CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC) REGULATIONS

Adopted May 31, 2023

CALIFORNIA STATE TREASURER'S OFFICE

California Debt Limit Allocation Committee Regulations

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California Debt Limit Allocation Committee Regulations

4 CCR Sections 5000 et seq.

Chapter 1. General Provisions

Article 1. Definitions

§ 5000. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this division are defined as follows:

"Accredited Investor", also known as a "Sophisticated Investor", means an entity as defined by the United States Securities and Exchange Commission under Rule 501, regulation D of the Securities Act of 1933.

"Allocation" means the portion of the State Ceiling awarded by the Committee to an Applicant.

"Allocation Round" means a meeting or series of meetings of the Committee during which a predetermined portion of the State Ceiling is made available for allocation by the Committee to one or more Applicants selected by the Committee during that meeting or series of meetings.

"Annual Applicant Public Benefits and Ongoing Compliance Self-Certification (Revised 9/20/17)", hereby incorporated by reference, means the document in the online compliance certification system to be completed by the Issuer in which the Issuer certifies that the Project is in compliance with all of the terms and conditions set forth in the Committee Resolution.

"Applicant" means the following entities submitting an Application to the Committee:

- a state or local governmental agency; or
- a joint powers authority (JPA) applying for bond allocation for a project, except for projects described in Government Code Section 6586.5(c), that is or will be located entirely within the geographical boundaries of one or more of the JPA's members; or
- a special district; or
- a nonprofit public benefit corporation that issues only student loan bonds; or
- any other public agency that is empowered to issue debt. "Application" means the request by an Applicant to the Committee for an Allocation of the State Ceiling which shall include the information specified in article 4 of this chapter.

"Bond" means either a Qualified Private Activity Bond or a Governmental Bond as defined in this section.

"Bond Default" means a material default as defined within an Issuer's Bond documents, but does not include for the purposes of this definition, defaults that are technical in nature such as a failure to maintain covenants, failing to charge rates sufficient to meet rate covenants, failing to maintain insurance on the Project, or failing to fund various reserves.

"Bond Issuance and Post Issuance Compliance Policies" means policies established by an Applicant to guide the process of issuing private activity bonds and ensuring post-issuance compliance including but not limited to a

description of the fee structure, application and approval process (including TEFRA), threshold eligibility criteria for applicants and projects, long term regulatory requirements (if any), and monitoring practices.

“Bond Regulatory Agreement” means the agreement between the Issuer, Project Sponsor, and any third party related to the ownership, financing, and management of a proposed Qualified Residential Rental Project that binds the parties to the commitments made in the Application that resulted in the Allocation for the Project and any other requirements mandated by 26 U.S.C. section 142.

“CIEDB” means the California Infrastructure and Economic Development Bank.

“Cash Flow Permanent Bond” means a bond where the identified payment source is based on cash flow availability in the form of residual payments and that are issued for the purposes of providing permanent financing that (i) does not meet CDLAC's Debt Service Coverage Ratio requirement in Section 5193 and that, (ii) together with all other Bonds not meeting CDLAC's Debt Service Coverage Ratio requirements in Section 5193 (if any), exceed 5% of the total project cost.

“Census Designated Place” means a place designated as a census designated place by the Bureau of the Census.

“Certificate of Completion for Non-Qualified Residential Rental Projects” (Revised 06-01-2017), hereby incorporated by reference, submitted by the Project Sponsor of a Non-Qualified Residential Rental Project, certifies that all work on the Project was substantially completed, along with the aggregate amount disbursed on the loan for qualified project costs. In addition, the officer's signature indicates that no more than 2% of the proceeds of the bonds issued were spent on the cost of the bond issuance.

“Certificate of Completion for Qualified Residential Rental Projects” (Revised 06-01-2017), hereby incorporated by reference, submitted by the Project Sponsor of a Qualified Residential Rental Project, and certifies that all work on the Project was substantially completed, along with the aggregate amount disbursed on the loan for qualified project costs. In addition, the officer's signature indicates that no more than 2% of the proceeds of the bonds issued were spent on the cost of the bond issuance.

“Certification of Compliance I (Revised 11-16-16)”, hereby incorporated by reference, means the document provided in the Committee Resolution to be completed by the Project Sponsor in which the Project Sponsor certifies that the Project is in compliance with all of the terms and conditions set forth in the Committee Resolution.

“Certification of Compliance II for Non-Qualified Residential Rental Projects” (Revised 9/20/17), hereby incorporated by reference, is a form for Applicant/Issuers awarded allocation in 2017 forward. Applicant/Issuers retain the Certification form for a period of three years in place of the Certification of Compliance I (11-16-16) to ensure that the Project Sponsor is reporting all relevant compliance and possible changes to the Project or program to the Applicant.

“Certification of Compliance II for Qualified Residential Rental Projects” (Revised 06-01-2017), hereby incorporated by reference, is a form for Applicant/Issuers awarded allocation in 2017 forward. Applicant/Issuers retain the Certification form for a period of three years in place of the Certification of Compliance I (11-16-16) to ensure that the Project Sponsor is reporting all relevant compliance and possible changes to the Project or program to the Applicant.

“Committee” means the California Debt Limit Allocation Committee established by California Government Code sections 8869.80 et seq.

“Committee Resolution” means for any Allocation, the resolution duly adopted by the Committee that, among other things, memorializes the grant of the Allocation by the Committee to the Applicant.

“Competitive Application Process” means the procedure under which the Committee shall evaluate an Application for an award of Allocation that is competitive based upon the number of points each Application is awarded.

Applications submitted under this process shall be awarded points only when the Project qualifies for those points and evidence supporting an award of points is documented in the Application when submitted.

"Credit Enhancement" means the additional assurance provided by a third party pursuant to a payment guaranty, letter of credit, bond insurance or other similar vehicle with a marketable investment grade credit rating.

"Credit Enhancer" means the party providing Credit Enhancement.

"CSFA" means the California School Finance Authority.

"CTCAC" means the California Tax Credit Allocation Committee.

"Distressed Community" means a community that the Applicant demonstrates to be any one or more of the following:

- A community with an unemployment rate equal to or greater than 125% of the statewide average based on the California Employment Development Department's most recent annual average for sub-county areas.

- A community with median family income of less than 80% of the statewide average based on the most recent census data available for cities or Census Designated Places. If no city or Census Designated Place level data is available, or if the Applicant chooses to identify a project benefit area that is smaller than a city or Census Designated Place, such as census tract or tracts, smaller areas will be used.

- A community with a poverty rate equal to or greater than 110% of the statewide average based on the most recent census data available for cities or Census Designated Places. If no city or Census Designated Place level data is available, or if the Applicant chooses to identify a project benefit area that is smaller than a city or Census Designated Place such as a census tract or tracts, smaller geographic areas will be used.

- A community or county affected by a state of emergency within California and declared a disaster by the President of the United States, the Administrator of the United States Small Business Administration, or the United States Secretary of Agriculture, or declared to be in a State of Emergency by the Governor of the State of California.

"Draw-down Bond Issuance" means a draw-down loan as defined for purposes of 26 U.S.C. sections 103 and 141 through 150 (generally, a Bond issue in which Bonds are delivered to the Bond purchaser intermittently as funds are needed by the Bond Issuer and the Bond Issuer only provides payments based on the amount of Bonds drawn-down).

"Executive Director" means the Executive Director of the Committee.

"Exempt Facility Project" means a Project financed with an exempt facility bond satisfying the requirements of 26 U.S.C. section 142, except that airports, docks and wharves, governmentally owned solid waste disposal facilities, and Qualified Residential Rental Projects shall not be considered exempt facilities for purposes of these regulations.

"Exempt Facility Project Pool" means the reserve of the State Ceiling established by the Committee for Exempt Facility Projects.

"Extra Credit Teacher Home Purchase Program" means a program offering Mortgage Credit Certificates or loans funded by Mortgage Revenue Bonds to eligible teachers, eligible administrators, eligible classified employees, and eligible staff members for the purpose of assisting them in becoming homeowners.

"Extra Credit Teacher Home Purchase Program Pool" means the reserve of the State Ceiling established by the Committee for the Extra Credit Teacher Home Purchase Program.

"Federally Bond-Restricted Units" are Project units that are restricted pursuant to 26 U.S.C. Section 142 (d)(1)(A) or (B).

"General Project Pool" means a reserve within the Qualified Residential Rental Project Pool that may be established by the Committee that does not include either Rural Projects or Mixed Income Projects.

"Governmental Bond" means a Bond issued by or on behalf of a governmental entity that is not considered a Qualified Private Activity Bond.

"Investor Representation Letter" means a letter from initial investors of a Bond offering that includes but is not limited to a certification that they reasonably meet the standards of a Sophisticated Investor or Qualified Institutional Buyer, that they are purchasing Bonds for their own account, that they have the sophistication to evaluate the merits and risks of the investment and suffer a loss of the investment, that they have been furnished all the information which they and their advisers requested on the offering and have had an opportunity to ask questions relating to that information, and other such matters.

"Issuer" means an entity empowered to issue Bonds.

"Job Creation" means new permanent full-time jobs created by the Project Sponsor. The number of jobs created shall be calculated after deducting any jobs within the State that are eliminated by the company. Job Creation must be met within two (2) years following the completion of the Project. The Job Creation requirement may be monitored by CIEDB utilizing California Employment Development Department employment statistics.

"Job Wage" means the average hourly general manufacturing wage for the Metropolitan Statistical Area in which a Project is located, based on the Bureau of Labor Statistics Series Code from the California Employment Development Department. If a Project is not located in an area for which the Employment Development Department keeps hourly wage data or not located in a defined Metropolitan Statistical Area, the closest comparable area in which hourly wage is available may be used.

"LEED Certified" means Leadership in Energy & Environmental Design certification by the U.S. Green Building Council.

"Local Issuer" means a local government entity that issues Mortgage Revenue Bonds or Mortgage Credit Certificates for Single Family Housing Programs or small-issue industrial development Bonds or a joint powers authority that issues small-issue industrial development Bonds on behalf of a local government entity.

