HDFC
Housing Development and
Finance Committee

Agenda #7

Update On The Status Of The First Draft Of Housing Development And Finance Committee (HDFC) Program Regulations

August 12, 2026

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HDFC's Mission

To alleviate California’s affordable housing crisis, HDFC creates affordable homes by making California’s housing finance system simpler, faster, and more transparent.

Purpose & Highlights of HDFC Regulations

The primary purpose of the regulations is to advance the mission of HDFC

Reduce fragmentation of the affordable housing finance system by consolidating and aligning programs which will cut time and costs.

Maintain statutory compliance across all programs.

HDFC's Mandate to Align Housing Funding

The Governor's Reorganization Plan (2025) and Budget Trailer Bill AB 179 (2026) **authorize HDFC to create a one-stop shop** for state multifamily affordable housing financing by aligning several multifamily housing programs.

The Trailer Bill reserves 50% of the annual Tax-Exempt Private Activity Bonds and 4% Tax Credits for HDFC financed projects to award through its one-stop shop.

HDFC will now develop a **common set of regulations** through a public process, which will then be approved by HDFC Executive Committee in a public meeting.

Consolidating Universal Program Requirements at HDFC

One-Stop Program

- Single application
- Coordinated review
- Awards issued at the same time

Core Standards for All Programs

Basic requirements that apply across HDFC’s multifamily housing programs.

Program-Specific Supplements

Additional rules that remain unique to each HDFC funding source.

Draft Framework for HDFC Regulations

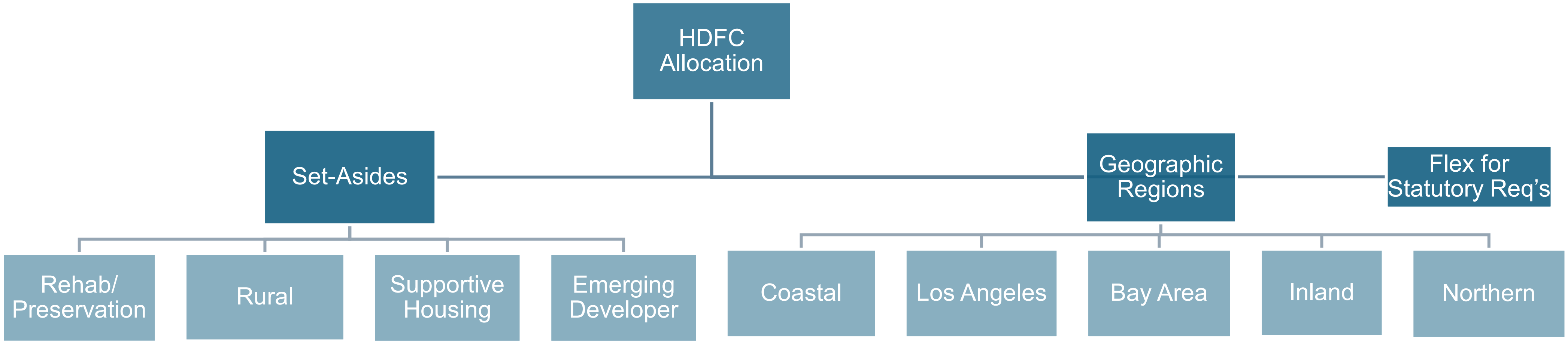
Universal Threshold Requirements

- Includes program-specific eligibility/threshold requirements
- Threshold evaluation requirements are minimal and include:
    - Sponsor Experience and Capacity
    - Site Control
    - Readiness to Proceed
- Program-specific requirements are robust:
    - Statutory requirements for funding program requested
    - E.g. density limits required by Infill Infrastructure Grant (IIG)

Draft Framework for HDFC Regulations

Universal Scoring Concept

- Allocation is spread across **set-aside targets** and **geographic regions**
- Project types have **multiple pathways to earn maximum points**.
- Scoring categories include affordability, housing types, and climate and location priorities



