



HDFC First Draft Regulations

September 8, 2026
1:00 p.m. – 2:00 p.m.

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Format for Today

- This webinar is being recorded
- Cameras and audio are off for all participants
- Please submit questions anytime using Zoom's Q&A
- Time will be reserved at the end for Q&A
- Email unanswered webinar questions: HDFCRegComments@hdfc.ca.gov
- Webinar slides and the recording will be posted on the HDFC website

Today's Agenda

1. Public Participation Opportunities in Drafting HDFC Regulations
2. Overview of HDFC Regulations
3. Round 1 Funding Availability, Pathways, and Application/Award Timeline
4. HDFC Application Requirements, Evaluation & Selection Standards
5. Feedback Focus areas for the HDFC Regulations

Public Participation Opportunities in Drafting HDFC Regulations

Written Public Feedback and Comment Opportunities

August 31, 2026 - September 18, 2026

- 1st Draft Regulations Preliminary Public Feedback Period

October 26, 2026 - November 17, 2026

- 2nd Draft Regulations released
- Formal rulemaking 21-day Public Comment Period



Public Feedback

Submit feedback on the draft of the HD FC Regulations.

[Use the Public Feedback Form](#) share proposed wording or draft regulatory language, which will allow HD FC to swiftly track comments to a specific section of the Regulations.

Regulation Updates and Virtual Public Comments

Forums	Date	Description
Webinar (Live & Recorded)	September 8, 2026	1 st Draft Regulations Review/ Q&A Session
<u>HDFC Executive Committee (EC) Meeting</u>	October 13, 2026	1 st Draft Regulations Public feedback Updates
Webinar (Live & Recorded)	November 8, 2026	2 nd Draft Regulations Review/ Q&A Session
Public Hearing	November 9, 2026	Public Hearing on 2 nd Draft Regulations
<u>HDFC Executive Committee (EC) Meeting</u>	November 17, 2026	Presentation on Draft Regulations to-date
<u>HDFC Executive Committee (EC) Meeting</u>	December 18, 2026	Adoption of Final Regulations

All HDFC EC meetings will offer virtual attendance with public comment.

Overview of HDFC Regulations

HDFC's Mandate to Align Housing Funding



- California Housing and Homelessness Agency (CHHA) was established through the Governor's Reorganization Plan (GRP), which created a single cabinet-level agency dedicated exclusively to housing.
- The GRP was shaped by extensive stakeholder input, including the AB 519 Affordable Housing Finance Workgroup, which helped lay the groundwork for HDFC.
- **HDFC officially launched on July 1, 2026**

HDFC's mission is to make California's housing finance system simpler, faster, and more transparent.

First Draft Regulation Highlights

- HDFC will administer multifamily housing funding programs supporting both new construction and preservation, in coordination with California Debt Limit Allocation Committee (CDLAC)
- HDFC regulations will govern all HDFC-issued loans and grants starting with **Round 1 applications in Early 2027**
- 50% of the annual Qualified Residential Rental Project tax-exempt bond allocation is reserved for HDFC

Read [HDFC Executive Director Regulations Cover Memo \(PDF\)](#) for key highlights on the regulations

HDFC Regulations Table of Contents (TOC)

- **Chapter 1. General Provisions** – Confirms statutory authority and HDFC Bond Pool process, eligibility, threshold, application requirements and procedures, underwriting and feasibility standards, funding terms and conditions, awards standards and fees
- **Chapter 2. Core Multifamily Standards** – Establishes the new universal standards for all HDFC projects and a modernized application process
- **Chapter 3. Program-specific Supplements** – Program specific statutory requirements for MHP, MHP Supportive Housing, Serna (FWHG), TOD, AHSC- Housing Allocation, IIG, MIP, NHTF, HOME, PLHA-C, TOD, CDLAC and CTCAC
- **Chapter 4. Appendices** – Definitions, Statutory and Regulatory references, and Federal funding requirements

2027 Funding Availability, Pathways, and Application/Award Timeline

2027 Round 1 Projected Funding

Administered by HDFC*	Projected Round 1 Funding (in Millions)
Multifamily Housing Program (MHP)	\$239
Joe Serna, Jr. Farmworker Housing Grant Program (FWHG)	\$10
Infill Infrastructure Grant (IIG)	\$32
Mixed Income Program (MIP) – Subsidy Component	\$75
Affordable Housing Sustainable Communities (AHSC) - Housing Allocation	\$98
*HOME Investment Partnerships (HOME)	\$ 14
*Permanent Local Housing Allocation – Competitive (PLHA)	\$ 21
Transit-Oriented Development Implementation Program (TOD)	<i>Pending funding through VMT Mitigation bank</i>
Total	~\$ 489M**

* Programs that other state agencies may elect to administer under HDFC Regulations

Note: These figures represent current estimates of available funding. Amounts are subject to change and will be updated accordingly.