"Market Study" means a comprehensive document prepared by a third party which contains information related to the Project's market area.

"Metropolitan Statistical Area" means the geographic entity defined by the U.S. Office of Management and Budget (OMB).

"Mixed Income Project" means a Qualified Residential Rental Project that is a New Construction project and either (1) is not utilizing the Average Income test of Internal Revenue Code Section 42 (g)(1)(C) and has 50% or fewer of its total units designated as Restricted Rental Units, or (2) is part of the California Housing Finance Agency Mixed-Income Program. In a Competitive Application Process, a Mixed Income Project may only apply for an allocation of tax-exempt bonds if the ratio of tax-exempt bonds, not including recycled bonds, to aggregate depreciable basis plus land basis is less than or equal to the ratio of units that will be restricted pursuant to a CTCAC regulatory agreement.

"Mortgage Credit Certificate" means a mortgage credit certificate as defined by 26 U.S.C. section 25(c)(1).

"Mortgage Revenue Bond" means a bond defined by 26 U.S.C. section 143(a).

"Mortgage Revenue Bond Program" means a program defined by 26 U.S.C. section 143(a).

"Nationally Recognized Statistical Rating Organization" means credit rating agencies that satisfy the requirements of 15 U.S.C. section 78(c)(62).

"Open Application Process" means the procedure under which the Committee will evaluate an Application for an award of Allocation that is not competitive. The Committee will not review an incomplete Application except to determine whether the Application is incomplete and notify the Applicant of the deficiency.

"Performance Deposit Certification" means the form titled "Performance Deposit Certification Form for an Application for an Allocation of Qualified Private Activity Bonds" (revised 1-18-12), which is hereby incorporated by reference.

"Placement Agent or Underwriter Statement" means the statement provided by the firm contracted to market the Bonds proposed in the Application that includes a brief paragraph on the firm's history and principals, a summary of the firm's non-binding initial underwriting review, an overview of proposed issuance structure including anticipated debt service coverage ratio, and a statement certifying that the proposed transaction has been initially underwritten and meets the firm's standards for participation.

"Project" means the subject property for which an Application for Allocation has been submitted.

"Project Sponsor" means the entity, or CDLAC authorized affiliate thereof, using the proceeds of a Bond issue to complete the Project described in the Application.

"Project Wage" means the average hourly wage of the jobs created by a Project.

"Public Transit Corridor" means an existing or planned public mass transit guide way or bus way station, or multimodal transportation terminal serving public mass transit operations within one-third mile of the Project.

"Qualified Institutional Buyer (QIB)" means an entity defined by the United States Securities and Exchange Commission in Rule 144A under the Securities Act of 1933.

"Qualified Private Activity Bond" means a Bond that satisfies the requirements of 26 U.S.C. sections 141 et seq.

"Qualified Recovery Zone Bond Issuer" means eligible Issuers of Recovery Zone Bonds including states, political subdivisions as defined for purposes of U.S. Treasury Regulations, Section 103, and entities empowered to issue Bonds on behalf of any such entity under rules similar to those used to determine whether a Bond issued on behalf of a state or political subdivision constitutes an obligation of the state or political subdivision for purposes of U.S. Treasury Regulations, Section 103 and subchapter A, 1.103-1(b), or eligible Issuers in conduit financing issues as defined in U.S. Treasury Regulations, subchapter A, 1.150-1(b). An eligible Issuer may issue Recovery Zone Bonds based on a volume cap allocation received by the eligible Issuer itself or by a conduit borrower or other ultimate beneficiary of the issue of the Bonds.

"Qualified Residential Rental Project (QRRP)" means a qualified residential rental project as defined by 26 U.S.C. section 142(d)(1).

"Qualified Residential Rental Project Pool" means the reserve of the State Ceiling established by the Committee for Qualified Residential Rental Projects.

"Qualifying Bond Default" means a Bond Default in which the final disposition resulted in bondholders involuntarily not being paid in whole or in part.

"Recovery Zone" means an area designated by the local issuing entity defined pursuant to 26 U.S.C. section 1400U-1(b) as meeting one of the following criteria:

• Significant poverty, unemployment, rate of home foreclosures or general distress

• Economically distressed because of military base closure or realignment

• An area which has been designation as an empowerment zone or a renewal community

"Recovery Zone Bond (RZB)" means a Bond issued as a Recovery Zone Economic Development Bonds or a Recovery Zone Facility Bonds.

"Recovery Zone Economic Development Bonds (RZEDB)" means a type of Build America Bond issued before January 1, 2011 in which the Issuer shall receive a credit from the Treasury Department equal to 45% of the interest payment.

"Recovery Zone Economic Development Bond (RZEDB) Reallocation Pool" means the reserve of the amount Deemed Waived by the Committee for reallocation of Recovery Zone Economic Development Bonds.

"Recovery Zone Facility Bonds (RZFB)" means a category of Bonds created by the American Recovery and Reinvestment Act of 2009 (ARRA) that will be treated as Exempt Facility Bond Project as defined per 26 U.S.C. section 142.

"Recovery Zone Facility Bonds (RZFB) Reallocation Pool" means the reserve of the amount Deemed Waived by the Committee for reallocation of Recovery Zone Facility Bonds.

"Regulatory Period and/or Compliance Period" means for projects awarded allocation after December 31, 2016 a period of time enumerated in the CDLAC resolution whereby Annual Applicant Public Benefits and On-going Compliance Self Certification is required to be submitted. For QRRP projects the period of time will be consistent with Section 5192, for IDBs the longer of project completion or 2 years after the project completion if a job creation election is made, and for all other programs when the project is completed or allocation has been utilized.

"Related Party" means the more stringent of the constructive ownership provisions of 26 U.S.C. section 267 or the following:

• The brothers, sisters, spouse, ancestors, and direct descendants of a person;

• A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;

• Two or more corporations, general partnership(s), limited partnership(s) or limited liability corporations connected through debt or equity ownership, in which stock is held by the same persons or entities for:

- At least 50% of the total combined voting power of all classes that can vote, or;
- At least 50% of the total value of shares of all classes of stock of each of the corporations, or;
- At least 50% of the total value of shares of all classes of stock of at least one of the other corporations, excluding, in computing that voting power or value, stock owned directly by that other corporation.

• There exists concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity from which income is derived;

• There exists concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity where a sale-leaseback transaction provides the parent or related entity with income

from the property leased or that creates an undue influence on the separate entity as a result of the sale-leaseback transaction;

• There exists concurrent ownership by a parent or related entity, regardless of the percentage of ownership, of a separate entity where an interlocking directorate exists between the parent or related entity and the separate entity.

• A grantor and fiduciary of any trust;

• A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

• A fiduciary of a trust and a beneficiary of that trust;

• A fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;

• A person or organization and an organization that is tax-exempt under 26 U.S.C. section 501(c)(3) or (4) and that is affiliated with or controlled by that person or the person's family members, as provided in the first bullet of this section, or by that organization;

• A corporation and a partnership or joint venture if the same persons own more than:

- 50% in value of the outstanding stock of the corporation; and
- 50% of the capital interest, or the profits' interest, in the partnership or joint venture;

• One S corporation or limited liability corporation and another S corporation or limited liability corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;

• An S corporation or limited liability corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;

• A partnership and a person or organization owning more than 50% of the capital interest, or the profits' interest, in that partnership; or

• Two partnerships where the same person or organization owns more than 50% of the capital interests or profits' interests.

“Report of Action Taken” means a report provided by and due to the Committee not more than three (3) business days following the use of Allocation to issue Bonds or Mortgage Credit Certificates.

“Report of Action Taken for Bonds” means the specific Report of Action Taken due to the Committee following the use of Allocation for Qualified Private Activity Bonds (excluding RZBs) titled “Report of Action Taken Regarding the Issuance of Private Activity Bonds” (revised 11-16-16), which is hereby incorporated by reference.

“Report of Action Taken for MCCs” means the specific Report of Action Taken due to the Committee following the use of Allocation to issue Mortgage Credit Certificates Bonds titled “Report of Action Taken Regarding Mortgage Credit Certificate Program” (revised 1-11-11), which is hereby incorporated by reference.

“Report of Action Taken for MCCs (Carryforward)” means the specific Report of Action Taken due to the Committee following the use and/or Carryforward of Allocation to issue Mortgage Credit Certificates titled “Report of Action Taken Regarding a Carryforward Election and a Mortgage Credit Certificate Program” (revised 11-11-11), which is hereby incorporated by reference.

"Report of Action Taken for RZBs" means the specific Report of Action Taken due to the Committee following the use of Allocation for RZBs titled "Report of Action Taken Regarding the Issuance of Recovery Zone Bonds" (revised 11-30-18), which is hereby incorporated by reference.

"Restricted Rental Units" means tenant occupied units within a Qualified Residential Rental Project that are restricted to households earning 60% or less of the applicable median family income pursuant to a Bond Regulatory Agreement.

"Rural Project" means a Qualified Residential Rental Project that is a New Construction Project located in a rural area as defined by Health and Safety Code section 50199.21 but shall not include a Mixed Income Project.

"Rural Project Pool" means a reserve within the Qualified Residential Rental Project Pool that may be established by the Committee.

"RZEDB Application" means the Application titled "Application for an Award of American Recovery and Reinvestment Act of 2009 Recovery Zone Economic Development Bonds" (revised 5-5-11), which is hereby incorporated by reference.

"RZFB Application" means the Application titled "Application for an Award of American Recovery and Reinvestment Act of 2009 Recovery Zone Facility Development Bonds" (revised 5-5-11), which is hereby incorporated by reference.

"Single Family Housing Program" means a program satisfying the requirements of 26 U.S.C. section 25 and 26 U.S.C. section 143.

"Single Family Housing Program Bonus Pool" means a reserve within the Single Family Housing Program Pool that may be established by the Committee.

"Single Family Housing Program Pool" means the reserve of the State Ceiling established by the Committee for Single Family Housing Programs.

"Single Family Housing State Issuer" means any state agency that issues Mortgage Revenue Bonds or Mortgage Credit Certificates for Single Family Housing Programs.

