

# **2018 LOW-INCOME HOUSING TAX CREDIT (LIHTC) APPLICATION WORKSHOPS**

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# Discussion Topics

1

- Regulation Changes

2

- 9% Application, Attachments, Checklist

3

- CDLAC Update / Q & A



# **Highlights of Adopted Regulation Changes**

# Fall 2016 Regulation Changes Taking Effect in 2018

- Discontinue the 25% increase for rental assistance but give credit for the calculated value of Tranche B loan proceeds even if the project cannot support a Tranche B loan.
- The Tranche B rent differential is established by subtracting tax credit rental income at 40% AMI levels (30% AMI for Special Needs projects or for Special Needs units within a mixed-population project) from the anticipated contract rent.


# Fall 2016 Regulation Changes Taking Effect in 2018

- The rent differential for projects with public operating subsidies is equal to the annual subsidy amount in year 1, provided the subsidy will be of a similar amount in succeeding years, or the aggregate subsidy amount of the contract divided by the number of years in the contract if the contract does not specify an annual subsidy amount.

# Fall 2016 Regulation Changes Taking Effect in 2018

- Exclude from tiebreaker credit seller carryback loans or seller loans up to the amount of the sale proceeds, except for a public land loan to a new construction project.





# **Highlights of Fall 2017**

## **Regulation Changes**

# New Northern California Region

- Remove Butte and Shasta Counties from the Capital and Northern Region.
- Remove Marin, Napa, Solano, and Sonoma from the North and East Bay Region.
- Group these six counties into a new Northern California region.



# Improving Choice and Opportunity

- 8 site amenity points for a new construction large family project, except for an inclusionary project, located in a census tract designated as Highest or High Resource.
- Except in SF, 10% increase to the project's threshold basis limit for any development located in a census tract designated as Highest or High Resource.

# Improving Choice and Opportunity

- An inclusionary project is a project in which any of the Low-Income Units satisfy the obligations of an inclusionary housing ordinance, unless the obligations derive solely from the Low-Income Units themselves or unless the project includes at least 40 Low-Income Units that are not counted towards the obligations of the inclusionary housing ordinance
- For 2018, projects must meet the designations on the current maps. In future years, projects may use the designations from the year of application or the year site control is established back to 2018, provided site control is not more than 7 years old.

# Improving Choice and Opportunity

- Beginning in 2019, new construction large family projects, except inclusionary and Native American Apportionment projects, located in High or Highest Resource Areas receive an add-on (not relative) tiebreaker bonus:
  - 20 percentage points for non-rural Highest Resource
  - 10 percentage points for non-rural High Resource
  - 10 percentage points for rural Highest Resource
  - 5 percentage points for rural High Resource

# Improving Choice and Opportunity

- Beginning in 2019, TCAC will employ a 30% housing type goal for large family new construction projects located in High and Highest Resource Area.
- Applies both generally and within the Rural Set-Aside.

# Hybrid Tiebreaker Benefit

- Qualified “hybrid” developments receive the following benefits:
  - Tax credit units from the 4% project are included in the 9% project’s size factor.
  - The 9% project’s first tiebreaker ratio shall utilize the combined amount of leveraged soft resources defraying residential costs and the combined total residential project development costs from both the 9% and 4% applications.
  - The second tiebreaker ratio shall also utilize the combined total residential project development costs from both the 9% and 4% application.

# Hybrid Tiebreaker Benefit

- To be qualified for tiebreaker credit:
  - The owner must have submitted the 4% application to CDLAC and the components must be “simultaneous phases.”
  - The 4% project must be eligible for maximum points in the 9% housing type, service amenity, sustainability, and lowest income points categories, except that the income targeting can be met across both the 4% and 9% projects.
  - Any amount of the combined 4% and 9% developer fees in cost that are in excess of the specified limit must be deferred or contributed as equity to the projects.



# Special Needs Projects

- Reduce the minimum threshold for special needs units in special needs projects from 50% to 45%.
  - Note that homeless assistance projects and projects seeking the 130% basis boost and state credits still have a 50% minimum threshold.
- Fold the SRO housing type into the Special Needs housing type and set the combined housing type goal at 30%.

# Point Categories

- Eliminate the leveraging point category.
- Revise the lowest-income point table.
- Readiness now a 10-point category because land use approvals are a threshold requirement.

# 4% Plus State Credit Projects

- High cost test ratio (total eligible basis/threshold basis limit) must be less than 130%.
- Developer fees above deferral threshold are excluded.
- Increases to threshold basis limit for deeper targeting are excluded.

# 4% Projects

- Increase from \$20,000 per unit to \$25,000 per unit the threshold at which a 4% applicant may receive a developer fee equal to 15% of the acquisition basis.
- The developer fee in cost and in basis for a 2016 or later reservation may increase or decrease in the event of modification on basis, provided that an increase in the developer fee in cost shall only be allowed if the sum total of all permanent funding sources from related parties included in the initial application is maintained at placed in service and the entire increase is additionally deferred or contributed as equity to the project.
- Eliminate the re-application process.

# CA Utility Allowance Calculator

- Expand use of the CUAC to:
  1. Rehabilitation applicants whose projects improve energy efficiency by at least 20% or install solar generation that offsets 50% of tenant loads.
  2. Existing projects with new photovoltaics installed through a municipal utility or joint powers authority solar program, which offset tenant loads.

# CA Utility Allowance Calculator

- Allow existing buildings to use EPBB calculator to establish solar values.
- Except for existing tax credit projects with active MASH program reservations dated prior to March 1, 2018, any decrease in tenant's utility allowance that results from conversion to the CUAC shall not exceed \$15 per month over any 12-month period.



# Other

- Require resyndication projects to demonstrate a rehabilitation need of at least \$5000 per unit over the first three years, unless the project receives a waiver from the transfer event requirements or has less than 10 years remaining on a TCAC regulatory agreement.
- Allow a credit year exchange in the event that a development is significantly delayed due to damage directly caused by fire, war, or act of God.

# Other

- Allow units in a special needs project designated at reservation for homeless youth to be occupied entirely by full-time students who are not dependents of another individual during the extended use period.
- Impose a \$1000 fee for tax form amendments not due to TCAC error.

# State Farmworker Credit

- AB 571 makes the State Farmworker Credit more attractive by making the following changes:
  - Only 50% of units must be reserved for farmworker households.
  - Projects may received 130% federal basis boost and state credits.
  - The state credit percentage for bond projects is 75%.



**OVERVIEW OF 9%  
APPLICATION,  
ATTACHMENTS, AND  
CHECKLIST**

# Application **Deadlines**

First Round

Wednesday, February 28

Second Round

Monday, July 2



# Submission Requirements

## Electronic Submission ONLY

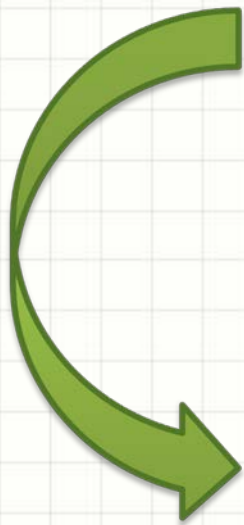
- Submit **2** Copies
- Flash drive/CD/DVD

## Double Check

- Correct project?
- All folders/files saved?
- Files in correct format?



# Organizing Folders



TAB 1 - Demonstrated Site Control

Name



TAB1 - Appraisal.pdf



TAB1 - Purchase & Sale Agreement.pdf



TAB1 - Title Report.pdf

# Application Checklist Items

- Use the Checklist worksheet and the regulation citations
- Review every applicable tab carefully
- Use the current year application attachments

# Application Tips

- Updated defined terms:
  - Low-Income Unit
  - Tax Credit Unit
  - Small development = 20 total units
- Be sure a re-application meets any new regulation requirements – scoring and threshold

# Excel Application **Worksheets**

- Updates resulting from regulation changes
- New worksheets
- Helpful tips

# Application **Worksheet**

- Set-Asides
  - No more SRO set aside selection
  - Selection if both At-Risk and Special Needs (non-rural)
- Housing Types
  - Secondary housing type for Special Needs

E. **Set-Aside Selection** (Reg. Section 10315(a)-(e))

At-Risk and Special Needs

**Updated**

F. **Housing Type Selection** (Reg. Sections 10315(h) & 10325(g))

Special Needs

If Special Needs housing type, list the percentage of Special Needs Units:

60%

If less than 75% special needs units, specify the standards the non-special needs units will meet:

At least 90% SRO units

# Application **Worksheet**

- Geographic Region Changes
  - East Bay Region
  - South and West Bay Region
  - Northern Region
- Credit Estimates
  - Available in February 1, 2018