2027 Pathways for projects seeking Bonds and 4%

CDLAC/CTCAC Pathway: Projects that do not require HDFC funding are still able to apply directly to CDLAC/CTCAC for bonds and credits

HDFC Pathway: Projects that require HDFC funding or support

- Two paths too access HDFC bond pool

2027 Round 1 Application and Award Pathways

Pathway 1: Projects that do not require HDFC funding (Multifamily Pipeline)

These are projects with eligible HCD Awards needing Bonds and Tax credits to be fully funded. These Projects can apply to CTCAC/CDLAC as appropriate.

- Must have obtained all funding except for bonds and tax credits before January 1, 2027.
- To request an allocation from HDFC's 50% Pool: Applicant obtains HDFC letter of support and then Issuer applies directly to CDLAC and CTCAC.

Pathway 2: Projects that require HDFC funding (Inaugural Unified Application at HDFC)

- HDFC funds + HDFC 50% Pool/Tax Credits with Consolidated Application
- HDFC Regulations will be the governing framework for these projects

2027 Round 2 Application and Award Pathways

Unified Application

- Same as Pathway 2, Projects seeking HDFC-administered state subsidies and HDFC Bond Pool and Tax Credit allocations under a consolidated application
- Awards at beginning of the year to provide early indication of HDFC Bond Pool demand

2027- 2028 HDFC Application and Award Dates

Early 2027	• HDFC Round 1 Application Opens
Spring 2027	• HDFC Round 1 Application Closes
Summer 2027	• HDFC Round 1 Awards Published • HDFC Round 2 Application Opens
Fall 2027	• Round 1 Multifamily Pipeline Pathway to HDFC Bond Pool Closes • HDFC Round 2 Application Closes
Winter 2027-28	• Round 2 Awards Published

Application Requirements, Evaluation & Selection Standards

Application Evaluation & Selection Standards Article 3. Application Requirements § Section 32040

- HDFC's new application workbook builds off the CDLAC – CTCAC application, consolidating all program requirements into a single, coordinated application.
 - Applicants must identify all requested HDFC funding programs and corresponding amounts on the application workbook at the time of submission.
 - Applicants **can identify alternative HDFC funding programs** in the application
 - If the Sponsor's initial HDFC funding source is depleted, HDFC will use the **Sponsor's alternative funding source to award** the Project at the same amount requested in the application pursuant to Article 4.

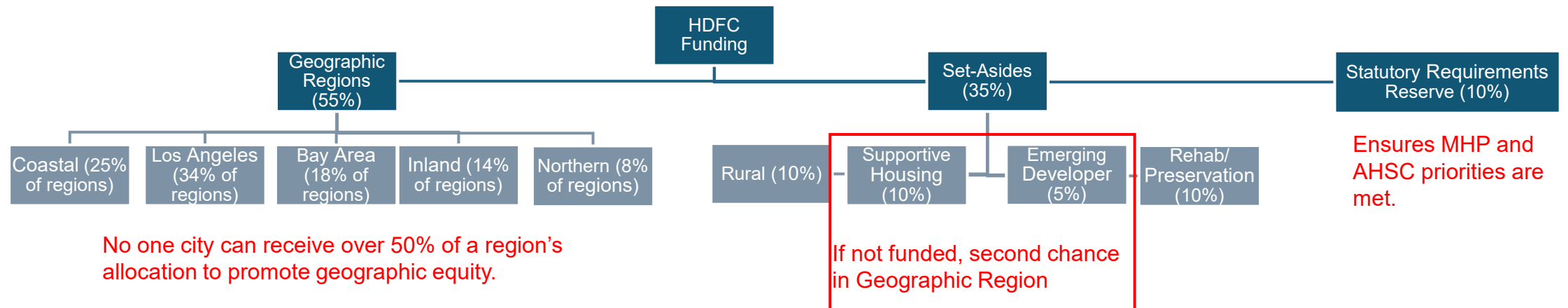
Scoring Criteria and Tiebreaker

- HDFC's scoring framework focuses on core criteria common across all project types and is modeled after the CDLAC scoring and tie-breaker system.
- The tiebreaker is based on the CDLAC model with some adjustments to account for additional resources in the denominator.
- The [HDFC Scoring and Tiebreaker Template \(XLS\)](#) is available on [HDFC Regulations](#) page.

