

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannon Street, Suite 400, Sacramento, CA 95811

(916) 263-2911 / FAX (916) 263-7453

www.hcd.ca.gov

November 26, 2025

Joleen Kahn
Corona Community Towers
910 South Belle Avenue
Corona, CA 92882

Dear Joleen Kahn:

RE: Corona Community Towers – Notice of Potential Violation

The California Department of Housing and Community Development (HCD) is responsible for implementing the Affordable Housing Preservation Law (AHPL).¹ This letter follows the ongoing communications between HCD and Joleen Kahn (Owner) regarding the Corona Community Towers (Property), located at 910 South Belle Avenue in the City of Corona. HCD understand that all 35 units of the Property are subsidized through a U.S. Department of Housing and Urban Development (HUD) Section 8 Mark-Up-To-Market Housing Assistance Payments (HAP) contract.

The purpose of this letter is to provide written notice to the Owner that failure to annually certify compliance with AHPL and failure to provide the required notices prior to termination of the HAP Contract will result in the violation of AHPL under Government Code sections 65863.10² and 65863.11.³

¹ Gov. Code, §§ 65863.10, 65863.11, and 65863.13

² Available at

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65863.10.&lawCode=GOV.

³ Available at

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65863.11.&lawCode=GOV.

Affordable Housing Preservation Law

HCD is responsible for implementing AHPL, found in Government Code sections 65863.10, 65863.11, and 65863.13, and has released templates for the notices required by Government Code sections 65863.10 and 65863.11, located on HCD's website.⁴

HCD acknowledges the Owner's stated intent to renew the Mark-Up-to-Market HAP contract for the Property, resulting in the maintenance of current rents. Please provide HCD with a copy of the new HAP contract to confirm the status of the Property and avoid enforcement. However, if the contract is not renewed, the affordability requirements of the current contract will not end until the requirements of Government Code sections 65863.10, 65863.11, and 65863.13 are fulfilled. These requirements include but are not limited to the following:

- Issuance of a Three-Year Notice to Affected Public Entities and Affected Tenants.⁵ The affordability restrictions will not expire until three years from the issuance of this notice.
- Issuance of a Twelve-Month Notice to Affected Public Entities and Affected Tenants.⁶ This notice must be issued at the appropriate time after the Three-Year has been properly issued.
- Issuance of a Notice of Opportunity to Submit an Offer to Purchase (NOSOP) prior to or concurrent with the Twelve-Month Notice.⁷
- Issuance of a Six-Month Notice to Affected Public Entities and Affected Tenants.⁸ This notice must be issued at the appropriate time after the Three-Year Notice, Twelve-Month Notice, and NOSOP have been properly issued.

Please be aware that in certain circumstances, the owner of a government-assisted housing development is required to record, under penalty of perjury and prior to the close of escrow, a certification that they complied with all AHPL provisions.⁹ HCD is charged with the duty to monitor compliance with these sections and refer violations to the California Office of the Attorney General for appropriate enforcement action.

Background

Due to the HAP contract's upcoming expiration date in 2027, on February 21, 2025, HCD issued a Letter of Inquiry to understand the Property's affordability status and to remind the Owner of their responsibilities under AHPL. Following this initial outreach,

⁴ Notice templates available at <https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing>.

⁵ Gov. Code, § 65863.10, subd. (e)(2).

⁶ Gov. Code, § 65863.10, subd. (b).

⁷ Gov. Code, § 65863.11.

⁸ Gov. Code, § 65863.10, subd. (c)(1).

⁹ Gov. Code, § 65863.11, subd. (m).

HCD has been in communication with the Owner and issued a Letter of Technical Assistance on September 24, 2025 regarding the applicability of AHPL to the Property.

After reviewing the HAP contract, which will expire on July 31, 2027, and relevant statutes, HCD determines the Property is subject to AHPL. In the event that the HAP contract is not renewed, notices will need to be issued as outlined in Government Code sections 65863.10 and 65863.11. Additionally, independent of the HAP contract renewal status, the Owner must register the Property and annually certify compliance with AHPL¹⁰ via the Affordable Housing Preservation Portal found on HCD's website.¹¹

HCD notes the following:

1. The Property meets the definition of an "assisted housing development," as defined in Government Code section 65863.10, subdivision (a)(3)(A). Specifically, Government Code section 65863.10, subdivision (a)(3)(A) discusses the Section 8 programs, which is a source of subsidy funding for the Property, that are subject to AHPL. Government Code section 65863.10, subdivision (a)(3)(A) states, "New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or **any other program providing project-based assistance**, under Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. Sec. 1437f)" (emphasis added) is considered a form of government assistance under AHPL.
2. On page two of the signed HAP contract provided to HCD, under the "Parties" section, it states, "This contract ("Renewal Contract") is a **housing assistance payments** contract ("HAP contract") between the contract administrator and the owner of the housing." (Emphasis added.) Additionally, on page three of the HAP contract, under the "Purpose of Renewal Contract," it states that the "contract administrator will make **housing assistance payments to the owner** in accordance with the provision of the Renewal Contract. Such payments shall only be made for contract units occupied by eligible families." (Emphasis added.) The language in this contract confirms the receipt of direct governmental assistance, specifically a financial subsidy.
3. As the Owner of an assisted housing development, as defined, the issuance of a Notice of Opportunity to Submit and Offer to Purchase (NOSOP) is a mandatory requirement if the Owner chooses not to renew, or to terminate the HAP contract, prepay the mortgage, sell or otherwise dispose of the Property.¹²

¹⁰ Gov. Code, § 65863.11, subd. (n)(3)(B).

¹¹ Information on Annual Owner Compliance Certification available at

<https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing/annual-owner-compliance-certification>.

¹² Gov. Code, § 65863.11, subd. (g).

Findings

HCD finds the following potential violations of AHPL:

- The Owner has not registered the Property and annually certified compliance with AHPL via the Affordable Housing Preservation Portal in compliance with the requirements of Government Code section 65863.11, subdivision (n)(3)(B).
- If the Owner terminates the HAP Contract without providing the notices required under AHPL, such action shall constitute a violation of AHPL.

Conclusion and Next Steps

For additional information on requirements pertaining to these notices, please see HCD's Guide to Affordable Housing Preservation Laws.¹³ HCD is also available to provide technical assistance.

Failure to comply with AHPL may be grounds for enforcement action by the state. HCD requests a written response to this notice by December 26, 2025, indicating a proposed timeline for submitting an Annual Owner Compliance Certification for the Property through the Affordable Housing Preservation Portal and describing how the Owner plans to implement the guidance in this letter. If you have questions or need additional information, please email J. April Martinez at jennifer.martinez@hcd.ca.gov.

Sincerely,



Laura Nunn
Housing Accountability Unit Chief

¹³ Guide to Affordable Housing Preservation Laws, available at <https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing>.