**G. Geographic Area** (Reg. Section 10315(h))

Please select your geographic area:

Northern Region: Butte, Marin, Napa, Shasta, Solano, and Sonoma Counties

**Updated**



# Application **Worksheet**

- Excess Purchase Price over Appraised Value
  - Bifurcate excess purchase price over appraised value
  - Is the overage covered by SOFT perm financing?
    - If so, list the amount

## C. Purchase Information

Name of Seller:	<input type="text"/>	Signatory of Seller:	<input type="text"/>
Date of Purchase Contract or Option:	<input type="text"/>	Purchased from Affiliate:	<input type="text" value="No"/>
Expiration Date of Option:	<input type="text"/>	If yes, broker fee amount to affiliate?	<input type="text"/>
Purchase Price:	<input type="text" value="\$4,500,000"/>	Special Assessment(s):	<input type="text"/>
Phone: <input type="text"/>	Ext.: <input type="text"/>	Historical Property/Site:	<input type="text" value="No"/>
Holding Costs per Month:	<input type="text"/>	Total Projected Holding Costs:	<input type="text"/>
Real Estate Tax Rate:	<input type="text"/>	Purchase price over appraisal	<input type="text" value="\$500,000"/>
Amount of SOFT perm financing covering the excess purchase price over appraisal			<input type="text" value="\$300,000"/>

**New**

# Application **Worksheet**

- 4% Plus State Credit High Cost Test
  - High Cost Test =  $\frac{\text{Total Eligible Basis}}{\text{Threshold Basis Limit}}$
  - Numerator excludes: developer fees above deferral threshold
  - Denominator excludes: threshold basis limit increase for deeper targeting

**Updated**

# Application **Worksheet**

- 4% Plus State Credit High Cost Test

**Excluded from Denominator**

<b>(j)</b> Plus (+) 1% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted between 35% and Rental Units: <input type="text" value="120"/> Total Rental Units @ 50% to 36% of AMI: <input type="text" value="20"/>	<input type="text" value="Yes"/>	<b>\$4,271,613</b>
<b>(k)</b> Plus (+) 2% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted at or below 35% of Rental Units: <input type="text" value="120"/> Total Rental Units @ 35% of AMI or Below: <input type="text" value="18"/>	<input type="text" value="Yes"/>	
<b>TOTAL ADJUSTED THRESHOLD BASIS LIMIT:</b>		<b>\$38,978,467</b>

**HIGH COST TEST**

Total Eligible Basis	\$36,627,500
Percentage of the Adjusted Threshold Basis Limit	<input type="text" value="129.412%"/>

**HIGH COST TEST**

**EXCESS DEVELOPER FEE BASIS TO BE EXCLUDED FROM TOTAL ELIGIBLE BASIS**

Total Tax Credit Units:	120
Threshold Units	100
Tax Credit Units Exceeding 100	20
Developer Fee Basis per excess unit	\$ 10,000
Total Excess Developer Fee Limit	\$ 200,000
Base Developer Fee Limit	\$ 2,500,000
Max Developer Fee Limit	\$ 2,700,000
Total Developer Fee Basis	\$ 4,777,500
Excess Developer Fee Basis	<input type="text" value="\$ 2,077,500"/>

**Excluded from Numerator**

# Sources & Uses Budget

**New**

- Excess Purchase Price over Appraised Value
  - Bifurcate excess purchase price over appraised value
  - Overage may NOT be included in eligible basis
  - Match information in Application worksheet

IV. SOURCES AND USES BUDGET - SECTION 1: SOURCES AND USES BUDGET					1)Perm Lender	2)Seller Carryback		70% PVC for New Const/Rehab	30% PVC for Acquisition
	TOTAL PROJECT COST	RES. COST	COM'L. COST	TAX CREDIT EQUITY			SUBTOTAL		
<b>LAND COST/ACQUISITION</b>									
<sup>1</sup> Land Cost or Value	\$500,000	\$500,000			\$500,000		\$500,000		
<sup>2</sup> Demolition									
Legal									
Land Lease Rent Prepayment									
<b><sup>1</sup>Total Land Cost or Value</b>	\$500,000	\$500,000			\$500,000		\$500,000		
Existing Improvements Value	\$3,500,000	\$3,500,000		\$3,500,000			\$3,500,000		\$3,500,000
<sup>2</sup> Off-Site Improvements									
<b>Total Acquisition Cost</b>	\$3,500,000	\$3,500,000		\$3,500,000			\$3,500,000		\$3,500,000
<b>Total Land Cost / Acquisition Cost</b>	\$4,000,000	\$4,000,000		\$3,500,000	\$500,000		\$4,000,000		
Predevelopment Interest/Holding Cost									
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)									
Excess Purchase Price Over Appraisal	\$500,000	\$500,000			\$200,000	\$300,000	\$500,000		



# Sources & Basis Breakdown

- New worksheet
- Applicable ONLY IF:
  - Scattered site project,
  - Some sites are in DDA/QCT, and
  - Other sites are in non-DDA/non-QCT
- Purpose
  - Breakdown cost and eligible basis by DDA/QCT sites and non-DDA/non-QCT sites
  - Only eligible basis in DDA/QCT sites will receive 130% basis boost
- **SKIP THIS WORKSHEET IF N/A**

**New**

# Sources & Basis Breakdown

- Bifurcate cost & basis by DDA/QCT and non-DDA/non-QCT sites

IV. SOURCES AND USES BUDGET - SECTION 2: SOURCES AND BASIS BREAKDOWN BY DDA/QCT AND NON-DDA/NON-QCT SITES									
	TOTAL RESIDENTIAL COST	DDA/QCT SITES COST	NON-DDA/ NON-QCT SITES COST	TOTAL 70% PVC for New Const/ Rehabilitation	70% PVC for New Const/ Rehabilitation DDA/QCT SITES	70% PVC for New Const/ Rehabilitation NON-DDA/ NON-QCT SITES	TOTAL 30% PVC for Acquisition	30% PVC for Acquisition DDA/QCT SITES	30% PVC for Acquisition NON-DDA/ NON-QCT SITES
<b>LAND COST/ACQUISITION</b>									
<sup>1</sup> Land Cost or Value	\$500,000	\$300,000	\$200,000						
<sup>2</sup> Demolition									
Legal									
Land Lease Rent Prepayment									
<sup>1</sup> Total Land Cost or Value	\$500,000	\$300,000	\$200,000						
Existing Improvements Value	\$3,500,000	\$2,100,000	\$1,400,000				\$3,500,000	\$2,100,000	\$1,400,000
<sup>2</sup> Off-Site Improvements									
<b>Total Acquisition Cost</b>	\$3,500,000	\$2,100,000	\$1,400,000				\$3,500,000	\$2,100,000	\$1,400,000
<b>Total Land Cost / Acquisition Cost</b>	\$4,000,000	\$2,400,000	\$1,600,000						
Predevelopment Interest/Holding Cost									
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)									
Excess Purchase Price Over Appraisal	\$500,000	\$300,000	\$200,000						
<b>REHABILITATION</b>									
Site Work									
Structures	\$6,500,000	\$3,900,000	\$2,600,000	\$6,500,000	\$3,900,000	\$2,600,000			
General Requirements									
Contractor Overhead									
Contractor Profit									
Prevailing Wages									
General Liability Insurance									
Other: (Specify)									
<b>Total Rehabilitation Costs</b>	\$6,500,000	\$3,900,000	\$2,600,000	\$6,500,000	\$3,900,000	\$2,600,000			
<b>Total Relocation Expenses</b>									

**New**



# Basis and Credits Worksheets

- 2 Mutually Exclusive Basis & Credit Worksheets
  - Basis and Credits worksheet
    - Applicable for most projects
  - Basis & Credits Bifurcated DDA worksheet
    - Applicable for scattered site projects with some sites in DDA/QCT and other sites in non-DDA/-non-QCT
    - Must complete Cost and Basis Breakdown worksheet
- **Complete ONLY ONE Basis & Credit Worksheet**

**Updated**

# Basis and Credits Worksheet

- Ineligible Basis:
  - Exclude ineligible basis related to excess parking

## A. Basis and Credits

<b>Updated</b>	<b>70% PVC for New Const/ Rehab</b>	<b>30% PVC for Acquisition</b>
<b>Total Eligible Basis:</b>	\$7,475,000	\$3,675,000
<b>Ineligible Amounts</b>		
Subtract All Grant Proceeds Used to Finance Costs in Eligible Basis:		
Subtract Non-Qualified Non-Recourse Financing:		
Subtract Non-Qualifying Portion of Higher Quality Units:		
Subtract Photovoltaic Credit (as applicable):		
Subtract Historic Credit (residential portion only):		
Subtract Ineligible Basis related to Excess Parking:	\$50,000	
Subtract (specify other ineligible amounts):		
<b>Total Ineligible Amounts:</b>	\$50,000	