Set-Aside and Ranking

Funding Award Order:

- HDFC Funding includes subsidy (state/federal loans/grants). Associated tax credit/bond requests will be awarded until no longer available.
- One award will be made in each region, then each set-aside, until funds are exhausted.
- The order of regions will be reversed for each round. The order of set-asides remains the same.
- Regions/set-asides will be exhausted before remaining funds are awarded with the Statutory Requirements Reserve.



§ 32042.(d) Geographic Regions: 55% of total resources

Goal: Replicable methodology.	Source: Cost-Burdened Lower-Income Renter Households	Adjusted for Regional Cost Differences
Regions will be published annually using HUD and Census/American Communities Survey data.	Allocations based on each region's share of these households, excluding predominantly rural counties not listed.	To account for regional housing cost differences, each region's percentage was adjusted by its fair market rent versus the state average

Region	Counties	HDFC Proposed %	CDLAC %	Delta
Coastal	Monterey, Napa, Orange, San Benito, San Diego, San Luis Obispo, Santa Barbara, Sonoma, and Ventura Counties	25.4%	21%	+4.4%
Los Angeles	Los Angeles County Note: CDLAC LA City/County regions proposed to be combined	34.3%	33%	+1.3%
Bay Area	Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Santa Cruz Counties	17.8%	21%	-3.2%
Inland	Fresno, Imperial, Kern, Kings, Madera, Merced, Riverside, San Bernardino, Stanislaus, and Tulare Counties	14.1%	16%	-1.9%
Northern	Butte, El Dorado, Placer, Sacramento, San Joaquin, Shasta, Solano, Sutter, Yuba, and Yolo Counties	8.4%	9%	-0.6%

§ 32040. Scoring Criteria Categories

Affordability (45 points)

General Affordable Housing	Rural Housing	Supportive and Special Needs Housing
Avg AMI 60%, at least 10% of units at 30% AMI	Avg AMI 60%, at least 10% of units at 40% AMI	Avg AMI 60%, at least 25% of units at 30% AMI

Housing Types (35 points)

Family	Seniors	Tribal	Rehab/Preservation	Special Needs	Supportive Housing	High Density Housing	Agricultural Workers
25% 3 bedroom and 25% 2 bedrooms	100% 62+ or 80% 55+	Tribal land or applicants	At-risk of conversion down to any rehab/preservation	25% of units for disabled or homeless	40% of units for homeless	High density	25% of units

Climate and Location (20 points)

Amenities (15 points)	Multiple pathways to receive full points in combination with Amenities (5 points)
Full points for projects on Tribal Land or in High/Highest Resource Locations (only eligible for up to 15 points only for projects requesting AHSC/TOD)	
- Proximity to transit - Medical - Grocery - Schools - Community facilities	- AHSC projects menu (Low VMT Area, Infill, Transit Accessible, plus others) - Federal Disaster Recovery Area - ProHousing - State Excess Sites - Local Surplus Land - compliance - Rural Disadvantaged Communities

