax Credit Allocation Committee (CTCAC) receives requests from project owners to replace the management company for their projects. Pursuant to CTCAC regulations, staff performs a qualification review to determine if sufficient management experience exists and that management company maintains compliance with the LIHTC program.

CTCAC Regulation Section 10320(b)(5) states no management company of an existing or new tax credit project shall be replaced without prior approval. Furthermore, Section 10337(d)(1) of [CTCAC regulations](#) requires the following:

“Any property management change during the 15-year federal compliance and extended use period must be to a party earning equal capacity points pursuant to Section 10325(c)(1)(A) as the exiting property management company. At a minimum this must be six (6) projects in service more than three years, or the demonstrated training required under Section 10326(g)(5). Two of the six projects must be Low Income Housing Tax Credit projects in California. If the new property management company does not meet these experience requirements, then substitution of property management shall not be permitted.”

For competitive projects (9% projects) receiving points in the management company experience point category, the incoming management company must demonstrate equal experience as the exiting management company. For non-competitive projects (4% projects), requests to change to a management company not meeting the experience of the current management company will be required to demonstrate the minimum scoring standard of 2 points has been met consistent with CTCAC regulations Sections 10326(g)(5) and 10325(c)(1) summarized below:

- (i) 6-10 projects managed over 3 years, of which at least 2 projects shall be California Low Income Housing Tax Credit projects (*Each project noted must meet the minimum of being managed for at least 3 years*)

For special needs housing type projects that applied through the Nonprofit set aside or Special Needs set aside only, 2-3 Special Needs projects managed over 3 years and one California Low Income Housing Tax Credit project which may or may not be one of the special needs projects (*Each project noted must meet the minimum of being managed for at least 3 years*)

- (ii) Management companies managing less than two (2) active California Low Income Housing Tax Credit projects for more than three years, and management companies for projects requesting points under the special needs categories of subparagraph (i) above and managing no active California Low-Income Housing Tax Credit projects for more than three years, shall contract with a bona-fide management company currently managing two (2) California Low Income Housing Tax Credit projects for more than three years and which itself earns a minimum combined total of two (2) points at the time of application.

Pursuant to Section 10320(b)(5), management companies ineligible for at least two management company experience points pursuant to Section 10325(c)(1)(B) shall obtain training in project operations, on-site certification, fair housing law, and manager certification in IRS Section 42 program requirements from CTCAC or a CTCAC-approved, nationally recognized entity. CTCAC may also require the incoming management company complete training provided by CTCAC staff.

To facilitate the CTCAC qualification review, staff has developed the attached checklist required to accompany all requests to CTCAC. The average processing time for management company changes for a single project is 2-3 weeks and are processed in the order received. Any requests received in the 4th quarter of the year (October through December) may have an increased processing time of 4-6 weeks. Requests for management company changes at multiple project sites may have an increased processing time. Requests to change from third party management to owner self-management may take up to 6-8 weeks following receipt of all documentation.

NOTE: Management company changes (including self-management) completed without prior approval may result in assessment of fines or negative points.

Please submit any questions, the formal request with attached checklist, and all required documents to CTCAC Program Analyst Julio Villanueva at julio.villanueva@treasurer.ca.gov with a CC: to Senior Compliance Program Managers Shannon Nardinelli shannon.nardinelli@treasurer.ca.gov and Elizabeth Gutierrez-Ramos elizabeth.gutierrez@treasurer.ca.gov.

Any request for changes of a management company for a project not placed in service shall be directed to CTCAC Development Program Manager Carmen Doonan at carmen.doonan@treasurer.ca.gov

MANAGEMENT COMPANY CHANGE REQUEST CTCAC CHECKLIST

Please check the boxes for the type of management change you are requesting. All requests received must come from the Owner, Limited Partnership, or General Partner.

Third Party Management Company Change Request

This checklist is to be used when an owner requests a change from the current third party management company to a different third party management company.

Please prepare and submit the following documentation:

- Signed Letter from current owner requesting a change from the current third party management company to a different third party management company. The letter shall include the (1) CTCAC project name and number, (2) the exiting and incoming management company, and (3) the expected date of management company change. For projects receiving competitive experience points, only requests where the incoming management company has equal or more experience than the current management company will be accepted
- Completed [Attachment 22 - Management Company Experience](#) for the incoming management company evidencing management experience including other affordable housing experience or management experience in other states
- Management Agreement between the owner and the incoming management company
- [Project Ownership Profile \(POP\)](#) identifying the new management company

Owner to Self-Manage Request

This checklist is to be used when an owner requests a change from the current third party management company to owner self-management the project.

Please prepare and submit the following documentation:

- Signed Letter from current owner requesting a change from the current third party management company to owner self-management. The letter shall include the (1) CTCAC project name and number, (2) the exiting management company and owner self-management entity, and (3) the expected date of the change

- Completed [Attachment 22 - Management Company Experience](#) for the owner self-management entity evidencing management experience including other affordable housing experience or management experience in other states
- Resume or Qualifications of the Director of Compliance who will oversee the project, the employment history for the previous 10 years, copies of any tax credit or fair housing professional designation certifications, and any business references
- Organizational Chart for the owner self-management entity
- [Project Ownership Profile \(POP\)](#) identifying the new owner self-management entity
- Copy of the Internal Compliance and Operations Manual for all tax credit projects that will be managed by the owner self-management entity
- Copy of the Fair Housing Manual for all tax credit projects that will be managed by the owner self-management entity
- Contract with third party consulting firms, such as Spectrum, Novogradac, Zeffert, or other nationally recognized Tax Credit consulting agency, to oversee the initial income certifications and re-certifications for the minimum of 2 years or through the next regularly scheduled CTCAC inspection
- Signed Statement from the owner acknowledging that adequate on-site management and maintenance personnel will be assigned to the project with a minimum of one permanent maintenance staff and one on-site manager per project. Please include any certifications in Section 42, Fair Housing, and operations the onsite staff may have
- Signed Statement from the owner acknowledging that a representative from the Owner, Director of Compliance, On-site Manager/Assistant Manager, and Lead Maintenance Personnel will attend a mandatory one-day Owner/Management Training session provided by CTCAC for a future date. Please include a list of the names of the noted personnel
- Signed Statement from the owner acknowledging that if significant noncompliance is found in either the file or physical audit at the next regularly scheduled CTCAC compliance inspection for the project, CTCAC reserves the right to revoke any approval to owner self-manage and require an experienced third party management company to assume management at the project