# Basis and Credits **Worksheet**

- Voluntary Basis Exclusion
  - Special Needs projects with at least 50% special needs units and within a DDA/QCT may request federal 130% basis boost and request state credits **ONLY IF** the applicant does **NOT reduce basis related to federal tax credits EXCEPT** to reduce requested basis to:
    - the project's threshold basis limit, or
    - the credit request to the amount available in the project's geographic region, or
    - the \$2.5 million limit
  - TCAC will revise the basis and credit request if the application fails to meet this requirement

# Basis and Credits Worksheet

- Special Needs Project Basis Exclusion Limit

	70% PVC for New Const/ Rehab	30% PVC for Acquisition
<b>Total Eligible Basis:</b>	\$25,400,000	
<b>Ineligible Amounts</b>		
Subtract All Grant Proceeds Used to Finance Costs in Eligible Basis:		
Subtract Non-Qualified Non-Recourse Financing:		
Subtract Non-Qualifying Portion of Higher Quality Units:		
Subtract Photovoltaic Credit (as applicable):		
Subtract Historic Credit (residential portion only):		
Subtract Ineligible Basis related to Excess Parking:		
Subtract (specify other ineligible amounts):		
<b>Total Ineligible Amounts:</b>		
<b>Total Eligible Basis Amount Voluntarily Excluded:</b>	\$273,000	
<b>Total Basis Reduction:</b>	(\$273,000)	
<b>Total Requested Unadjusted Eligible Basis:</b>	\$25,127,000	
<b>Total Adjusted Threshold Basis Limit:</b>		\$25,127,100
*Qualified Census Tract or Difficult to Develop Area Adjustment:	130%	100%
<b>Total Adjusted Eligible Basis:</b>	\$32,665,100	
Applicable Fraction:	100%	100%
<b>Qualified Basis:</b>	\$32,665,100	
<b>Total Qualified Basis:</b>		\$32,665,100

# Basis and Credits Worksheet

- Excess Purchase Price over Appraised Value
  - Overage always subtracted from Total Project Cost
  - SOFT perm financing is subtracted from Perm financing

## Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost

Permanent Financing

Funding Gap

Federal Tax Credit Factor

\$11,650,000
\$3,200,000
\$8,450,000
\$1.05000

Federal tax credit factor must be at least \$1.00 for self-syndication projects or at least \$0.85 for all other projects.

Total Credits Necessary for Feasibility

Annual Federal Credit Necessary for Feasibility

Maximum Annual Federal Credits

Equity Raised From Federal Credit

\$8,047,619
\$804,762
\$804,762
\$8,450,000

Remaining Funding Gap

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## IV. SOURCES AND USES BUDGET - SECTION 1: SOURCES AND USES BUDGET

	TOTAL PROJECT COST	RES. COST	COM'L. COST	TAX CREDIT EQUITY	1)Perm Lender	2)Seller Carryback
TOTAL PROJECT COST	\$12,150,000	\$12,150,000		\$8,650,000	\$3,200,000	\$300,000



# Basis & Credits **Bifurcated** **DDA**

- Purposes
  - Eligible basis by DDA/QCT and non-DDA/non-QCT sites
  - Only eligible basis in DDA/QCT sites receives 130% boost

	70% PVC for New Const/ Rehab DDA/QCT SITES	for New Const/ Rehab NON-DDA/ NON-QCT SITES	30% PVC for Acquisition DDA/QCT SITES	30% PVC for Acquisition NON-DDA/ NON-QCT SITES
<b>Total Eligible Basis:</b>	\$16,933,333	\$8,466,667		
<b>Ineligible Amounts</b>				
Subtract All Grant Proceeds to Finance Costs in Eligible Basis:				
Subtract Non-Qualified Non-Recourse Financing:				
Subtract Non-Qualifying Portion of Higher Quality Units:				
Subtract Photovoltaic Credit (as applicable):				
Subtract Historic Credit (residential portion only):				
Subtract Ineligible Basis related to Excess Parking:	\$30,000	\$20,000		
Subtract (specify other ineligible amounts):				
<b>Total Ineligible Amounts:</b>	\$30,000	\$20,000		
<b>Total Eligible Basis Voluntarily Excluded:</b>	\$133,740	\$89,160		
<b>Total Basis Reduction:</b>	(\$163,740)	(\$109,160)		
<b>Total Requested Unadjusted Eligible Basis:</b>	\$16,769,593	\$8,357,507		
<b>Total Adjusted Threshold Basis Limit:</b>	\$25,127,100			
*QCT or DDA Adjustment:	130%	100%	100%	100%
<b>Total Adjusted Eligible Basis:</b>	\$21,800,471	\$8,357,507		
Applicable Fraction:	100%	100%	100%	100%
<b>Qualified Basis:</b>	\$21,800,471	\$8,357,507		
<b>Total Qualified Basis:</b>	\$30,157,978			



# Farmworker Basis and Credits

- If seeking State Farmworker Tax Credit
  - 4% noncompetitive application – over the counter
  - Use Farmworker Basis and Credits worksheet
  - 75% factor for basis for state farmworker credit

## Determination of State Farmworker Credit

### State Farmworker Credit Basis

New construction or rehabilitation basis only; No acquisition basis except for At-Risk projects eligible for State Farmworker Credit on the acquisition basis at the 0.75 factor

### Factor Amount

### Maximum Total State Farmworker Credit

NC/Rehab	Acquisition
\$14,152,500	\$575,000
75%	75%
\$10,614,375	\$431,250

**Updated**



**OVERVIEW OF 9%  
APPLICATION,  
ATTACHMENTS,  
CHECKLIST ITEMS**

# Threshold Requirements

## Tabs 1-19

- Site Control and Cost/Value
- Financing
- Set Aside Designation
- Housing Type
- Applicant / Development Team

# Threshold Requirements

## Tabs 1-19

- Rehabilitation Applications
- Minimum Construction Standards
- Site and Project Information
- Market Analysis
- Land Use Approvals

# Threshold Requirements

## Tabs 1-19

- Financing Commitments
- Tax Credit Syndication
- Evidence of Subsidies
- Threshold Basis Limits Increases
- Eligible Basis Certification

# Site Control

## TAB 1

- Current title report within 90 days
- Evidence of site control
- Ensure the application includes the proper documentation for applicants without fee title – refer to Checklist Tab 1
- Include explanations for unique sites
  - Scattered, non-contiguous, hybrid, multi-phase, future parcel splits, complex land transactions



# **Site Control and Property Cost/Value**

## **TAB 1**

### **IMPORTANT:**

- **Review Sections 10327(c)(6) and 10322(h)(9) and the Checklist**
- **Ask questions**
- **Section 10327(c)(6): acquisition cost requirements for new construction and rehabilitation**
- **Section 10322(h)(9): appraisal requirements for new construction and rehabilitation**

# Property Cost/Value

## TAB 1

### Evidence of site cost

- Review TCAC regulations and Checklist Tab 1: purchase agreement, escrow statement, etc.
- **Related Party** relationship to the seller must be disclosed and an appraisal must be submitted
  - IF RELATED PARTY IS A PASS THROUGH ENTITY, AN APPRAISAL IS NOT REQUIRED – MUST BE DOCUMENTED

### Rehabilitation applications must include an appraisal

- 4% APPLICATION EXCEPTION: ACQUISITION BASIS EQUAL TO EXISTING THIRD PARTY DEBT (MAY BE HIGHER THAN AN APPRAISED VALUE)

# Appraisals

## TAB 1

An appraisal is required for:

- rehabilitation applications
- competitive applications except new construction unrelated 3rd party purchases
- Competitive applications seeking tiebreaker credit for donated or leased land
- New construction applications involving a related party land sale

As-is appraised value

Appraisal must include a land value

# Appraisals

## TAB 1

- **New Construction:** Appraisal prepared within 120 days before or after the execution of purchase contract/transfer of ownership or within 1 year of application deadline if latest purchase contract was executed within that year
- **Rehab:** Appraisal prepared within 120 days before or after the execution of purchase contract/transfer of ownership

# Appraisals and Property Cost/Value

## TAB 1 and Tab 2

When the purchase price exceeds the appraised value:

### New Construction

- Project cost includes the overage amount
- Basis and credits shortfall calculation:  
overage amount is excluded from cost and soft permanent financing