§ 32040.(c)(E) Scoring Criteria Categories

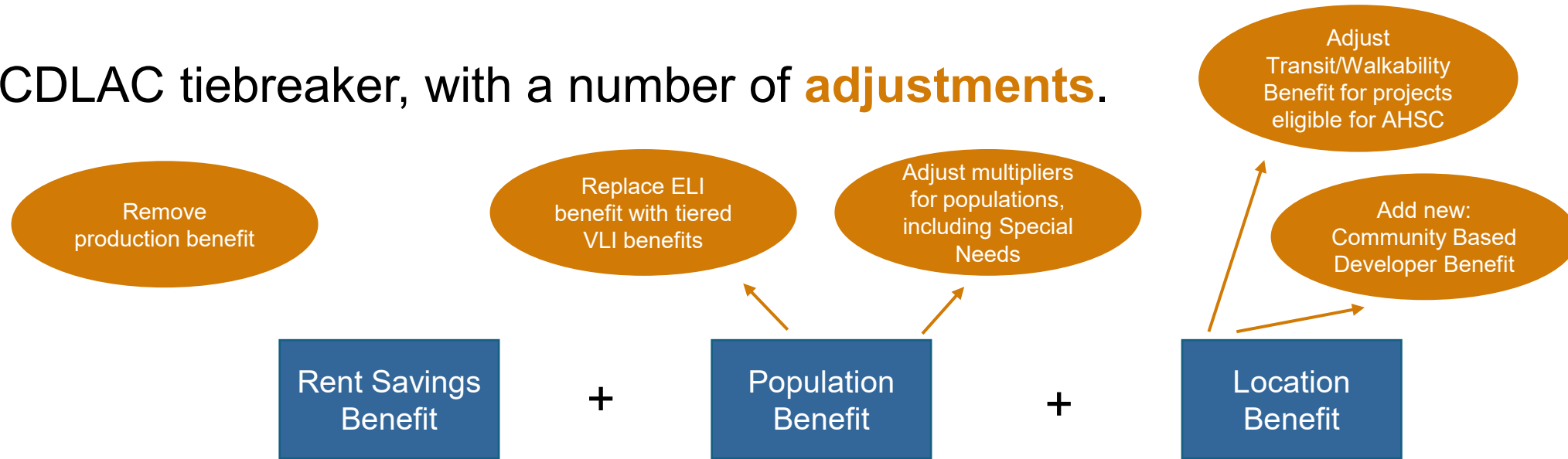
All AHSC projects are required to get 5 points (max) from the following:

Criteria	Specific Metric	Points
ProHousing	Projects located in a jurisdiction that has adopted a housing element that has been found by HCD to be in substantial compliance and is designated ProHousing	1
Proximity to climate related public investments	Within 1 mile of previously funded GGRF (AHSC, TCC, TIRCP, or ATP) projects	1
Disadvantaged Community	Project located in a disadvantaged community	1
Parking Limits	Affordable Housing Developments that provide one parking space or less for every two units	1
Walkability	Up to 2 points will be given for the Location Efficiency of the Project site as determined by the US EPA Walkability Index using the address of the Project site. Click here for the methodology for the Walkability Index [epa.gov] . 2 points: Most Walkable (Dark Green; 15.25-20) 1 point: Above Average Walkable (Light Green; 10.51-15.25)	1-2
Bicycle Parking	Provide at least one Secure Overnight Bicycle Parking space for every two residential units	1
Transit Passes	Provide free or discounted transit passes to all residents for not less than three (3) years	1

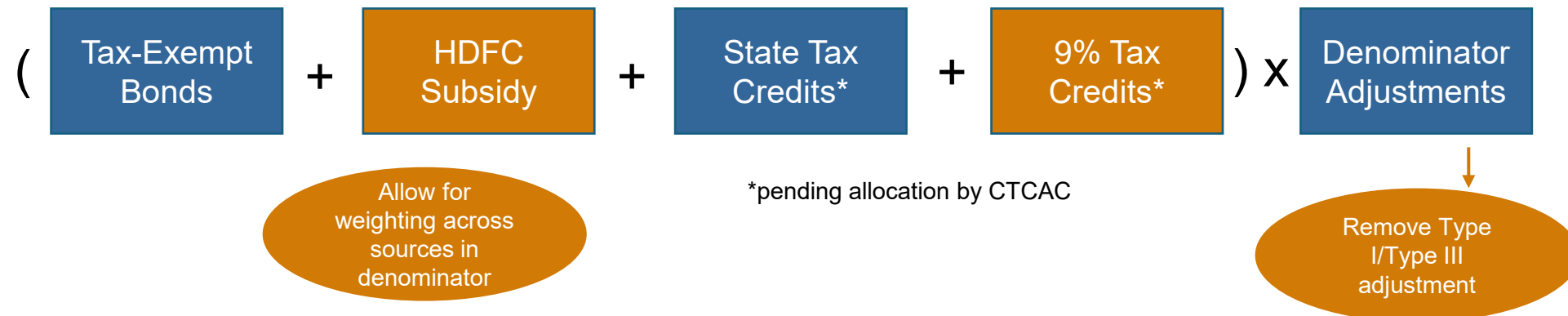
§ 32041. Tie-Breakers

- Builds off CDLAC tiebreaker, with a number of **adjustments**.