"Small-Issue Industrial Development Bond Project" means a Project that meets the requirements for a qualified small-issue Bond as described under 26 U.S.C. section 144.

"Small-Issue Industrial Development Bond Project Pool" means the reservation of the State Ceiling reserved for Small-Issue Industrial Development Bond Projects.

"Sophisticated Investor (SI)", see Accredited Investor definition.

"Standard Permanent Bonds" means Bonds issued for the purposes of providing permanent Project financing which (i) meet CDLAC's Debt Service Coverage Ratio requirement in Section 5193 or (ii) are not Cash Flow Permanent Bonds.

"State Ceiling" means the amount of Qualified Private Activity Bonds that can be issued in California for each calendar year specified by 26 U.S.C. section 146(d), and the amount reserved to California pursuant to sections 1112 and 1401 of the American Recovery and Reinvestment Act of 2009 as established by and announced by the Committee in accordance with article 2 of this chapter.

"State Ceiling Pools" means the individual pools created by the Committee and as defined in this chapter.
"Student Loan Program" means a program that meets the requirements for a qualified student loan Bond under 26 U.S.C. section 144(b).

"Student Loan Program Pool" means the reserve of the State Ceiling established by the Committee for Student Loan Programs.

"Supplemental Allocation Pool" means the reserve of the State Ceiling established by the Committee for supplemental allocation on Qualified Residential Rental Projects.

"Taxable Debt" means conventional financing from a major financial institution or taxable Bonds issued by a municipality including but not limited to Build America Bonds or Recovery Zone Bonds.

"TEFRA Resolution (Tax Equity and Fiscal Responsibility Act of 1982)" means an approval by the applicable elected representative of the governmental unit having jurisdiction over the proposed Project, as required by 26 U.S.C. section 147(f), that is documented and includes a certification executed by the applicable elected representative or their designee.

"Travelling Investor Representation Letter" means the certification from initial investor(s) of a Bond offering that they have no present intention of reoffering the Bonds in a subsequent public offering, but may be allow to subsequently transfer the Bonds in a limited offering to another permitted transferee provided the transferee agrees to the same representations.

"U.S. Treasury Designated Recovery Zone Bond Allocation" means Allocation received directly from the federal government pursuant to the American Recovery and Reinvestment Act of 2009.

"Undesignated Reserve Pool" (Pool) means a reserve of the State Ceiling established by the Committee for which there is no demand at the time the Pool is established.

"Verification of Zoning and Local Approvals" means the document by which the appropriate local government planning official having jurisdiction over the Qualified Residential Rental Project certifies at least the following: the Project's name, address, parcel number, housing type, the Project's compliance with all applicable local land use and zoning ordinances, a description of the Project's current zoning, maximum per unit density allowed for the Project's site, and whether the Project has obtained all local and state land use related approvals.

"Veterans Home Loan Program" means a single family housing program administered by the California Department of Veterans Affairs, satisfying the requirements of 26 U.S.C. section 143, and that is restricted to California veterans of military service.

"Welfare-to-Work Plan" means a plan as described by sections 10531, et seq. of the California Welfare and Institutions Code.

"WELL" means a Building Standard, which is a performance-based system for measuring, certifying and monitoring features of the built environment that impacts human health and wellbeing through air, water, nourishment, light, fitness, comfort and mind. WELL is managed and administered by the International WELL Building Institute.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. State Ceiling and Application Process

§ 5010. Determination of State Ceiling, Competitiveness, and Minimum Points.

(a) As soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee shall determine and announce the State Ceiling and the portion of the State Ceiling that will be available for each of the State Ceiling Pools as set forth in article 3 of this chapter.

(b) Pursuant to subdivision (a) of this section, the Committee shall determine and announce the establishment of either an Open Application Process or a Competitive Application Process, or both, for each State Ceiling Pool. The Committee shall determine which process is best for each program pool based on factors including, but not limited to, the amount of the State Ceiling available to the pool and the history of Applications for allocations from each pool.

(c) Pursuant to subdivision (a) and (b) of this section, the Committee shall establish a minimum point threshold for the New Construction, Rural, Preservation, Other Rehabilitation and BIPOC Pools as determined in section 5020.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84, Government Code.

Article 3. State Ceiling Pools

§ 5020. Determination of State Ceiling Pools.

As soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee shall:

(a) Determine and announce what amount, expressed both as a percentage and as a dollar amount of the State Ceiling, shall be available for Allocation during the year and in each Allocation Round to Qualified Residential Rental Projects from the Qualified Residential Rental Project Pool.

(1) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a New Construction Pool to be available for allocation to New Construction Projects that are not Rural Projects, and determine what amount, if any, shall be available in each Allocation Round.

(1)(A) Subsequent to the determination made pursuant to paragraph (1) of this subdivision, determine and announce whether a portion of the New Construction Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a Homeless Set-Aside to be available for allocation to New Construction Projects in which at least 25% of the tax credit units are designated for homeless households as defined in Section 10315(b)(1)-(4) of the CTCAC regulations at affordable rents consistent with Section 10325(g)(3) of the CTAC regulations, and determine what amount, if any, shall be available in each Allocation Round.

(B) Subsequent to the determination made pursuant to paragraph (1) of this subdivision, determine and announce whether a portion of the New Construction Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in an Extremely Low/Very Low Income Set Aside to be available for allocation to New Construction Projects that have for Allocation Rounds in 2021, an average AMI of 50% or below or have received either of the following, and determine what amount, if any, shall be available in each Allocation Round:

(i) an award of funding from the Department of Housing and Community Development (HCD). For purposes of this Set Aside, an award of funding from HCD shall include awards made directly by the department pursuant to the Multifamily Housing Program, the Affordable Housing and Sustainable Communities Program, the Transit Oriented Development Program, the Joe Serna Jr. Farmworker Housing Grant Program, the No Place Like Home Program, Housing for a Healthy California and the Veterans Housing and Homelessness Prevention Program. The income restrictions shall be at least as restrictive

as those for which the applicant received an award from HCD. Awards made directly by the department do not include Alternative County Process awards.

(a)(1)(B)(ii) an award of public funds, as defined in Section 10325(c)(9)(A)(i) of the CTCAC regulations, equivalent to 15% or more of the Project's total development cost, provided that the project meets the following criteria, as applicable:

(aa) If the project receives points as a Large Family project pursuant to Section 5230(g) and is located in a High Segregation and Poverty Area as specified on CTCAC/HCD Opportunity Area Map, the project shall have income restrictions with a range of at least 30% AMI between the highest and lowest 10% of income-restricted units that meet the requirements of Section 5230(j)(1)(C).

(bb) If the project receives points as a Large Family project pursuant to Section 5230(g) and is located in a High or Highest Resource Area as specified on CTCAC/HCD Opportunity Area Map, the project shall have income restrictions that meet the requirements of Section 5230(j)(1)(A).

(cc) If the project does not receive points as a Large Family project pursuant to Section 5230(g) or is located in a Moderate, or Low Resource Area as specified on CTCAC/HCD Opportunity Area Map, the project receives maximum points for exceeding minimum income restrictions pursuant to Section 5230(d).

(C) Subsequent to the determination made pursuant to paragraph (1) of this subdivision, determine and announce whether a portion of the New Construction Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a Mixed Income Set-Aside to be available for allocation to New Construction Projects that are Mixed Income Projects, and determine what amount, if any, shall be available in each Allocation Round.

(2) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage (not to exceed ten percent (10%)) of the Qualified Residential Rental Project Pool shall be reserved in a Rural Project Pool to be available for allocation to Rural Projects and determine what amount, if any, shall be available in each Allocation Round.

(3) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a Preservation Pool to be available for allocation to Preservation Projects and determine what amount, if any, shall be available in each Allocation Round.

(4) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in an Other Rehabilitation Pool to be available for allocation to Other Rehabilitation Projects and determine what amount, if any, shall be available in each Allocation Round.

(5) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a BIPOC Pool to be available for allocation to BIPOC Projects and determine what amount, if any, shall be available in each Allocation Round.

(6) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a Supplemental Allocation Pool to be available for allocation to Supplemental Allocation requests and determine what amount, if any, shall be available that year.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82 and 8869.84, Government Code.

§ 5021. Rescheduling of Calendar.

Notwithstanding any other provision of this article, the Committee may, at any time, alter the competitiveness of Allocation Rounds, the number of Allocation Rounds, the portion of the State Ceiling that will be available to each type of State Ceiling Pool, or any Program within a Pool in each of the Allocation Rounds, the schedule of the Allocation Rounds and the deadlines for Applicants to submit Applications for consideration based on its finding, at a noticed meeting, that the changes are in the public interest and reasonably necessary to further the purposes for which the Committee was created.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84, Government Code.

§ 5022. Geographic Apportionments.

For the purpose of allocating bonds available under the QRRP New Construction Pool, annual apportionments of bonds shall be made in approximately the amounts shown below:

Geographic Region	**Apportionment**
Coastal Region (Monterey, Napa, Orange, San Benito, San Diego, San Luis Obispo, Santa Barbara, Sonoma, and Ventura Counties)	21%
City of Los Angeles	17%
Balance of Los Angeles County	16%
Bay Area Region (Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Santa Cruz Counties)	21%
Inland Region (Fresno, Imperial, Kern, Kings, Madera, Merced, Riverside, San Bernardino, Stanislaus, and Tulare Counties)	16%
Northern Region (Butte, El Dorado, Placer, Sacramento, San Joaquin, Shasta, Solano, Sutter, Yuba, and Yolo Counties)	9%

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Application Schedule and Procedures

§ 5030. Announcement of Application Deadlines.

Pursuant to article 2 of this chapter, the Committee shall as soon as practical, after the start of the calendar year, give notice of the dates and deadlines to submit Applications for each Allocation Round and whether the Applications will be evaluated pursuant to an Open Application Process or a Competitive Application Process.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84, Government Code.

§ 5031. Eligible Applicants.