### Rehabilitation

- Same as above, plus-
- Acquisition basis can be no more than the appraised value

# Property Cost/Value

## TAB 1

**A waiver is available allowing the purchase price to exceed the appraised value only when:**

- A local government is purchasing/funding and the site is in a revitalization area
- The price does not exceed 3<sup>rd</sup> party debt to be assumed/paid off

**If waived, do not use the “Excess Purchase Price” cell in the Application Budget**



# Financing

## TAB 2



- Narrative description of project financing
- Description of other funding source developer fee limitations
- Utility allowance documentation

# CUAC Utility Allowance

## TAB 2

New in 2018: expanded to rehabilitation applicants meeting minimum requirements

- 20% ENERGY EFFICIENCY IMPROVEMENT OR
- PV GENERATION OF 50% TENANT LOADS

Can choose CUAC at PIS

CUAC requires formal TCAC approval

- SUBMIT FOR APPROVAL PRIOR TO LEASE UP
- MUST BE APPROVED BY TCAC PRIOR TO 8609 ISSUANCE

Questions? Contact Ammer Singh [asingh@sto.ca.gov](mailto:asingh@sto.ca.gov)  
<http://www.treasurer.ca.gov/ctcac/cuac/index.asp>

# TCAC Underwriting Criteria for Cash Flow Pro Forma

15 year pro forma in TCAC Excel Application

Requirements include:

- Vacancy factors
- Minimum operating expenses
- Minimum reserve requirements
- Cash flow limits and minimum debt coverage ratio
- Rates of annual increase (2.5% revenue, 3.5% expenses)

# TCAC Underwriting Criteria for Cash Flow Pro Forma

15 year pro forma in TCAC Excel Application

Rental revenue vacancy factors

- A 5% vacancy factor is standard
- Only special needs or SRO units without rental subsidy use 10%

Minimum operating expenses

- Do not include: monitoring or asset management fees, lender fees, the cost of any amenities

# Set-Aside Designation

## TAB 3

### Changes for 2018 include:

- No SRO set-aside
- Non-rural set-aside applicants can be considered in both special needs and at-risk set-asides

### Set-Aside documentation requirements

- Complete the applicable Attachment 4 and provide any supporting documents
- Review applicable regulation section: 10325(g)(1) through (4)



# Set-Aside Designation

## TAB 3

### Nonprofit – 10%

- Qualified under IRC Section 42(h)(5)
- Homeless assistance priority
- Federal and state capital funding sources

### Rural – 20%

- Rural Methodology Memo
- RHS (514, 515) and HOME apportionment
- Native American Apportionment (\$1M)
- Zhuo (“Jewel”) Chen [zchen@sto.ca.gov](mailto:zchen@sto.ca.gov)

# Set-Aside Designation

## TAB 3

### Native American Apportionment Applicants

If applying under the Apportionment, land must be owned by a Tribe in fee or in trust and occupancy is legally limited to tribal households.

**New in 2018:** 20% of low-income units may serve non-tribal households if required by HOME funding.



# Native American Apportionment Applicants

If applying under the Apportionment, a minimum level of affordable housing experience is required (all applicants provide experience documentation).

**Clarification language in 2018 regulations:**  
Apportionment applicants must receive the minimum points for general partner and property management experience.

# Native American Apportionment Applicants

## **New in 2018:**

Apportionment applicants may contract with a developer that is not a project owner and receive general partner experience points commensurate with the developer's experience.

See TCAC regulation section 10325(c)(1) for complete information and requirements.

# Set-Aside Designation

## TAB 3

### At-Risk – 5%

### Special Needs – 4%

- Qualify for all housing type requirements IF REQUESTING STATE CREDIT and 130% boost  
Project must have at least 50% designated special needs – This is greater than the housing type requirement of 45% special needs low income units
- Developer experience requirement



# Housing Type Thresholds

## TAB 4

- Current year attachments
- Provide detailed explanations in Attachments 4(A)-(D)
- Any waiver approvals from TCAC by the application deadline

# Applicant/Development Team

## TAB 5

Current Annual Financial Statements

Organizational Documents

Organizational Chart

Identity of Interest

Legal Status Questionnaire



# Development Team

## TAB 6

### Identify Project Participants

- Correctly identify parent company in the application
- Executed property management contract, dated and current
- Correct project referenced



# Development Team

## TAB 6

### Project Participants – Parent Company

#### B. Applicant Contact Information

Applicant Name: Main Street Apartments, LP  
Street Address: 123 25th Street  
City: Sacramento State: CA Zip Code: 95814  
Contact Person: Contact  
Phone: Ext.: Fax:  
Email: [asmith@sah.com](mailto:asmith@sah.com)

C. Legal Status of Applicant: Limited Partnership Parent Company: Sacramento Affordable Housing, Inc  
If Other, Specify:

#### D. General Partner(s) Information

D(1) General Partner Name: Main Street Apts AHG, LLC Managing GP  
Street Address: 123 25th Street  
City: Los Angeles State: CA Zip Code: 90013  
Contact Person: Contact  
Phone: Ext.: Fax:  
Email: [bsmith@ahg.org](mailto:bsmith@ahg.org)  
Nonprofit/For Profit: Nonprofit Parent Company: Affordable Housing Group

D(2) General Partner Name:\* Main Street Apts SAH, LLC Administrative GP  
Street Address: 123 25th Street  
City: Sacramento State: CA Zip Code: 95814  
Contact Person: Contact  
Phone: Ext.: Fax:  
Email: [asmith@sah.com](mailto:asmith@sah.com)  
Nonprofit/For Profit: For Profit Parent Company: Sacramento Affordable Housing, Inc

# Acquisition Credit

## TAB 7

- Chain of title report
- Applicant statement – Exempt 10 year rule
- 10 year rule – 3rd Party Tax Professional's Opinion (refer to IRC Section 42(d)(2)(B)(ii))
- Re-syndication (9% applications) - No acquisition credits (unless Special Needs or within 10 years of expiring TCAC regulatory agreement)





# Rehabilitation Credit

## TAB 8



### “As Is” Appraisal

- Includes land value “as if vacant”
- Prepared 120 days before or after purchase agreement execution/transfer of ownership
- Highest and best use value as residential rental property
- Sales Comparison and Income Approach valuation methodologies

# Rehabilitation Credit

## TAB 8

### Capital Needs Assessment (CNA)

- Performed within 180 days of the application deadline
- Pre-rehabilitation 15-Year Reserve Study
  - If resyndication, CNA must demonstrate rehab need of at least \$5,000 per unit over the first 3 years (Short Term Work)

# Rehabilitation Credit

## TAB 8

### Rehabilitation Summary

- Address immediate rehabilitation needs and any planned long-term replacements
- Explain any variance from the CNA estimates
- The greater of \$40,000 hard costs/unit or 20% of adjusted basis

# Rehabilitation Credit

## TAB 8

### Resyndication Projects

- Copy of recorded TCAC regulatory agreement
- Hold harmless rent provisions
- Similar or greater level of services
- Existing replacement reserve & planned uses
- Capital Needs Agreement

# Rehabilitation Credit

## TAB 8

### Resyndication Projects

- Checklist Items worksheet
- Ownership Transfer Questionnaire  
<http://www.treasurer.ca.gov/ctcac/compliance/covenant/questionnaire.pdf>
- Frequently Asked Questions (FAQs)  
<http://www.treasurer.ca.gov/ctcac/compliance/transfer/faq.pdf>

# Rehabilitation Credit

## TAB 9



### Tenant-Occupied Housing

- Income, rent and family size information for existing tenants
- Tenant Relocation Plan
- Detailed Budget with Identified Funding Sources
- When required, compliance with Uniform Relocation Assistance and Real Property Acquisition Policy Act



# Minimum Construction Standards & Project Size Limitations

## TABS 10 & 11

All applicants submit Attachment 10  
TCAC Executive Director must  
approve any waiver requests prior  
to the application deadline.

Submit all waiver requests in a  
timely manner.