Public Benefit:



Cost-Adjusted Allocation:



Feedback Focus areas for the HDFC Regulations

Significant Changes in the First-Round Draft Regulations



Simplified award-to-closing process minimizing the impact of the Standard Agreement

Chapter 2, Article 8, Award Commitment Letter, Section 32083



Funding in construction with HDFC disbursement at construction loan close and completion

Chapter 2, Article 9, Loan and Grant Disbursement Procedures, Section 32090



Restricted units across HDFC projects as a whole, rather than by individual fund source

Chapter 2, Article 1, Affordability, Rent and Income Limit Standards, Section 32013 (a)(1)

Funding Award Limits

- HDFC funding (excluding tax-exempt PABs and federal LIHTCs) is capped at 75% of total development costs.
- \$50 million per-project award limit.
- Except where federal requirements set maximum per-unit funding limits, HDFC will not impose per-unit loan caps based on the funding source.
- The total maximum HDFC funding per one-bedroom unit, including state tax credits and all federal and state loans and grants, is capped at \$350,000, adjusted for the number of bedrooms.

Feedback Focus areas for the HDFC Regulations

1. Measuring sponsor financial capacity {Chapter 2, Article 2, Section 32020}

- Are the metrics as outlined in the draft regulations the right ones?
- Are the proposed metrics likely to create an undue burden within the application process?

2. Project Readiness Deadlines {Chapter 2, Article 2, Section 32022}

- Is a nine-month readiness deadline achievable for 9% LIHTC projects? If not, what would be a feasible alternative?

3. Updated loan limits reflect total funding per project rather than program-specific funding {Chapter 2, Article 7, Section 32070}

- Any concerns over these limits?

Feedback Focus areas for the HDFC Regulations

4. Monitoring fee {Chapter 2, Article 7, Section 32073 (b)}

- HDFC expects to announce a final fee amounts prior to award of projects in July 2027
- What feasibility inputs would be most helpful for HDFC as it designs a new monitoring fee structure?

5. Negative points {Chapter 2, Article 9, Section 32098}

- How can HDFC appropriately balance the need for an enforcement mechanism with the inherent volatility of today's housing market?

6. Restricted units across HDFC projects as a whole, rather than by individual fund source {Chapter 2, Article 1, Affordability, Rent and Income Limit Standards, Section 32013 (a)(1)}

- Are there exceptions that HDFC should consider where the restricted units are proportional to the funding provided?
- How can HDFC's Regulatory Agreements better address the needs of applicants, lenders, and investors

Feedback Focus areas for the HDFC Regulations

7. Tribal Flexibility {Chapter 2, Article 1, Section 32010 (a)}

- HDFC may waive or modify program requirements for Projects proposed by Tribal Entities. What specific flexibilities would be helpful?

8. AHSC Greenhouse Gas Reduction Quantification Methodology {Chapter 3, Section 33004 (a)}

- Review and [comment on the Affordable Housing Quantification Methodology and Benefits Calculator Tool \(QM Tool\) on The California Air Resources Board \(CARB\) website](#)

9. Permanent Supportive Housing {Chapter 3, Section 33000, 33001}

- Does the HDFC system account for the current constraints on operating subsidies by providing MHP COSR?

Feedback Focus areas for the HDFC Regulations

10. Predictability {Chapter 2, Article 8}

- Does the scoring system provide pathways for different project types?
- What additional testing should HDFC conduct on tiebreaker to provide clarity of outcomes?
- Is the application and appeals process clear?

One Door Application Portal

- One Door is HDFC's platform to receive, review, and track applications through a single process integrated with HCD Connect.
- Organizational documents retained in the application portal to minimize resubmissions.
- **October 2026:** Sponsor registration, user guides, and webinars will be released concurrently
- **Early 2027:** Application Portal intake opens for Round 1 applications
- **Through Spring 2027:** Round 1 Applications Accepted

Resources

- Subscribe and sign up for HDFC news and notifications
- Submit public feedback for 1st Draft Regulations by **September 18, 2026** using the Public Feedback Form
- All resources referenced are available on the HDFC Regulations page
- Email unanswered webinar questions: HDFCRegComments@hdfc.ca.gov

Q & A Session

Thank you.

