



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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EXECUTIVE DIRECTOR
Jeree Glasser-Hedrick

To: All Interested Parties

From: Jeree Glasser-Hedrick, CDLAC Executive Director

Date: September 23, 2016

RE: Notice of Public Comment Period and Public Comment Hearing

CDLAC Proposed Regulations

Issuer Accountability, High-Cost Projects, Tranche B Financing, HUD Coordination

Among other proposed changes, the proposed regulations address the following issues:

1. Create per unit limits on CDLAC allocation based on number of bedrooms to create a ceiling for total per unit project costs.
 - Studio and SRO: \$382,500
 - One-bedroom: \$400,000
 - Two-bedroom: \$427,500
 - Three-bedroom: \$472,500
 - Four or more bedroom: \$497,500

Issuer Accountability

2. Require all active Issuers to have issuance and compliance procedures in place by January of 2018.
3. Require all non-active Issuers to establish policies and procedures before applying to receive bond allocation from CDLAC.
4. Allow a non-active Issuer that has a 2017 project the ability to request a one year waiver from the requirement.
5. Specify a standard that project sponsors must use to verify income in QRRP projects.

6. Require QRRP Issuers to audit 20% of files associated with initial lease-up and 20% of the files every three years thereafter.
7. Require Issuers of projects that receive no tax credit reservation to conduct on-site inspections and file audits if they can demonstrate capacity and, if not, contract with a third party compliance vendor approved by the CDLAC Executive Director.
8. Clarify the expectations of information a Project Sponsor is submitting to the Issuer on an ongoing basis by creating updated Certification of Compliance forms for all program pools.
9. Require that CDLAC be identified to receive notices of default, foreclosure, regulatory termination, and bond redemption in the bond documents.
10. Require that QRRP regulatory agreements be drafted in a manner consistent with the CDLAC resolution and that the CDLAC resolution be made an attachment to the bond regulatory agreement.

Tranche B Financing

11. Clarify the definitions of Serviceable (amortizing loan that meets CDLAC's debt service coverage ratio) and Non-Serviceable bond debt (repayment based on cash flow availability).
12. Require that Non-Serviceable bond debt have minimum denominations of \$100,000 or be represented with a traveling investment representation letter.
13. Clarify, for QRRP projects, that a regulatory agreement and CDLAC Resolution affordability term shall terminate only in the event of foreclosure and redemption of Serviceable Permanent Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement,
14. If the amount of Non-Serviceable bond debt exceeds 5% of the total project cost, all units identified in the CDLAC resolution including both the Federally Bond-Restricted units and the Other Restricted Units will be incorporated into the Bond Regulatory Agreement. Assumptions will include AMI as outlined in the CDLAC resolution, tenants pay no more than 30% of their income, and assume 1.5 persons occupy each unit.

Section 8 Projects

15. Require projects that are requesting an assignment and assumption of an existing Housing Assistance Payment contract from the Multifamily Department of the U.S. Department of Housing and Urban Development (HUD) to obtain a letter from HUD acknowledging their receipt of the Project Sponsor's application and commitment to process the request within the CDLAC timeline.

Notice of Public Comment Period

Staff of the California Debt Limit Allocation Committee (CDLAC) is now accepting public comment on the following proposed CDLAC Regulations. The public comment period begins Monday, September 26, 2016. The proposed regulations are attached. Public comment should be submitted to CDLAC staff no later than Wednesday, October 26, 2016 via email (cdlac@treasurer.ca.gov), fax (916-653-6827), or by writing to:

The California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
ATTN: Ruben Barcelo

Notice of Public Hearing

In conjunction with the California Tax Credit Allocation Committee (TCAC), CDLAC staff will conduct public hearings to explain, answer questions, and solicit comments regarding the proposals at the following times and locations:

Tuesday October 4, 2016
Oakland, 12:30 pm
Elihu M. Harris Building
1515 Clay Street, Auditorium
Oakland, CA 94612

Wednesday, October 5, 2016
San Diego, 12:30 pm
San Diego Housing Commission
1122 Broadway, Conference Room 426
San Diego, CA 92101

Thursday, October 6, 2016
Los Angeles, 9:30 am
Ronald Reagan State Building
300 South Spring Street, Auditorium
Los Angeles, CA 90013

Friday, October 7, 2016
Sacramento, at 9:30 am
EDD 722 Capitol Mall, Auditorium
Sacramento CA 95814

FOR ADDITIONAL INFORMATION:

Ruben Barcelo, Regulations Analyst
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-8183

This Notice is also available on our website: <http://www.treasurer.ca.gov/cdlac>

The California Debt Limit Allocation Committee complies with the Americans With Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the California Debt Limit Allocation Committee in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact the California Debt Limit Allocation Committee no later than five calendar days before the hearing at (916) 653-3255 or TDD (916) 654-9922.