(a) The following types of entities may file an Application: Any state or local governmental agency, joint powers authority (JPA) applying for bond allocation for a Project that will be located entirely within the geographical boundaries of one or more of the JPA members (except for a Project described in Government Code section 6586.5(c)), special district, nonprofit public benefit corporation that issues only student loan Bonds, or any other public agency that is empowered to issue debt. The Issuer of the Qualified Private Activity Bonds or Mortgage Credit Certificates must be the Applicant.

(b) Where the Applicant is administering a Single-Family Housing Program on behalf of one or more jurisdictions, the Applicant must submit the Application to the Committee. The Applicant must also obtain, and provide to the Committee with its Application, a publicly adopted resolution or cooperative agreement from each jurisdiction participating in the Applicant's program that explicitly grant authority to the Applicant to conduct the program in the participant's jurisdiction.

(c) To be eligible to receive CDLAC allocation, all Applicants must submit written Bond Issuance and Post Issuance Compliance Policies for each State Ceiling Pool they request. For QRRP Applicants, these policies must be reviewed by counsel having expertise with the federal and state laws pertaining to the issuance or conversion and post-closing compliance of private activity conduit bonds for consistency with applicable federal and state laws. Such review will be documented via a letter from the respective counsel indicating the review has occurred. Additionally, for all Applicants, the policies must be accompanied by a resolution signed by the appropriate governing body formally adopting the policies. If the governing body has delegated approval authority on such matters to the organization's Executive Director, Housing Director or Finance Director, approval by the delegated individuals will suffice. To the extent contractors will be providing services on behalf of an Applicant, the policies should clarify the relationship between the contractor and the Applicant and what, if any, rights the contractor has to income and obligations generated from the issuance activity. CDLAC will review these policies to ensure the legal review has occurred, appropriate approval documentation is in place and for consistency with the CDLAC regulations. CDLAC will document their formal approval. This requirement will apply immediately to all Applicants who have not received allocation from CDLAC since January of 2013 and for new Applicants. Applicants having received an allocation of bonds from CDLAC after January 2013 will have until December 31st of 2017 to complete and submit policies to CDLAC. If an Applicant has not utilized CDLAC's programs but has a 2017 project pending, a one year waiver to this regulation may be requested. To fulfill this requirement, approval of the policies must be documented in a resolution dated no earlier than 2006. All policies must be reviewed and re-approved at least every 10 years thereafter.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(f), 8869.84(g), 8869.85(a), 8869.85(b), 8869.88 and 8869.89, Government Code.

§ 5032. Applicant Responsibilities.

(a) Applications for an Allocation of the State Ceiling shall include the information prescribed by the Committee specific to the State Ceiling Pool or program to which the Application is addressed. All questions set forth in the applicable Application must be answered completely and accurately. Each Application must be accompanied by the required documentation prescribed therein.

(b) Every Applicant shall certify to the Committee that it is in compliance with all applicable statutes, laws, rules, and regulations necessary for the transaction of its business.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.87, Government Code.

§ 5033. Minimum Application Requirements.

(a) Applications for an Allocation of the State Ceiling may be submitted to the Committee at its offices in Sacramento, California. An Applicant must submit all required information appropriate to the type of Bond for which the Applicant requests an Allocation. The Applicant shall submit a complete Application and supplemental material for each project or program for which the Applicant is requesting an Allocation. Only complete Applications bearing the original signatures of an officer of the Applicant or designee and the Project Sponsor, if applicable, will be accepted.

(b) Unless specifically exempted, the following items must accompany all Applications:

(1) Performance Deposit Certification and evidence of the performance deposit as provided in section 5050(a), except that for Qualified Residential Rental Projects, an Applicant shall provide the certification and evidence within 20 calendar days following an award of an Allocation.

(2) A non-refundable first installment of the filing fee of $1,200 made payable to the California Debt Limit Allocation Committee as provided in section 5054(a).

(3) Proof of the bond sale structure requirements pursuant to article 6 of this chapter, if applicable, (for all Applications other than Applications relating to a Mortgage Credit Certificate Program pursuant to chapter 3.

(4) An inducement or reimbursement resolution adopted by the governing body of the Applicant approving the project or program to be Bond financed and authorizing a senior officer, or in the case of a Student Loan Program, an officer of the sponsor of the Student Loan Program, to file the Application with the Committee, pay any fees required by the Committee, and certify the posting of the required performance deposit, unless excepted herein.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(a), 8869.85(b) and 8869.90, Government Code.

§ 5034. Ranking.

Applications submitted under a Competitive Application Process will be ranked according to the number of points awarded by the Committee pursuant to the evaluation criteria specific to the State Ceiling Pool or program to which the Application is addressed.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(d) and 8869.84(e), Government Code.

§ 5035. Preliminary Recommendations.

(a) At least twenty-five (25) calendar days prior to any meeting at which the Committee ~~will~~ is to award Allocations, the Executive Director shall publish a preliminary list of Applicants for which the Executive Director expects to recommend an Allocation (and the amount of those Allocations). During competitive rounds, the following procedures shall be followed for the Qualified Residential Rental Program:

(1) Within ten (10) calendar days after the application due date, a list of applicants, project names, project locations, selected pools and set-asides, geographic regions, and requested Allocations and all reported self-scoring totals and tie-breaker scores shall be published on the Committee's website as provided in section 5140.

(2) Projects will be evaluated and ranked based on information submitted in the application.–Only applications that are substantially complete and self-score high enough to receive an Allocation shall be reviewed. Prior to publishing the preliminary recommendation list on the Committee's website, Applicants and developers/sponsors shall be notified of their preliminary score and the reasons for any modifications from the Applicant's Self-Scoring Worksheet. That notice, or a subsequent notice, may also contain completeness and/or feasibility defects determined during the application evaluation. Notices shall only be sent for projects that self-score high enough to receive an Allocation. Applicants shall have five (5) calendar days to appeal such notice. Appeals shall be addressed to the Executive Director in writing. The Executive Director shall have ten (10) calendar days to issue a final determination. If an Applicant is unsatisfied with the final determination, the Applicant may appeal to the Committee.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5036. Appeals to Preliminary Recommendations.

Any Applicant who wishes to appeal the published preliminary recommendation or ranking as prescribed in section 5035 may file an appeal within five (5) business days of the date on which the preliminary list is posted. The appeal shall set forth in reasonable detail the factual basis for the appeal. New or additional information beyond that provided in the original Application shall not be provided or considered in connection with the appeal. All appeals shall be made in writing and delivered to the Executive Director. The Executive Director shall present the appeal to the Committee at the meeting for which Allocations are awarded, prior to the Allocation approval process. An Applicant may only appeal the recommendation or ranking of its own Application(s).

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5037. Final Recommendations.

(a) At least ten (10) calendar days before the Committee meeting for which Allocations will be awarded, the final list of Applicants for which Allocations will be recommended (and the amounts of those Allocations) will be posted. During competitive rounds, the list will be in ranked order. This list will reflect changes, if any, in ranking resulting

from the appeals as provided in section 5035. The list shall be posted on the Committee's website as provided in section 5140.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5038. Appeals to Final Recommendations.

Any Applicant who timely appealed the preliminary determination and is dissatisfied with the final recommendation in connection with the Application or received no preliminary recommendation, may present its case to the Committee at the Allocation meeting at which the Application is considered, provided that the Applicant gives notice, in writing, of its intention to do so at least five (5) business days prior to the Allocation meeting. An Applicant's written notification must be delivered to the Committee, no later than 5:00 p.m. (Pacific Time) on the last day specified for providing notice.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5039. Publishing of Agenda.

At least ten (10) calendar days before all Committee meetings, the Executive Director shall post an agenda of all items to be heard by the Committee, on the Committee's website provided in section 5140.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 5. Performance Deposits and Fees

§ 5050. Performance Deposit Requirements.

(a) Applications for Qualified Private Activity Bonds shall include evidence of a performance deposit equal to one-half of one percent (.5%) of the Allocation requested, not to exceed $100,000 made payable to the Applicant, except that for Qualified Residential Rental Projects, an Applicant shall provide the evidence of a performance deposit within 20 calendar days following an award of an Allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

§ 5051. Release of Performance Deposit.

(a) The written authorization releasing a performance deposit or refund of deposits paid to the Committee will occur upon the Committee's receipt of a properly completed Report of Action Taken that is appropriate to the transaction type as required in section 5142, all filing fees as required in section 5054, and a digital copy of the conformed, recorded Bond Regulatory Agreement. The Committee Resolution shall provide the timeframe for using the Allocation and filing the required Report of Action Taken.

(b) In the case of a Qualified Residential Rental Project that also requests an allocation of state credit reserved for tax-exempt projects from the California Tax Credit Allocation Committee (CTCAC), the full release or refund of a

performance deposit will be authorized if the Project Sponsor is able to demonstrate that the failure to use Allocation is solely due to the failure to receive an allocation of state tax credit.

(c) In the case of Mortgage Credit Certificates, the full release or refund of a deposit will not be authorized unless the Allocation has been converted to Mortgage Credit Certificate authority by the date specified in the Committee Resolution.

(d) Nothing in this section shall be construed to address the forfeiture of deposit relative to utilization of carryforward Allocations pursuant to section 5132.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.90, Government Code.

§ 5052. Forfeiture of Performance Deposit.

(a) For Projects receiving an allocation award on or after March 16, 2016, an extension of the expiration date for Qualified Residential Rental Bonds granted pursuant to Section 5101 or 5132 will result in forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited.

(b) If less than 80% of the Allocation is used to issue Bonds, a pro-rata portion of the deposit will be forfeited equal to the same percentage ratio as the amount of unused Allocation bears to the amount of awarded Allocation. If at least one (1) Mortgage Credit Certificate is not issued prior to the applicable expiration date, the entire performance deposit will be forfeited. If 80% or more of the Allocation is used to issue bonds prior to the expiration date, or at least one (1) Mortgage Credit Certificate is issued prior to the applicable expiration date, a full refund of the performance deposit will be authorized.

(c) Applicants bear the risk of forfeiting all or part of their performance deposit if the Allocation is not used in accordance with the conditions and/or timeframes set forth in the Committee Resolution.