# **Minimum Construction Standards – ENERGY EFFICIENCY & GREEN BUILDING TAB 10**

## **Competitive applicants:**

- Follow requirements of SBM point category (Tab 25)

# Minimum Construction Standards – ENERGY EFFICIENCY & GREEN BUILDING TAB 10

## Non-competitive applicants:

- Documentation of applicant's consultation with design team and a 2016 CEA and LEED AP Rater, NGBS Green Verifier or GreenPoint Rater
- Model results, meeting agenda, list of attendees, major outcomes from meeting

# Minimum Construction Standards – ENERGY EFFICIENCY & GREEN BUILDING TAB 10

## All REHABILITATION projects:

- Minimum 10% improved energy efficiency per building
- Sustainable Building Method and Energy Efficiency Requirements Workbook and Existing Multifamily Assessment Report
  - EXCEPTION: DEVELOPING IN ACCORDANCE WITH A GREEN BUILDING PROGRAM

# Site & Project Information

## TAB 12

### Physical Description

- Current use, adjacent property
- Site, parcel map, color photos
- Planned parcel changes, multi-phase projects
- Description of off-site costs
- Description and calculation of how basis related to parking requirement is met
- If Scattered Site project, provide a description of how it meets definition

**Use Checklist and Attachment 12**



# Site & Project Information

## TAB 12

### Project Description

- Architectural drawings – project and unit square footage, bedroom count, laundry facilities, play area, commercial space, etc.



### Architect Certification

# Market Study

## TAB 13

Market Study Guidelines:

<http://www.treasurer.ca.gov/ctcac/mktstudy/2016.pdf>

Analysis should be unbiased, objective, and supported with clear data and explanation when needed.

### ALTERNATIVE FOR REHABILITATION PROJECTS

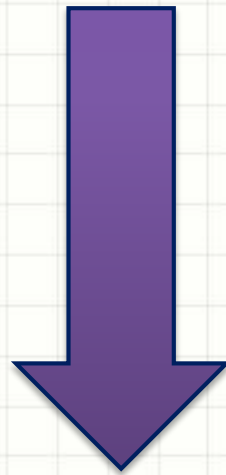
Written statement by 3<sup>rd</sup> party market analyst for acquisition/rehabilitation projects meeting criteria described in Section 10322(h)(10)

# Goal: Is there **NEED** and **DEMAND** for the project in the area?

Must meet the requirements of Sections 10322(h)(10), 10325(f)(1)(B) of TCAC Regulations



Tenant Rents  
10%+ Below  
Market



Value Ratio  
(\$/Sq. Ft.)  
 $\leq$  Market



Absorption Rate  
& Stabilized  
Occupancy

# Market Study Components

## Need and Demand

### Competitive Rental Market

- Existing and Planned Affordable Housing Comparables
- Matrixes in **Excel Format**
- An updated market study where >12 months have passed between the earliest site inspection date and the application deadline will not be accepted by TCAC

# Market Study Components

## Need and Demand

### Lifetime rent benefit calculation

- Annual rent differential between market and affordable rent for period of 55 years
- Affordable rents are AMI limit, not proposed rents if less
- TCAC staff verified calculation will be included in TCAC staff report
- TCAC website has a calculator



# Local Approvals

## TAB 14

New in 2018:

Alignment between  
threshold and point  
requirements

10325(f)(4) – Attachment 14

10325(c)(7) - Attachment 26



# Local Approvals

## TAB 14

### Attachment 14

#### Verification of Zoning

- Use TCAC's current attachment (2018)
- Zoned for intended use, within max density
- Local land use approvals
  - Approvals may have pending appeal 30 days beyond the TCAC application due date

# Financing Commitments

## TAB 15

Grants/Subsidies  
Committed

Permanent = 15 Year Term

Provide Executed  
Documentation



50% Construction or  
Permanent Committed

# Syndication

## TAB 16

Federal  
Pricing:  
**\$0.85 Min**



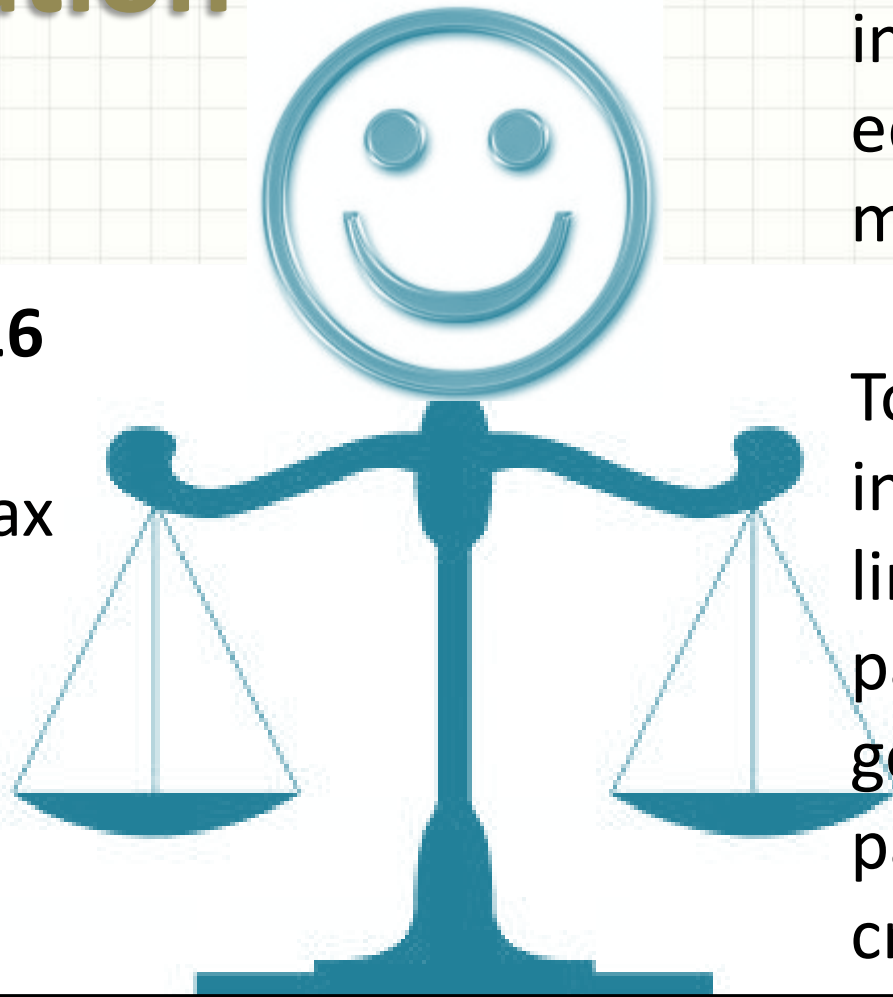
State  
Pricing:  
**\$0.60 Min**

# Syndication

## TAB 16

### Attachment 16

Net proceeds must match tax credit equity listed in the TCAC application.



Sources, including equity, must match uses.

Total equity includes limited partner and general partner tax credit equity.



# Evidence of Subsidies

## TAB 17

- Commitments showing the funds are secured or have been renewed
- Source of the subsidy
- Annual amount
- Term
- Number of units
- Expiration date

### **REMEMBER**

Accurately complete the table on Page 19 of TCAC Application and the Subsidy Contract Calculation worksheet



# Evidence of Subsidies

## TAB 17

### Subsidy Layering Reviews

- May provide in application (optional)
- Memorandums
  - [http://www.treasurer.ca.gov/ctcac/2015/slr\\_8.pdf](http://www.treasurer.ca.gov/ctcac/2015/slr_8.pdf)
  - [http://www.treasurer.ca.gov/ctcac/2015/slr\\_911.pdf](http://www.treasurer.ca.gov/ctcac/2015/slr_911.pdf)

# Threshold Basis Limit Boosts

## TAB 18



- Prevailing Wages (up to 25%)
- Parking Beneath Residential Units (7%)
- Day Care Center (2%)
- 100% Special Needs (2%)
- 95% Upper Floors – Elevators (10%)

# Threshold Basis Limit Boosts

## TAB 18



- 1+ Energy efficiencies (up to 10%)
- Seismic upgrading (up to 15%)
- Toxic or other environmental (up to 15%)
- Local Development Impact Fees
- High Opportunity Area (10%)



# Prevailing Wage Boost

## TAB 18

- 20% and 5% increases – Applicant certification and supporting documentation
- See Application Checklist for details
- If subject to state prevailing wages and claiming any PW boost – Applicant certification must confirm whether compliance with Section 1725.5 of Labor Code is required

# Local Development Impact Fees

## Attachment 18(A)

NOTE: Permit processing fees, building permit fees, and plan check fees are NOT considered local development impact fees.

