



Disencumbrance Extension Update

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Project Sponsors –

Thank you all for submitting your response to the Disencumbrance Policy Extension Follow-up Survey. All survey responses have been reviewed and we are pleased to report that 43% of projects that were provided extensions in July 2024 were successful in securing all funds necessary to begin construction. Of the projects with remaining gaps as of the survey response date, 100% of sponsors were able to document at least pro-active action taken to secure necessary resources during the last 6 months.

HCD does not take the disencumbrance of funding lightly and fully recognizes the time and financial resources at stake in each project's development potential. **With this in mind, HCD will be offering a short-term extension to all projects that submitted a survey response. This email serves as official notification of that extension.**

Unlike the prior extension which was for a fixed 6-month period, this second extension is based on the individual survey response provided, specifically the extension will be tailored and timed to the most feasible path forward for the project as provided in the survey. For example, if a project sponsor indicated they would be submitting a Homekey+ application for gap financing, the extension is tied to the application and successful receipt of Homekey+ funding. HCD will monitor for both the submittal of the application and the status of the application through the review and award processes. If no application is submitted or if the submitted application is unsuccessful in securing funding, the project will be immediately disencumbered. The same will hold true for whatever path the sponsor outlined in the survey response, e.g. 9%, 4%, HCD funding, local funding, etc.

Your SPOC, cc'd above, will be reaching out to you directly in the next week to confirm the timeline for the next application and funding announcement needed for your project. Specifically, they will need the following information from you:

- If you have a pending application with a funder, the anticipated date of that award announcement (or if already announced, whether or not you were able to successfully secure funding)
- OR
- The funding source you will pursue to fill your gap, the application due date and the anticipated award date. If you have a 2-step process to fill a gap (e.g. HOME funding followed by a 9% tax credit application), you must outline all steps necessary to fully fill the gap.

If at any point during the outlined path, you either 1) do not submit an application for the specified funding sources, or 2) are unsuccessful in securing funding through that funding round, HCD will immediately disencumber funds. Your HCD SPOC will be reaching out to you to determine status of any applications and awards and we request a timely response to any and all SPOC inquiries.

If you have any questions, please contact your SPOC directly.

Thank you and Happy New Year!



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