(d) The Applicant shall remit all forfeited performance deposits to the Committee within thirty (30) days of receipt of an invoice issued by the Committee.

(e) An Applicant may request waiver of a performance deposit forfeiture by submitting a written request to the Executive Director within 30 days of the date of the Committee's Forfeiture Fee Invoice. The Committee shall grant a forfeiture extension upon a showing that the request aligns with an extended allocation and waiver upon showing the circumstances prompting the forfeiture were unforeseen and entirely beyond the control of the Project's sponsor and development team. The granting of a waiver pursuant to this subsection will not preclude performance deposit forfeiture for subsequent extensions of the expiration date for Qualified Residential Rental Bonds granted pursuant to Section 5101 or 5132.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.86(c)(3), Government Code.

§ 5053. Withdrawn or Denied Applications.

For Applicants that post the performance deposit prior to award of an Allocation, if the Applicant withdraws an Application prior to consideration by the Committee or if a Project fails to receive an award of Allocation, the performance deposit shall be automatically refunded or released and no written authorization from the Committee shall be necessary. Applicants that receive an Allocation may also return the Allocation to the Committee within twenty (20) days of the award date without threat of negative points.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

§ 5054. Filing Fees.

Each Applicant shall submit a filing fee in an amount equal to the product of the amount of Allocation actually used to issue Bonds, or Mortgage Credit Certificates multiplied by .00035. The payment of the fee shall be in two installments as follows:

(a) Initial filing fee in the amount of $1,200 shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee shall not be refundable under any circumstances but shall be credited against the total filing fee.

(b) Initial filing fee for supplemental awards in the amount of $600 shall accompany the filing of an Application to cover the Committee's reasonable costs associated with reviewing Applications. This portion of the filing fee shall not be refundable under any circumstances but shall be credited against the total filing fee.

(c) Initial filing fee for Difficult Development Area/Qualified Census Tract (DDA/QCT) designation retention in the amount of $1,200 shall accompany the filing of an Application to cover the Committee's reasonable costs associated with reviewing Applications. This portion of the filing fee shall not be refundable under any circumstances.

(d) Second installment of Filing Fee. The second installment of the filing fee shall be due within thirty (30) days after Bond issuance or issuance of the first Mortgage Credit Certificate. The Committee shall issue an invoice in conjunction with the Committee Resolution transferring the Allocation to the Applicant. The amount of the second installment of the filing fee is the product of the amount of Allocation used to issue Bonds or convert to Bond to Mortgage Credit Certificate authority multiplied by .00035, less the fee paid pursuant to subdivision (a) of this section.

(e) If the second filing fee is not received within thirty (30) days, the Committee shall instruct the Applicant to remit the amount due from the performance deposit maintained by the Applicant specifically for the Project or program that was awarded Allocation pursuant to section 5050.

(f) Applications for Allocation for Exempt Facility Projects shall not be charged supplemental filing fees when applicants seek to move the hearing date for allocation later in the calendar year, as long as there are not material changes in the project or financing structure of the application.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.90, Government Code.

§ 5055. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

§ 5056. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.90, Government Code.

Article 6. Bond Sale Structure Requirements

§ 5060. Minimum Requirements.

(a) Applicants, other than Applicants for a Mortgage Credit Certificate Program, shall provide evidence of a plan to privately place or publicly sell the proposed Bonds with or without Credit Enhancement for an amount no less than the amount requested in the Application. All relevant bond documents for Qualified Residential Rental Projects must permit principal payments or prepayments on the underlying loan(s) as transferred proceeds in a bond preservation and recycling program as permitted by 26 U.S.C. Section 146(i)(6) and shall require no less than thirty (30) days' notice to CDLAC and to the applicant prior to the redemption of bonds at the conversion to permanent financing. Bond sale structures that include a credit rating shall be subject to the following:

(1) Governmental Bond issued with full recourse to, or guaranteed by a general obligation of a governmental entity with taxing authority or Qualified Private Activity Bonds with recourse to the corporate parent entity of the Project Sponsor via a corporate guarantee must have an investment grade credit rating for the Project or the source of the aforementioned guarantee for the Project.

(2) Qualified Private Activity Bonds without a governmental or corporate guarantee shall provide a credit rating specifically for the transaction.

(3) Governmental Bond issues with limited recourse (i.e. lease revenue Bonds, project-specific recourse, or certificates of participation) may provide either a credit rating specifically for the transaction or provide evidence of a current credit rating for an existing outstanding Bond with the same source of debt repayment.

(4) All Bond ratings shall include evidence that the credit rating has been provided within the last six (6) months, or that the current credit rating for outstanding Bond(s) has been substantiated via the most recent updated surveillance review completed by a rating agency within the last thirty six (36) months.

(b) Applicants requesting an award of Allocation for pollution control projects administered by the California Pollution Control Financing Authority (CPCFA) should refer to CPCFA regulations for additional requirements.

(c) Notwithstanding the requirements set forth in article 6 of this chapter, the Committee may apply more stringent requirements and thresholds for a given Project based upon factors such as, but not limited to the size of the Bond issue and/or the specific ratings of the Applicant and/or Project Sponsor.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5061. Credit Enhanced Sales.

(a) Applications for Bonds to be issued and sold through a public sale with Credit Enhancement will be deemed to have provided satisfactory evidence of a Bond sale plan required in section 5060 if documentation from the Credit Enhancer includes the following:

(1) Project Sponsor (borrower).

(2) Project name and location.

(3) Amount of the Credit Enhancement.

(4) Salient terms and conditions of the agreement, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment.

(5) Evidence that the Credit Enhancer is committed to move forward with the transaction if the terms and conditions in the commitment letter are met.

(6) Acceptance of the terms and conditions of the Credit Enhancement by the Credit Enhancer and Project Sponsor evidenced by signatures from both parties.

(7) If Fannie Mae, (a private, shareholder-owned company with a charter from Congress requiring the company to support the housing finance system) or any additional or successor entity possessing a similar Congressional charter is providing the Credit Enhancement, the commitment issued by a qualified lender under the Delegated Underwriting and Servicing (DUS) program of Fannie Mae will constitute acceptable proof of Credit Enhancement.

(b) If the Bonds are to be variable rate Bonds, the short term rating shall be no less than “A1” by Standard & Poor's, “VMIG1” by Moody's, or “F-1” by Fitch IBCA, Inc. or the equivalent.

(c) If the Bonds are to be fixed rate Bonds, the Bond rating shall be no less than an “A” category or the equivalent as rated by a Nationally Recognized Statistical Rating Organization. If the Bond rating is below an “A” category or the equivalent, the Application will be evaluated pursuant to section 5065.

(d) If any State Agency is providing the Credit Enhancement, evidence of its investment grade rating shall be provided with the Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5062. Private Placement Sales.

(a) Subject to subsection (b) below, applications for Bonds to be issued and sold through a private placement will be deemed to have provided satisfactory evidence of a Bond sale plan required in section 5060 if documentation from the Bond purchaser(s) includes the following:

(1) Project Sponsor (borrower).

(2) Project name and location.

(3) Bond purchase amount.

(4) Salient terms and conditions, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment including the interest rate of the agreement.

(5) Evidence that the lender is committed to move forward with the transaction if the terms and conditions in the commitment letter are met.

(b) For applications submitted after December 31, 2016 Cash Flow Permanent Bonds to be issued and sold through a private placement including, without limitation, bonds purchased by a property seller in consideration of the provisions of a purchase and sale agreement, will be deemed to have provided satisfactory evidence if the provisions of 5062 (a) have been satisfied and, additionally, if at the time of bond issuance the bond purchaser elects to:

(1) submit a Traveling Investment Representation Letter from a Qualified Institutional Buyer or Sophisticated Investor due three (3) days prior to Bond issuance; or

(2) ensure a minimum Bond denomination of $100,000.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5063. Unenhanced Bond Sales with an A Category or Higher Rating Including Sales Where Cash is the Collateral.

(a) Applications for Bonds to be issued with an unenhanced credit rating equivalent to an “A” category or higher as rated by a Nationally Recognized Statistical Rating Organization will be deemed to have satisfied the minimum Bond sale requirements required in section 5060 if the following is provided:

(1) Placement Agent Statement.

(2) Certifications of no current Bond Defaults by the Issuer, guarantor (if any) and the Project Sponsor (if any).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5064. Unenhanced Bond Sales with a BBB Category Credit Rating.

(a) Applications for Bonds to be issued with an unenhanced credit rating in the “BBB” category or equivalent as rated by a Nationally Recognized Statistical Rating Organization will be deemed to have satisfied the minimum Bond sale requirements required in section 5060 if the following is provided:

(1) Placement Agent Statement.

(2) Certifications of no current Bond Defaults by the Issuer, guarantor (if any) and the Project Sponsor (if any).

(3) Brief summary of the marketing plan.

(b) In addition to the requirements of subdivision (a) of this section, awards of Allocation will be subject to the following conditions:

(1) Governmental Bond issues with full recourse to, or guaranteed by a general obligation of a governmental entity with taxing authority will be subject to minimum denominations of $5,000.

(2) Governmental Bond issues with limited recourse and all Qualified Private Activity Bonds will be required to have either of the following:

(A) The submission of an Investment Representation Letter from a Qualified Institutional Buyer or Sophisticated Investor due at Bond issuance; or

(B) Minimum Bond denominations of $100,000.

(C) Applicants will state in both the Application and the marketing plan whether they favor a CDLAC award with an Investment Representation Letter requirement or with the minimum denomination requirement. The marketing plan's stated issuance structure and offering summary must reflect the Applicant's preference.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5065. Unenhanced Sales with Unrated or Non-Investment Grade Credit Rating.

(a) Applications for Bonds to be issued with unrated or unenhanced non-investment grade credit ratings will be permitted only for limited recourse Government Bond issues and Qualified Private Activity Bonds and will be deemed to have satisfied the minimum Bond sale requirements required in section 5060 if the following is provided:

(1) Placement Agent Statement.

(2) Certifications of no current Bond Defaults by the Issuer, guarantor (if any) and the Project Sponsor (if any).

(3) Complete marketing plan.