TYPE OF FEES TO BE PAID	AMOUNT OF FEE
Community Development Fees	\$
Drainage Facilities	\$
Facilities Assessment	\$
Fire Facilities	\$
General Facilities	\$
Governmental/Environmental	\$
Law Enforcement Facilities	\$
Library Facilities	\$
Parks & Recreation	\$
Public Facilities	\$
Schools	\$
Streets & Signals	\$
Traffic Fees	\$
Waste Water Collection	\$
Waste Water Treatment	\$
Water Facilities	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
<b>Total Local Development Impact Fees</b>	<b>\$</b>

# High Opportunity Areas

## TAB 18

### Criteria:

- In a county that has a 9% threshold basis limit for a 2-bedroom unit  $\leq$  \$400,000; and
- In the census tract of a high or highest resource area of TCAC/HCD Opportunity Area Map (see TCAC website)

# Application Worksheet

## A. Threshold Basis Limit

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO			
1 Bedroom			
2 Bedrooms			
3 Bedrooms			
4+ Bedrooms			
<b>TOTAL UNITS:</b>			
<b>TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:</b>			
		<b>Yes/No</b>	
(a)	Plus (+) 20% basis adjustment for projects paid in whole or part out of public funds subject to a legal requirement for the payment of state or federal prevailing wages or financed in part by a labor-affiliated organization requiring the employment of construction workers who are paid at least state or federal prevailing wages. List source(s) or labor-affiliated organization(s):	<input type="checkbox"/> No	
	Plus (+) 5% basis adjustment for projects that certify that (1) they are subject to a project labor agreement within the meaning of Section 2500(b)(1) of the Public Contract Code, or (2) they will use a skilled and trained workforce as defined by Section 25536.7 of the Health and Safety Code to perform all onsite work within an apprenticeable occupation in the building and construction trades.	<input type="checkbox"/> No	
(b)	Plus (+) 7% basis adjustment for new construction projects required to provide parking beneath residential units (not "tuck under" parking) or through construction of an on-site parking structure of two or more levels.	<input type="checkbox"/> No	
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	<input type="checkbox"/> No	
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the Low Income Units are for Special Needs populations.	<input type="checkbox"/> No	
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that include one or more of the features in the section: Item (e) Features.	<input type="checkbox"/> No	
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or on-site toxic or other environmental mitigation as certified by the project architect or seismic engineer. If Yes, select type: <input type="text" value="NA"/>	<input type="checkbox"/> No	
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required. <b>WAIVED IMPACT FEES ARE INELIGIBLE.</b>	<input type="checkbox"/> No	
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	<input type="checkbox"/> No	
(i)	Plus (+) 10% basis adjustment for a project that is: (i) in a county that has an unadjusted 9% threshold basis limit for a 2-bedroom unit equal to or less than \$400,000; <b>AND</b> (ii) located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.	<input type="checkbox"/> No	
<b>TOTAL ADJUSTED THRESHOLD BASIS LIMIT:</b>			

# Eligible Basis Certification

## TAB 19

- Meets the requirements of IRC Section 42(h)(1)(E)
- Verification of costs not included in basis
- Description of basis excluded for **fees to be paid by tenants** (garage, storage)
- New construction: confirm basis related to **parking** is consistent with TCAC requirements
- Rehabilitation of existing structures: meets minimum requirements of TCAC Reg. 10325(f)(10)





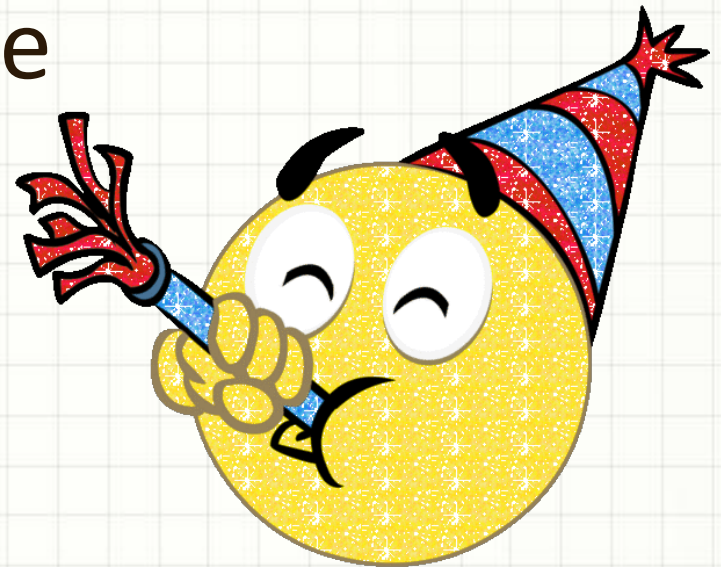
# Point Scoring Requirements

## Tabs 20-27

- Leveraging
- GP and Management Experience
- Site and Service Amenities
- Sustainable Building Methods
- Lowest Income
- Readiness to Proceed
- Miscellaneous Federal and State Policies

# Leveraging

- ~~Cost Efficiency~~
- ~~Credit Reduction~~
- Public Funds – Now part of the Final Tie Breaker



# General Partner Experience

## Tab 21

- Maximum 6 points (5 projects, >3 yrs.)
  - Including 1 in service >5 years; and
  - Including 2 TCAC projects
- Nonprofit/Special Needs Set Aside and Special Needs Housing Type (4 Special Needs projects, >3 yrs.)
  - Including 1 TCAC project

# General Partner Experience

## Tab 21

- Tribal Applicants ONLY, who do not have minimum TCAC documented experience may contract with a developer who will not be a GP
- Developers with documented experience must complete Attachment 21 and provide required documentation
- If developer does not own the projects for which they are requesting experience points the developer must be pre-approved by TCAC

# Attachment 21

	Project Name & Address	TCAC (or other) Project Identification Number, If applicable	TCAC Identify Special Needs Projects, If Applicable	Month, Day, & Year the Project was Placed-In-Service	Month, Day & Year G.P. Participation Began	Month, Day & Year G.P. Participation Ended, If Applicable	Full Number of Years of G.P. Participation, After Project Placed-In-Service*	Number of Low Income Units**	Number of Special Needs Units
1.			<input type="checkbox"/>						
2.			<input type="checkbox"/>						
3.			<input type="checkbox"/>						
4.			<input type="checkbox"/>						
5.			<input type="checkbox"/>						

\* General Partner experience cannot start accumulating until after the project is placed-in-service. In addition, do NOT round up the amount of time/experience. For example, 2 years 11 months of G.P. experience is only 2 full years of experience, not 3 years.

\*\* Project must have more than 10 units and be subject to a recorded regulatory agreement.

Check this box if you are applying through the Nonprofit or Special Needs set-asides AND requesting points specifically for special needs housing type projects. For each above-listed project, at least 50% of the units must serve special needs tenants. Points will only be awarded to special needs housing type projects.

General partners with fewer than 2 active California Low Income Housing Tax Credit projects in service more than 3 years, and general partner's for projects applying through the Nonprofit or Special Needs set-aside with no active California Low Income Tax Credit projects in service more than 3 years, shall contract with a bona-fide management company currently managing 2 California Low Income Housing Tax Credit projects in service more than 3 years and which itself earns a minimum combined total of 2 points at the time of application. Please refer to Tab 21 of the 2017 Application Checklist in the Excel application for additional requirements.



# Attachment 21

- TRIBAL APPLICANTS ONLY, may contract with a developer who will not be a general partner and receive points commensurate with the developer's experience pursuant to TCAC Regulations 10325(c)(1)(A)(i and ii). The developer may include an entity pre-approved by CTCAC that has developed but not owned the requisite number of projects described in 10325(c)(1)(A)(i). The contract shall be in effect at least until the issuance of 8609 tax forms. Tribal applicants contracting with a developer who will not be a general partner shall also contract for asset management for at least the term of the 15-year federal compliance period with an entity that has asset managed at least two Low-Income Housing Tax Credit projects for at least three years.
- Applicants with fewer than 2 active California Low Income Housing Tax Credit projects in service more than 3 years, the Applicant shall contract with a bona-fide management company currently managing 2 California Low Income Housing Tax Credit projects in service more than 3 years and which itself earns a minimum combined total of 2 points at the time of application.