Draft Framework for HDFC Regulations

Tiebreaker

- Tiebreaker modeled after CDLAC's tiebreaker to assess total State investment relative to public benefits.
- Applications ranked by the highest public benefit per dollar of cost-adjusted requests of State funding.
- **Public Benefit** = production, rent savings, population, and fair housing/location benefits

$$\frac{\text{Public Benefit: } \quad \text{Production Benefit} + \text{Rent Savings Benefit} + \text{Population Benefit} + \text{Location Benefit}}{\text{Cost-Adjusted Allocation: } \quad (\text{Tax-Exempt Bonds} + \text{HDFC Subsidy} + \text{State Tax Credits*} + \text{9\% Tax Credits*}) \times \text{Denominator Adjustments}}$$

HDFC Program Alignment with State Priorities

Affirmatively Further Fair Housing (AFFH)

- Scoring and tie-breaker prioritize projects expanding access to amenities, resources, and location-based benefits.

Climate-Friendly, VMT-Reducing and Transit-Oriented Locations

- Points prioritize Greenhouse Gas (GHG) reduction, Low- Vehicle Miles Traveled (VMT) locations, and alignment with Greenhouse Gas Reduction Fund (GGRF) climate investments.

Housing Types and Affordability Alignment

- Scoring criteria incentivize affordability and housing types that address the needs of low-income and targeted populations.

Aligning Statutory Policies

- Program requirements confirm eligibility of specific elements required by statute rather than scoring or tiebreaker

How the Regulations Advance HDFC’s Mission *(Simpler)*

*HDFC creates affordable homes by making California’s housing finance system **simpler**, faster, and more efficient.*

1. **Universal Scoring**

   Consolidates and simplifies the application and award process and eliminates friction or misalignment across multiple programs.

2. **Updated Requirements**

   Replaces the Uniform Multifamily Regulations (UMR) for HDFC projects and aligns with State Treasurer’s Office programs.

3. **Modernized Loan Limits**

   Allows for larger awards to achieve full financing while prioritizing subsidy efficiency.

How the Regulations Advance HDFC's Mission *(Faster)*

HDFC creates affordable homes by making California's housing finance system **simpler**, ***faster***, *and more efficient.*

1. **One-Stop Process**
   Ends the need for multiple, back-to-back funding applications and mismatched deadlines.
2. **Aligned Tax Credits and Bonds**
   Brings key funding tools into one coordinated process, reducing extra applications and uncertainty for developers.
3. **Readiness Requirements**
   Sets a clear timeline from award to construction start, helping projects break ground sooner and increasing overall production speed.

How the Regulations Advance HDFC’s Mission *(More Transparent)*

HDFC creates affordable homes by making California’s housing finance system simpler, *faster, and* ***more efficient***.

The HDFC regulations will be the key driver of HDFC’s work and the plan is for two rounds of public comment plus a public hearing.

The first public comment period will be in September and the second in November with the public hearing also in November.

This very transparent process is designed to give HDFC time to consider public input before the final regulations are published in January.

First Draft Regulations Development Process

- ✓ **Engaged stakeholders through AB 519 workgroups** to understand challenges and identify solutions in current funding programs.
- ✓ **Deeply coordinated** data sharing and policy analysis across HCD, CalHFA, HDFC, and the State Treasurer’s Office.

Ongoing work prior to First Draft Release

- **Confirming** legal compliance with statute and State Treasurer's Office programs.
- **Testing** and **adjusting** project evaluation framework and process.

HDFC Regulations Timeline

Executive Committee Meeting – **August 12, 2026**

First Round Draft of Regulations Published for Public Comment – **August 31, 2026**

Second Round Draft of Regulations Published for Public Comment – **To Be Determined**

Public Hearing On Regulations – **To Be Determined**

EC Approves and Regulations Are Published – **December 2026**

HDFC Round 1 Funding Timeline

November 2026	Application Portal Opens for Registration
January 2027	Application Portal and Application Workbook Published
April 2027	Applications Due
August 2027	Awards

HDFC

Housing Development and Finance Committee

Questions?