(b) In addition to the requirements of subdivision (a) of this section, awards of Allocation will be subject to the following conditions:

(1) The submission of a Traveling Investment Representation Letter due three (3) business days before issuance; or

(2) Minimum Bond denominations as follows:

(A) $100,000 for Bond issues equal to or less than $100,000,000; or

(B) $250,000 for Bond issues over $100,000,000.

(3) Applicants will state in both the Application and marketing plan whether they favor a CDLAC award with a Traveling Investment Representation Letter requirement or with the minimum denomination requirement. The marketing plan's stated issuance structure and offering summary must reflect the Applicant's preference.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5066. Qualifying Bond Defaults.

(a) Bond Applications on behalf of a Project Sponsor with a Qualifying Bond Default or bankruptcy in the last three (3) years, and/or from a Bond Issuer with three (3) or more Qualifying Bond Defaults in the last five (5) years shall be restricted to private placement sales accompanied with an Investment Representation Letter or public sales with a minimum A category credit grade. Governmental Bond Applications on behalf of a governmental guarantor with a Qualifying Bond Default or bankruptcy within the last three (3) years shall be restricted to private placements with Qualified Institutional Buyers or to public sales rated A or higher.

(b) Bond Issuers and Project Sponsors who are subject to these restrictions may submit an appeal for a waiver of this requirement which shall be considered by the Committee. For Issuers, appeals which involve the following circumstances may be considered by the Executive Director:

(1) At least two (2) out of the three (3) Qualifying Bond Defaults referenced involve the same Project Sponsor; or

(2) At least two (2) out of the three (3) Qualifying Bond Defaults referenced involve transactions whose bond issuance occurred more than ten (10) years prior to the default recordation date.

(c) All appeals shall be made in writing, included with the Application and must set forth in reasonable detail the factual basis for the appeal.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 7. Committee Resolution; Use of State Ceiling Allocations

§ 5080. Granting of Allocation.

The granting of an Allocation by the Committee shall be memorialized in a written resolution adopted by the Committee. The Committee Resolution shall specify but not be limited to the following: the Applicant, the amount of the Allocation, the project or program name for which the Allocation has been provided, the Project Sponsor using the Bond proceeds where applicable, the location of the project or program, the expiration of date of the Allocation, and any additional conditions or restrictions imposed on the Allocation by the Committee.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5081. Changes in Use of Allocation.

Use of an Allocation shall be limited by the provisions of the Committee Resolution. Any changes to the specifications contained in the Committee Resolution prior to the issuance of Bonds, including, but not limited to, changes to the Bond sale structure, the provider of any Credit Enhancement, the direct purchaser of the Bonds if a private placement of Bonds is indicated, the entity selling Bonds, or the identity of the Applicant, must be approved by the Committee prior to the Bond issuance. The Committee may delegate the authority to approve these changes to the Committee Chair or to the Executive Director. The Executive Director may administratively approve routine and non-substantive changes that do not require additional Allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5082. Certification of Bond Issuance.

Following the Committee's receipt of a Report of Action Taken as provided in section 5142, the State Treasurer or his or her designee shall provide the Applicant with a letter certifying that the Bond issue meets the requirements of 26 U.S.C. section 146. For Mortgage Credit Certificate Applicants, this certification letter shall be provided the time that the Committee Resolution is transmitted.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.83(b), 8869.84(c), 8869.86(c) and 8869.93 Government Code.

Article 8. Expiration of Allocations

§ 5100. Program Expiration Dates.

(a) The expiration date of the Allocation shall be specified in the Committee Resolution and shall start from the date on which the Committee awards the Allocation.

(b) Notwithstanding extensions as provided in sections 5101 or 5103; the limitations prescribed by section 5104; or Allocations awarded on a carry-forward basis as provided in section 5131; the expiration dates for issuing Bonds or converting Bonds to Mortgage Credit Certificate authority shall be:

(1) One-Hundred Eighty (180) days for the issuance of Beginning Farmer Bonds, Mortgage Revenue Bonds, Small-Issue Industrial Development Bonds, Exempt Facility Bonds, and the conversion of Bonds to Mortgage Credit Certificate authority.

(2) One-hundred twenty (120) days for the issuance of Student Loan Bonds and for the issuance of at least one (1) Mortgage Credit Certificate.

(3) For Qualified Residential Rental Project Bonds, the following expiration dates shall be assigned by the Executive Director within five (5) business days following each Allocation Round:

(i) Projects receiving an allocation shall be assigned an expiration date of one-hundred eighty (180) days or one-hundred ninety-four (194) days. If the Committee allocates more than 50% of the year's QRRP Allocation in any one round, there shall be a third expiration date of two-hundred eight (208) days, and the Executive Director shall assign approximately one-third of the projects in that round to each expiration date whenever possible.

(ii) A project's applicant may request an expiration date of less than one-hundred eighty (180) days by submitting a written request to the Executive Director. The request shall be submitted no later than the final posting date for the round in which the project is seeking an allocation.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.89, Government Code.

§ 5101. Extensions to Expiration Dates.

For Allocations awarded during an Open Application Process, the Executive Director may grant extensions of up to ninety (90) days.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.89, Government Code.

§ 5102. Recovery Zone Bond Extensions. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

§ 5103. Five Day Hardship Extensions.

The Committee may grant an extension to the expiration dates provided in sections 5100 and 5101 up to five (5) additional business days for extreme hardship cases. The Committee may delegate this authority to the Executive Director.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.89, Government Code.

§ 5104. Year-End Allocations.

Unless the Committee authorizes the carry-forward of an Allocation pursuant to article 10 of this chapter, the expiration date of all Allocations shall be no later than December 31 of the same calendar year pursuant to 26 U.S.C. section 146(d), which defines the State Ceiling. The pending year-end expiration may result in the assignment of expiration dates shorter than as prescribed in section 5100.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.89, Government Code.

§ 5105. Reversion to Committee.

Upon the expiration of an issuance deadline, any amount of the Allocation that has not been used to issue Qualified Private Activity Bonds or converted to Mortgage Credit Certificate authority shall automatically revert to the Committee unless that amount is authorized by the Committee for transfer or is carryforward. If it is carryforward, it shall be used for the bond issuer's next bond issuance pursuant to Section 5133.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.89, Government Code.

§ 5106. State Single Family Programs.

Carryforward Allocations made pursuant to article 10 of this chapter to a Veterans Home Loan Program or a CalHFA Single Family Program are not subject to expiration except as set forth in 26 U.S.C section 146(f)(3).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

§ 5107. Veterans Home Loan Programs. [Renumbered]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

Article 9. Transfers of Allocation

§ 5120. Transfer Requirements.

(a) Except for the reversion of unused Allocation pursuant to section 5106, Allocations are not transferable unless expressly authorized in writing by the Committee. The Committee may permit transfers of Allocation as follows:

> (1) The Committee may permit transfers of carryforward Allocations to the highest scoring Application on a waiting list or, if a waiting list does not exist, the highest scoring Project in queue in a current Allocation Round.
>
> (2) The Committee may permit transfers of Allocation between Applicants for the same Project. Prior to the transfer of an Allocation between Applicants for the same Project, the new Applicant must demonstrate that both the Minimum Application Requirements outlined in Section 5033 and the specified program threshold requirements have been met prior to the Committee's approval of the transfer.

(b) Where the Applicant is administering a Single Family Housing Program for itself and other participating jurisdictions, the use of Allocation within the participating jurisdictions listed in the Committee Resolution is not considered a transfer. For purposes of this subdivision, participating jurisdictions means those entities that have provided written assignment of their rights to secure an Allocation to the Applicant. The Applicant shall submit copies of the assignments with the Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.85(c), 8869.85(d) and 8869.86(a)(3), Government Code.

Article 10. Carry-Forward Allocations

§ 5130. Prohibitions.

An Applicant receiving an Allocation may not carryforward the Allocation to a subsequent calendar year unless expressly authorized in writing by the Committee.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.85(c), Government Code.

§ 5131. Granting of Carryforward Allocations.

The Committee may award Allocation on a carryforward basis for the purpose of providing sufficient time for Applicants to issue Bonds under the current year's State Ceiling and/or to ensure all remaining portions of the State Ceiling are issued.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.85(c) and 8869.86(a)(3), Government Code.

§ 5132. Expiration of Carryforward Allocations.

The Committee will specify the expiration date of the carryforward Allocation in the Committee Resolution memorializing the grant of the Allocation. If any amount of the carryforward Allocation has not been used to issue Bonds or convert Bonds to Mortgage Credit Certificate Authority on or before the expiration date, the performance deposit will be forfeited to the Committee and the Committee may require the Issuer to transfer the carryforward Allocation to another approved Project by the same Issuer in accordance with section 5120. If the Committee does not require a transfer of the carryforward Allocation, the expiration date may be extended with the approval of the Executive Director until the Allocation expires pursuant to 26 U.S.C. section 146(f)(3) or to each subsequent deadline for submitting Applications to the Committee. At that time, the Committee may require the Issuer to transfer the carryforward Allocation to another approved Project by the same Issuer.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(c) and 8869.86(a)(3), Government Code.

§ 5133. Use of Carryforward.

Pursuant to Section 5231, the Committee shall establish a rank-order list of all projects to be allocated during a competitive round. The Committee shall determine if the issuers for those projects that are scheduled to receive an allocation are in possession of any carryforward allocation not otherwise reserved for a project that has received an allocation but has not issued bonds, and if that condition exists, the Executive Director shall subscribe that carryforward to the projects ~~in~~ that are scheduled to be awarded an allocation in the current round pursuant to the priorities set forth by the Committee. The issuer's carryforward shall be applied to all projects recommended for an allocation until exhausted.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(c) and 8869.86(a)(3), Government Code.

Article 11. Reporting and Compliance Requirements

§ 5140. Contact Information.

All reports required in this article shall be transmitted to the Committee at the address, e-mail or fax number listed on the Committee's website, www.treasurer.ca.gov/cdlac.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5141. Notification of Bond Issue.