\_\_\_\_\_  
ORGANIZATION NAME (PRINT)

\_\_\_\_\_  
DEVELOPER SIGNATURE

\_\_\_\_\_  
DEVELOPER NAME (PRINT)

\_\_\_\_\_  
DATE



\_\_\_\_\_  
ORGANIZATION NAME (PRINT)

\_\_\_\_\_  
TRIBAL APPLICANT SIGNATURE

\_\_\_\_\_  
TRIBAL APPLICANT NAME (PRINT)

\_\_\_\_\_  
DATE

# General Partner Experience

## Tab 21

- CPA Certification
- In existence for at least 3 years
- Positive cash flow
- Funded reserves



# Management Experience

## Tab 22

- Maximum 3 points (11 projects, >3 yrs.)
  - Including 2 TCAC projects
- Nonprofit/Special Needs Set Aside and Special Needs Housing Type (4 Special Needs projects, >3 yrs.)
  - Including 1 TCAC project

# Management Experience

## Tab 22

- Attachment 22
- Executed Property Management Agreement
- Nationally Recognized Housing Tax Credit Compliance Entity (2 points)



# Housing Needs

## Tab 4

- 10 Points and Additional Threshold
- 9% Projects must meet a Housing Type
- Document how requirements are met
  - Attachment 4(A)-(D)
  - Architectural Drawings



# Housing Needs

## Tab 4



- Scattered Site Projects
- More than 1 mile to nearest other site shall independently meet the requirements related to
  - Common areas
  - Play/recreational facilities
  - Laundry facilities

# Housing Needs

## Tab 4



- Large Family, existing project 10325(g)(1)(D) & (E)
- May request a waiver for play/recreational facilities and/or common area if the site is classified as non-conforming under current zoning and addition would trigger entitlement process
- Senior, existing project 10325(g)(2)(B)
- May request a waiver for units on an accessible path with an architect certification that compliance would be impractical or create undue financial burden

# Housing Needs

## Tab 4

- Senior, new construction 10327(c)(10) – Basis related to Parking
- Senior housing has greater level of accessible unit requirements. (0.5 spaces/unit within 0.5 mile of a major transit stop.
- The accessible parking requirement for senior housing is a function of building code requirements.
- TCAC does not have an accessible parking space requirement, the project is held to building code and any local code requirements for accessible parking.

# Housing Needs

## Tab 4

- Senior, new construction 10322(h)(34) – Mixed housing types
- Mixed housing types. An applicant proposing a project to include senior housing in combination with non-senior housing shall provide a third party legal opinion stating that the project complies with fair housing law.

# Housing Needs

## Tab 4

- Special Needs 10325(g)(3)
- Incorporate non-special needs SRO units throughout housing type requirement.
  - Targeted income no more than 40%
  - Now includes kitchen needs for SRO units without full kitchens
  - Rental subsidy or demonstrate that non-special needs units can pay the proposed rents



# Housing Needs

## Tab 4

- Special Needs 10325(g)(3)
- 45% of the Low-Income Units (LIU) to meet the housing type requirement
- Less than 75% Special Needs, non special needs units must meet one of the following
  - Large Family housing type
  - Senior housing type
  - 20% 1 bedroom units and at least 10% larger than 1 bedroom units as a % of LIU
  - 90% SRO units as a percentage of LIU

# Site Amenities

## Tab 23

- Maximum 15 points
  - Map with distance measurements
  - Clear color photos
  - Contact person & contact information
  - Scattered sites scored proportionately in the site amenity category based upon (i) each site's score, and (ii) the percentage of units represented by each site



# Site Amenities

## Tab 23

- Not scored for Native American apportionment projects only
  - Must be scored if dropped down to general Rural set aside

# Site Amenities

## Tab 23

- Transit Amenities
  - Bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop
  - Free/discounted transit passes to residents (up to 3 points)

# Site Amenities

## Tab 23

- Public Park/Community Center
  - Joint use agreement
- Book-Lending Public Library
  - Inter-branch lending
- Grocery Store Amenities
  - Square Footage Certification
  - Large multi-purpose stores
  - Measure “grocery section”



# Site Amenities

## Tab 23

- Public School
  - Attendance Boundary
  - $\geq 25\%$  three-bedroom units
- Senior Center
- Special Needs Facility
- Medical Clinic that accepts Medi-Cal/Medicare (Seniors)/ Health Care for the Homeless
- Pharmacy
- High Speed Internet (1.5megabits/second) **NEW**

# Site Amenities

## Tab 23

NEW Site Amenity  
Category

- Highest or High Resource designation (8 Points)
- Large family new construction, not including inclusionary projects
- May use map in effect when initial site control was obtain up to 7 calendar years prior to application

# Service Amenities

## Tab 24



- Services provided for 15 years
- Scattered Site scoring
  - Scattered sites scored proportionately in the service amenity category based upon (i) each site's score, and (ii) the percentage of units represented by each site

# Service Amenities

## Tab 24

- Large Family, Senior, At-Risk:
  - Service coordinator
  - Services specialist
  - Adult classes: educational, health/wellness, skill building
  - Health & wellness services programs
  - Licensed childcare
  - After school program

# Service Amenities

## Tab 24

- Special Needs:
  - Case manager
  - Service coordinator, Services specialist
  - Adult classes: educational, health/wellness, skill building
  - Health or behavioral health services provided by licensed organization or individual
  - Licensed childcare
  - After school program



# Service Amenities

## Tab 24



- Application Components:
  - Evidence of services to be provided and description (MOU)
  - Evidence of physical space
  - Services sources and uses budget
  - Position descriptions
  - Service Provider Experience Chart (Attachment 24)

# Service Amenities

## Tab 24

- Special needs projects with 75% or more but less than 100% special needs units shall demonstrate that all tenants will receive an appropriate level of services
- Special needs projects with less than 75% special needs units shall be scored proportionately in the service amenity category based upon
  - (i) the services provided to special needs and non-special needs units; and
  - (ii) the percentage of units represented by special needs and non-special needs units

# Application Worksheet

# Service Amenities Budget Worksheet

## Total Expenses

Total Annual Residential Operating Expenses:	
Total Number of Units in the Project:	
Total Annual Operating Expenses Per Unit:	
Total 3-Month Operating Reserve:	
<del>Total Annual Internet Expense (site amenity election):</del>	
Total Annual Services Amenities Budget (from project expenses):	
Total Annual Reserve for Replacement:	
Total Annual Real Estate Taxes:	
Other (Specify):	
Other (Specify):	



**Match**

Services to be Provided	Quantity of Services Committed (Hours/Yr or FTE) <sup>1</sup>	Total Dollars Committed	Cash Flow from Operation, Grant, In Kind, or Others
<b>Family, Senior or At-Risk Projects</b>			
1. Service Coordinator			
2. Other Services Specialist			
3. Adult education, health, skill building classes			
4. Health and wellness services and programs			
5. Licensed child care			
6. After school program			
<b>Special Needs or SRO projects</b>			
7. Case manager			
8. Service Coordinator or Other Services Specialist			
9. Adult education, health, skill building classes			
10. Health or behavioral health services			
11. Licensed child care*			
12. After school program*			
Other Services:			
<b>TOTAL</b>		\$0	

# Sustainable Building Methods

## Tab 25

- New Construction/Adaptive Reuse:  
(5 Points)

Program	Att. 25 Required?	SBMW Required?	Program Example
Green Building	<b>Yes</b>	<b>No</b>	LEED, PHIUS, GreenPoint Rated Program
Energy Efficiency	<b>Yes</b>	<b>Yes</b>	Zero Net Energy, Efficiency beyond 2016 standards (2013 standards in some cases)

# Sustainable Building Methods

## Tab 25

- Rehabilitation: (5 Points)


<b>Program</b>	<b>Att. 25 Required?</b>	<b>SBMW Required?</b>	<b>Program Example</b>
Green Building	<b>Yes</b>	<b>No</b>	LEED, PHIUS, GreenPoint Rated Program
Energy Efficiency	<b>Yes</b>	<b>Yes</b>	Zero Net Energy, Improvement over current, additional rehabilitation measures, water efficiency



# Lowest Income

- Maximum 52 points
  - Points Table
  - Additional 2 points for 10% @ or below 30% AMI
    - Spread 30% units across the various bedroom-count units

# Lowest Income



		Percent of Area Median Income (AMI)						
		**60%	*55%	50%	45%	40%	35%	30%
Percent of Low-Income Units (exclusive of manager's units)								
	50%			25.0*	37.5			
	45%			22.5*	33.8			
	40%		10.0*	20.0	30.0			
	35%		8.8	17.5	26.3	35.0		50.0
	30%		7.5	15.0	22.5	30.0	37.5	45.0
	25%		6.3	12.5	18.8	25.0	31.3	37.5
	20%		5.0	10.0	15.0	20.0	18.8	30.0
15%		3.8	7.5	11.3	15.0	18.8	22.5	
10%		2.5	5.0	7.5	10.0	12.5	15.0	

# Lowest Income

- Example:

67 units

41 three-bedroom units = 5 units

19 two-bedroom units = 2 units

7 one-bedroom units = 0 units

Units at 30% AMI = 7 units

# Readiness to Proceed

## Tab 26



- Maximum 10 points
  - Enforceable commitments for construction financing (5 points)
  - Environmental review clearance (5 points)
  - ~~• All necessary public or tribal land use approvals subject to the discretion of local or tribal elected officials (5 points)~~