Within twenty-four (24) hours of using the Allocation to issue Bonds or to convert Bond authority to Mortgage Credit Certificate authority, an Applicant or its counsel shall notify the Committee of such use of the Allocation via the e-mail address or facsimile number as provided in Section 5140. The notification shall identify the Applicant, the Project or program, the date the Allocation was used, and the amount of the Allocation used. For Qualified Residential Rental Projects, the notification shall also provide the estimated date of conversion to permanent financing and confirmation that the bond documents meet the requirements set forth in Section 5060.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.86(c), Government Code.

§ 5142. Report of Action Taken.

Within fifteen (15) calendar days of the first Bond closing, conversion of Bonds to Mortgage Credit Certificate authority, or issuance of the first Mortgage Credit Certificate, an Applicant or its counsel shall transmit to the Committee information regarding the issuance of Bonds or the conversion of Bonds to Mortgage Credit Certificate authority by submitting the appropriate Report of Action Taken to the address as provided in section 5140.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.86(c), Government Code.

§ 5143. Notification of Carryforward Election.

Applicants awarded Allocation on a carryforward basis as prescribed in section 5131 shall transmit to the Committee, via the address provided in section 5140, the documents provided to the Internal Revenue Service reporting the carryforward election no later than February 1st of the year immediately following the year in which the Allocation was awarded.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.86(c), Government Code.

§ 5144. Annual Applicant Public Benefits and On-Going Compliance Self Certification.

(a) All Projects that receive an Allocation and are within an existing regulatory period and/or compliance period shall be monitored for compliance with the applicable terms and conditions of the Committee Resolution by the Applicant (Issuer) and CDLAC. The new Issuer takes responsibility of reporting on projects that have resyndicated after Year 15. Upon request, CDLAC will review and approve a termination of the original bond regulatory agreement with the requirement that the new agreement include affordability requirements that are at least as restrictive as those in the original agreement.

(b) The self-certification must be submitted by the Applicant to CDLAC no later than March 1 of each year (or at such other time as requested by the Committee). The requirement shall be enforceable by the Committee through an action for specific performance or other available remedy affecting the Applicant including but not limited to disqualification from the program.

(1) For Projects receiving an Allocation prior to December 31, 2016, the Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification, via the online compliance certification system annually for the longer of the period the bonds remain outstanding or the period of restriction for QRRP projects outlined in Section 5192.

(2) For Projects receiving allocation after December 31, 2016, the Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification via the online compliance certification system every year until the completion of the project and then if the project is subject to a Regulatory Period and/or Compliance Period every three years thereafter or sooner upon a termination of the Regulatory Period and/or Compliance Period.

(c) For all QRRP projects receiving allocations after December 31, 2016, Sponsors shall be required to utilize CTCAC's Compliance Online Reference Manual, specifically Section IV: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. Additionally, Project Sponsors shall be required to prepare and forward a CTCAC Project Status Report (PSR) or equivalent documentation to the Applicant annually in conjunction with the Annual Applicant Public Benefits and On-going Compliance Self Certification. Sponsors shall retain information pertaining to the income verification process for 10 years.

(d) For all QRRP projects receiving allocation after December 31, 2016, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units. Federally Bond-Restricted units will include a distribution of unit locations, sizes and income levels (if applicable) and must be identified in the PSR. For this 20% of files, Applicants must review each initial or subsequent occupant/s and their associated TIC in conjunction with the supporting income verification documentation of each occupant's initial occupancy and make a determination if the project is complying with the income and affordability standards. Additionally, Applicants must ensure a lease is in place and executed. This review may be performed on-site or may be performed through an electronic file audit. Completion of this task in addition to a valid Certification of Compliance II or equivalent form will provide Issuers with the ability to report annually to CDLAC regarding compliance with the Federally Bond-Restricted unit restrictions. Information pertaining to the income verification process will be kept on file for 10 years. Applicants must retain documentation memorializing review and determination of income eligibility for 10 years. Source income documentation must be retained for 1 year. These guidelines rely on the compliance monitoring process and procedures in place for TCAC. To the extent TCAC is to alter their compliance policies and procedures, these guidelines shall be reviewed by CDLAC for consistency and changes made where appropriate.

(e) For all QRRP projects receiving allocation after December 31, 2016, Sponsors requesting an allocation of bonds absent the receipt of a TCAC reservation will be identified at the time of application and will have the following compliance options which will be represented in the Committee Resolution:

(1) Applicants that can demonstrate to the Executive Director's satisfaction experience and current capacity to conduct on-site physical and file inspections through their Compliance Policies will be required to conduct the 20% review of the Federally Bond-Restricted units files on-site and perform a site inspection consistent with their Bond Compliance Policy every 3 years after the Qualified Project Period has commenced.

(2) Applicants that cannot demonstrate to the Executive Director's satisfaction capacity to conduct on-site physical and file inspections through their Compliance Policies will be required to enter into an agreement with a private third party compliance firm, approved by CDLAC, who must conduct the 20% review of

Federally Bond-Restricted units files on-site and perform a site inspection consistent with their current policies and procedures every 3 years after the Qualified Project Period has commenced.

(3) A Sponsor can enter into contract with CDLAC or a designee to monitor the Federally Bond-Restricted units for consistency with the bond regulatory agreement and the Committee Resolution. The charge for this service will be equivalent to the compliance fee charged by TCAC at the time the project submits their application to CDLAC.

(4) The election of the option will be included in the Committee Resolution.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

§ 5145. Certification of Compliance.

(a) All QRRP Projects receiving an Allocation prior to December 31, 2016 shall be monitored for compliance with the applicable terms and conditions of the Committee Resolution by the Applicant and CDLAC for the longer of the period the bonds remain outstanding or the period of restriction outlined in Section 5192. MCC awards will be monitored until the allocation has been utilized. The Applicant shall annually collect from the Project Sponsor and retain for QRRP projects a Certification of Compliance I as attached to the Committee Resolution.

(b) For all Projects that receive allocation after December 31, 2016 and subject to a Regulatory Period and/or Compliance Period, the Applicant shall collect from the Project Sponsor and retain the applicable QRRP or Non-QRRP Certification of Compliance II as attached in the Committee Resolution or other comparable form outlined in an Applicant's approved Bond Compliance Policies. The QRRP or Non-QRRP Certification of Compliance II will be submitted annually to the Applicant until the Project is completed and then if the project is subject to a Regulatory Period and/or Compliance Period, every three years thereafter or sooner upon a termination of the Regulatory Period and/or Compliance Period. Additionally, Applicants shall collect from the Project Sponsor and retain the applicable QRRP or Non-QRRP Certificate of Completion as provided in the Committee Resolution or other comparable form outlined in an Applicant's approved Bond Compliance Policies. In both instances, the certification must be submitted by the Project Sponsor. The Applicant will then provide confirmation of receipt to the California Debt Limit Allocation Committee no later than March 1 of each applicable year (or at such other time as requested by the Committee) via the online compliance certification system. These requirements shall be enforceable by the Committee through an action for specific performance or other available remedy against the Project Sponsor.

(c) All QRRP Projects that receive Allocation and an award of low income housing tax credits shall be monitored by the Committee or an entity acting on its behalf for compliance with the terms and conditions of the Committee Resolution, and shall be subject to the provisions of section 10337 of Title 4 of the California Code of Regulations.

(d) All Non-QRRP Applicants must designate CDLAC, for the life of the bonds, to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5146. Disqualification.

The Committee may disqualify an Application for a portion of the Pool if any of the following have been documented about the Project Issuer, Project Sponsor or any entity that is a Related Party of the Project Sponsor:

(a) Significant outstanding non-compliance in matters relating to the annual Certification of Compliance I or Certification of Compliance II, Certificate of Completion, tenant files or physical conditions at any tax-exempt Bond or low income housing tax credit financed property in California. Requests to excuse properties monitored by the Committee or an entity acting on its behalf and owned by the Project Sponsor or any entity that is a Related Party of the Project Sponsor or management company will not be considered until the Committee has received documentation that the outstanding non-compliance matters have been resolved;

(b) Multiple or repeated failures to use committed public subsidies or private activity Bond allocations within applicable deadlines, or to provide committed physical amenities or services;

(c) Providing false information in connection with an Application; or

(d) Information that leads the Committee to reasonably and in good faith conclude that an allocation would be inimical to, or incompatible with, the purposes of these regulations, the laws regulating the allocation of the State Ceiling on Qualified Private Activity Bonds, or the obligation on the Committee to affirmatively further fair housing pursuant to Government Code section 8899.50(b)(1). In determining whether an Application is compatible with the Committee's responsibility to affirmatively further fair housing, the Committee shall consider whether the Applicant, Project Issuer, or Project Sponsor has a documented history of violating state or federal fair housing laws.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

Article 12. Universal Evaluation Criteria for All Applications

§ 5150. Satisfactory Evidence.

Wherever these regulations require that an Applicant demonstrate a certain condition or characteristic or satisfy certain minimum requirements, each such condition or characteristic or minimum requirement must be demonstrated by satisfactory evidence. The Executive Director shall, upon delegation by the Committee, determine whether each condition, characteristic or minimum requirement has been satisfactorily demonstrated and may refuse to consider any Application that has not satisfactorily demonstrated every minimum requirement.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.83(b) and 8869.84(c), Government Code.

§ 5151. Evaluation of Points.

Wherever the Application process contemplates the awarding of points, the Applicant must demonstrate by satisfactory evidence that the related criterion has been satisfied. Where it is determined by Committee staff that the evidence has not been satisfactorily demonstrated, the Executive Director shall not award the related points.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5152. Readiness Threshold.

The Applicant must demonstrate satisfactory evidence to Committee staff that it can use the Allocation within the time frame as provided in article 8 of this chapter.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(a) and 8869.85(b), Government Code.

§ 5153. Measurement of Distance.

(a) Except as provided in subdivision (b), wherever these regulations contemplate an award of points based on a measurement of distance, that distance shall be measured from the perimeter of the proposed Project to the perimeter of the site amenity referenced. Applications shall include a detailed scaled-for-distance map from which the Committee can document that the measurement criteria have been met.