# Readiness to Proceed

## Tab 26



- NEPA Documentation
  - HUD form 7015.15 & 7015.16
  - Clearance for each federal funding source (HOME, CDBG, USDA, Section 8, etc.)
  - If exempt, Finding of Exemption form with all required information
  - If categorically excluded (not converted to exempt) or requires FONSI, HUD forms 7015.15 & 7015.16 must be in application



# Readiness to Proceed

## Tab 26

- Common NEPA Errors
  - Multiple federal sources and documentation does not address each
    - Example: Documentation for HOME funds, but not for HUD Section 8
  - Level of clearance is Exempt per 24 CFR Part 58.35 under supplemental funds where prior NEPA clearance was obtained, but no Finding of Exemption form

# Readiness to Proceed

## Tab 26

- Attachment 26
- Final Appeal Period may run up to 30 days beyond application due date
- 90-day Letter of Intent (LOI) deadline
  - Required if any points are received
- 180 or 194-day Readiness deadline
  - Required if maximum points are received

# Attachment 26

## ATTACHMENT 26 Approvals Necessary to Begin Construction

Project Name: \_\_\_\_\_ Housing Type: \_\_\_\_\_  
 Site Address: \_\_\_\_\_ City: \_\_\_\_\_  
 County: \_\_\_\_\_ Number Of Units: \_\_\_\_\_  
 Census Tract Number: \_\_\_\_\_ APN(s): \_\_\_\_\_

**Note:** Multiple forms may be needed. Each agency with individual responsibility for the items below must complete the particular item(s) under its jurisdiction.

This letter is to confirm that the following public or tribal approvals (except building permits) and all land use environmental clearances for this project are issued or are unnecessary and the expiration dates of all required appeal periods for each item are listed and have expired, or will expire no later than 30 days beyond the application deadline date.

Check All Required Items	Approval Date	Appeal Expiration Date*	X if N/A	if N/A, <u>MUST</u> provide a detailed explanation**
<input type="checkbox"/> CEQA	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> NEPA***(see note below)	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Tribal Land Environmental Review	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Toxic Report	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Soils Report	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Coastal Commission Approval	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Article 34 of State Constitution	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Site Plan Review Completed	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Conditional Use Permit	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Variance Approval	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Other Discretionary Review: _____	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Other Requirements: _____	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Other Requirements: _____	_____	_____	<input type="checkbox"/>	_____

\*\*A detailed explanation must be provided for each of the above items that have been checked, "N/A." Please attach an extra sheet of paper if unable to fit entire explanation, as this is important for the review process.

# Misc. Federal and State Policies

## Tab 27

- Maximum 2 points
  - State credit substitution (2 points)
  - Enhanced Accessibility and Visitability (2 points)\*
  - Smoke Free Residence (2 points)
  - Historic Tax Credits (1 point)
  - Revitalization Area Project (2 points)\*
  - Eventual Tenant Ownership (1 point)\*

# Final Tie Breaker Self-Score

- 2 Mutually Exclusive Final Tie Breaker Worksheets
  - Final Tie Breaker Self-Score worksheet
    - Applicable for most projects
  - Hybrid Final Tie Breaker
    - Applicable for new construction hybrid 9% and 4% tax credit development
- Complete **ONLY ONE** Final Tie Breaker Worksheet

**New**



# Final Tie Breaker

- First Ratio: Leveraged Soft Financing
  - Public Funds
    - Exclude seller carryback financing (up to the sale proceeds), **EXCEPT** public land loan to a new construction project
    - Exclude excess purchase price over appraised value
    - Exclude ineligible offsites
  - Soft Loans
    - CPA Certification
  - Value of donated land and improvements
    - Appraisal required
  - Capitalized Value of Rent Differentials from Public Subsidies
    - Replaces Tranche B calculation

# Final Tie Breaker

- First Ratio: Leveraged Soft Financing

## LEVERAGED SOFT FINANCING

Capitalized Value of Rent Differentials of Public Rent/operating Subsidies	#DIV/0!
Total donated land value	
Total fee waivers	
List Leveraged Soft Financing <b>excluding</b> donated land and fee waivers:	
<b>Less: Excess Purchase Price Over Appraised Value</b>	<b>\$0</b>
<b>Less: Ineligible Offsites</b>	
<b>Total Leveraged Soft Financing excluding donated land and fee waivers</b>	<b>\$0</b>
<b>TOTAL</b>	<b>#DIV/0!</b>

# Final Tie Breaker

- Capitalized Value of Rent Differentials for Public Subsidies
  - Public rent subsidy
  - Public operating subsidy
- Enter public subsidies information
- FTB automatically calculate the capitalized value based on TCAC underwriting standard

# Final Tie Breaker

- Public rent subsidy
  - Use 30% AMI for Special Needs projects
  - Use 40% AMI for all other projects

## Annual Rental Income Differential for Public Rent Subsidies:

Rent Limit:  
 Use 30% AMI for  
 Special Needs Projects  
OR  
 Use 40% AMI for  
 ALL OTHERS

Unit Type	# of Units	Public Subsidy Contract Rent	Calculated Annual Rent
SRO	20		\$0
1 bedroom	20		\$0
SRO			\$0
SRO			\$0
SRO			\$0
SRO			\$0
Annual Rent Differential for Pulic Rent Subsidies:			\$0

# Final Tie Breaker

- Public operating subsidy
  - Calculate annual subsidy amount

## Annual Rental Income Differential for Public Operating Subsidies:

If annual operating subsidy amount are similar in each year, enter:

Annual Operating Subsidy Amount in Year 1:

OR

If the contract does not specify an annual subsidy amount, enter:

Aggregate Subsidy Amount:

Number of Years in the Subsidy Contract:

Average Annual Operating Subsidy Amount:

Annual Public Operating Subsidies:



# Final Tie Breaker

- Size Factor for Leveraged Soft Financing
  - New Construction with 50 or more Tax Credit units
    - Excludes market rate units
    - Includes manager's units
  - Size factor =  $75\% + (\text{Total NC Tax Credit Units}/200)$
  - Size factor defaults to 1.00 for rehab and other smaller new construction units

## SIZE FACTOR CALCULATION

New Construction:	Yes
Tax Credit Units:	85
Size Factor:	1.18

# Final Tie Breaker

- Second Ratio
  - 1 minus ratio of requested unadjusted eligible basis to total residential project development costs
  - Requested unadjusted eligible basis increased by any reduction to eligible basis  $\leq$  to the amount of leveraged soft resources (excluding donated land, fee waivers, and capitalized value of rent differentials of public subsidies)
  - Divide by 3

# Final Tie Breaker

- Mixed-Use Projects
  - Commercial Cost Pro-ration
- Ineligible Off-Site Costs Excluded
  - Numerator and Denominator
  - Tab 12 – Summary of Off-Site Costs
- Applicant Notes worksheet

# Hybrid Final Tie Breaker

- Use Hybrid Final Tie Breaker worksheet
- Enter Total Leveraged Soft Financing for both projects combined
- Enter 4% project information
  - Basis reduction
  - Requested unadjusted eligible basis
  - Cost: total, residential, and commercial
- Enter 4% Tax Credit Units (size factor)

# Hybrid Final Tie Breaker

## Hybrid Cost and Basis

9% Total Basis Reduction	\$0
4% Total Basis Reduction	
Aggregate Total Basis Reduction	\$0
9% Requested Unadjusted Eligible Basis	\$0
4% Requested Unadjusted Eligible Basis	
Aggregate Requested Unadjusted Eligible Basis	\$0
4% Residential Project Development Cost	
4% Commercial Project Development Cost	
4% Total Project Cost	\$0

## SIZE FACTOR CALCULATION

New Construction:	Yes	
9% Tax Credit Units:	85	4% Tax Credit Units: 60
Size Factor:	1.48	Total Tax Credit Units: 145



# Resources

## TCAC

- Application Information:  
<http://www.treasurer.ca.gov/ctcac/2018/application.asp>
- Regulations (QAP):  
<http://www.treasurer.ca.gov/ctcac/programreg/regulations.asp>

# California Debt Limit Allocation Committee

CDLAC



# Qualified Residential Rental Program

- 2018 CDLAC Committee Meeting Schedule:  
[http://www.treasurer.ca.gov/cdlac/programyear/2018/07\\_2018\\_CDLAC\\_Meeting\\_Dates\\_and\\_Deadlines.pdf](http://www.treasurer.ca.gov/cdlac/programyear/2018/07_2018_CDLAC_Meeting_Dates_and_Deadlines.pdf)
- CDLAC-TCAC Joint Application Update



# Resources

## CDLAC

- Homepage:  
<http://www.treasurer.ca.gov/cdlac/index.asp>
- Regulations:  
<http://www.treasurer.ca.gov/cdlac/procedures.asp>