(b) Wherever these regulations refer to CTCAC regulations, in the event of any conflict between these regulations and the CTCAC with respect to measurement of distance, the CTCAC regulations shall prevail.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5154. Discovery of Erroneous Information.

It is the responsibility of each Applicant and each Project Sponsor to provide the Committee with complete and accurate information at the time the Application is filed. If the Applicant/Project Sponsor (or their attorneys, agents, employees, or other representatives) provides material that is incomplete, erroneous, inaccurate, misleading or false as to a fact to the Executive Director's decision-making process, the Application may be rejected. If incomplete, erroneous, inaccurate, misleading or false information is discovered by Committee staff after an Allocation has been made, the Allocation may be rescinded if Bonds have not been sold or an election to convert Bond authority to Mortgage Credit Certificates has not been filed with the Internal Revenue Service. If Bonds have been sold or converted to Mortgage Credit Certificates, the Committee may take other action as it deems appropriate.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5155. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Chapter 2. Qualified Residential Rental Projects

Article 1. Definitions

§ 5170. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"Adaptive Reuse" means the retrofitting and repurposing of existing buildings that create new Qualified Residential Rental Project units for the market, and expressly excludes any Project that involves rehabilitation or any construction affecting existing residential rental units.

"AMI" or "Area Median Income" means the median family income of a county as set by the U.S. Department of Housing and Urban Development.

"At Risk Project" means a property that is at risk of conversion as defined by Revenue and Taxation Code section 17058(c)(4) and by section 10325(g) of Title 4 of the California Code of Regulations; or a property that otherwise meets all requirements of Revenue and Taxation Code section 17058(c)(4) and section 10325(g) of Title 4 of the California Code of Regulations, except that the federal assistance due to expire within five (5) calendar years of application to the Committee may include a tax-exempt private activity Bond regulatory agreement.

"BIPOC Entity" means an entity that is at least 51% owned by one or more Black, Indigenous, or Other People of Color or by a non-profit organization with a Black, Indigenous, or Other Person of Color executive director/Chief Executive Officer (CEO) and board membership that is comprised of at least 51% Black, Indigenous, and Other People of Color. For purposes of this paragraph, Black, Indigenous, or Other People of Color means "a person who checked the Black or African American, American Indian and Alaska Native, Asian, or Native Hawaiian and Other Pacific Islanders race category or who answered yes to the Hispanic Origin question on the 2020 United States Census.

"BIPOC Project" means a Qualified Residential Rental Project for which the sponsor is a BIPOC Entity. A BIPOC Project may be a New Construction Project, Rural Project, Preservation Project, or Other Rehabilitation Project. A BIPOC Project does not include a project for which any principal, partner, or member of the sponsor entity is eligible to receive maximum General Partner Experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations unless those points are awarded to a principal of the BIPOC Entity who no longer is employed by the developer of, or has an ownership interest in, the project(s) which form the basis of the experience points.

"Bond and State Credit Allocation" means the Allocation plus any California State Tax Credits requested from CTCAC for an individual QRRP Project.

"Capital Needs Assessment" means a document containing the information defined in section 5212.

"Community Revitalization Area" means one of the following areas for which a comprehensive Community Revitalization Plan has been adopted and efforts specific to that plan have occurred: 1) a Distressed Community; 2) a Federal Opportunity Zone, Choice Neighborhood, or HUD-approved Neighborhood Revitalization Strategy Area; or 3) a Disadvantaged Community as identified by the California Environmental Protection Agency's CalEnviroScreen map.

"Community Revitalization Plan" means a plan for contributing to concerted community revitalization efforts as demonstrated by a letter from a local government official. The letter shall explain how the proposed project will contribute to the community's planned revitalization and include, but is not limited to, a description of the following community engagement, investment, and other revitalization efforts:

1. Community enhancement services in the area, including, but not limited to,

job training and after-school enrichment programs.

2. Funds, not including funds for the proposed project, that have been expended in the past five (5) years or are being expended or committed to be expended to improve the community infrastructure, including, but not limited to, parks, storm water systems, sewer systems, and streets.

3. Projects, not including the proposed project, that have been completed within the past five (5) years or are underway or committed to be completed that contribute to community revitalization, including, but not limited to, retail, office, and housing projects.

"CTCAC/HCD Opportunity Area Map" shall have the same meaning as in Section 10302(zz) of the CTCAC regulations. An applicant may choose to utilize the census tract or census block group resource designation, as applicable, from the CTCAC/HCD Opportunity Maps in effect when the initial site control was obtained up to seven calendar years prior to the application. Projects located in map areas designated as "Missing/Insufficient Data" or similar designation shall be considered to be in the resource area that most frequently surrounds the perimeter of the Project's map area.

"Energy Star" means the certification satisfying the requirements of 42 U.S.C. section 6294(a).

"Federal Promise Zone" means any area with a continuous boundary and a population of not more than 200,000 that is nominated by a local government or Indian tribe and designated by the U.S. Department of Housing and Urban Development to receive priority for Federal funding on the basis of its unemployment, poverty, vacancy, and crime rates.

"FHA" means Federal Housing Administration.

"FHA Financed Project" means a project financed under 221(d)3, 221(d)4, 223(f) Federal Housing Administration insurance program, or the Section 202 or 811 Capital Advance program, or any HUD- sponsored capital financing pilot program.

"Final and Conclusive Determination Letter" means a written confirmation from the Department of Finance (DOF) that its determination of an enforceable obligation as approved in a recognized obligation payment schedule is final and conclusive, and reflects DOF's approval of subsequent payments made pursuant to the enforceable obligation.

"Gross Rent" means gross rent as defined by 26 U.S.C. section 42(g)(2)(B). Utility allowances, as provided by 26 U.S.C. section 42(g)(2)(B)(ii), will be included for purposes of this calculation. Projects that are At Risk Projects or Projects that request low income housing tax credits are required to use Gross Rents for the calculation of restricted rents.

"Hard Costs" means the cost of the work specified in a construction contract, including site work, excluding contractor profit, general requirements and contractor overhead.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Development Acknowledgement Letter" means HUD correspondence outlining that a project has submitted an application for FHA financing, that the application has been deemed complete, and that HUD is committed to providing the project with a Firm Commitment Letter prior to the issuance expiration date of the project's Allocation.

"HUD Firm Commitment Letter" means a HUD loan commitment for FHA financing.

"MAP Lender" means a HUD-qualified lender that prepares FHA forms and performs preliminary underwriting for certain FHA loan applications.

"Native American Lands" means real property located within the State of California that meets both the following criteria:

(a) is trust land for which the United States holds title to the tract or interest in trust for the benefit of one or more tribes or individual Indians, or is restricted Indian land for which one or more tribes or individual Indians holds fee title to the tract or interest but can alienate or encumber it only with the approval of the United States.

(b) the land may be leased for housing development and residential purposes under federal law.
"New Construction Project" means a QRRP project applying for an allocation of tax-exempt private activity bonds that meets at least one of the following: (1) 100% of its units constitute new units to the market, (2) involves the demolition or rehabilitation of existing residential units that increase the unit count by either 25 units or 50% of the existing units, whichever is greater, or (3) adaptive re-use of non-residential structures, including hotels and motels that were converted to residential use within the previous five (5) years from the date of the application.

"Other Rehabilitation Project" means a QRRP Project applying for an allocation of tax-exempt private activity bonds from the General Pool that is not eligible for treatment as a New Construction Project or a Preservation Project. In a Competitive Application Process, an Other Rehabilitation Project shall meet all of the following criteria:

1. Shall complete at least $60,000 in hard construction costs per unit, as defined in CTCAC Regulation Section 10320(x); and

2. At least 60% of hard construction costs shall be expended only on immediate health and safety improvements, seismic and accessibility improvements, and/or the replacement of major systems with a remaining useful life of less than ten years, as evidenced by a CTCAC Capital Needs Assessment.

"Permanent Supportive Housing" means a QRRP Project receiving points pursuant to Section 5230(g) as a Special Needs Project for which the minimum required percentage of special needs units are designated as "supportive housing" as that term is defined in Health and Safety Code section 50675.14(b). The project shall comply with the core components of Housing First, as defined in Welfare and Institutions Code section 8255(b), with respect to the units designated for homeless households.

"Preservation Project" means a QRRP Project applying for an allocation of tax-exempt bonds that is not a New Construction project and meets at least one of the following: (1) has a pre-1999 HCD loan that is being restructured pursuant to Health and Safety Code section 50560 ~~of~~ (AB 1699 projects); (2) is a replacement or rehabilitation project approved by HUD pursuant to a Section 18 or Section 22 Demolition/Disposition authorization; (3) is an At-Risk project that is not subject to a regulatory agreement imposing a rent restriction with a remaining term that is greater than five years from the year in which the application is filed that restricts income and rents on the residential units to an average no greater than 60% of the area median income; or (4) is a project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program.

"Qualified Project Period" shall mean the same as defined in 26 U.S.C. section 142(d)(2)(A) and regulations promulgated thereunder, except that the minimum term shall be consistent with Section 5192.

"Rent Comparability Matrix" means the form by which the third party that has completed the Market Study provides information comparing the Project to comparable properties in the Project's market area and evidences that each of the Project's unit types has met the requirements of Section 5191(b).

"Residential Rental Regulatory Agreement" means a covenant recorded against the title of a subject property by a government entity limiting the property's use to rental housing and restricting tenant incomes and rents to no more than 80% of the Area Median Income of the County in which the property is located.

"Scattered Site Project" means multiple location Projects that:

(a) except where a single existing project-based Section 8 contract is in effect that covers all locations, consist of no more than five (5) locations; and

(b) are not contiguous except for the interposition of a road, street, stream or similar property; and

(c) are proposed to be financed through a single pooled bond transaction; and

(d) all locations are:

(1) subject to a Residential Rental Regulatory Agreement or subject to a federal, state, or local rental or operating assistance agreement:

(A) within the boundaries of the same city, or

(B) within a 10-mile diameter circle within the same county, or

(C) within the same county if no location is within a city having a population of five-hundred thousand (500,000) or more; or

(2) All projects not described within (d)(1) must be within a one (1) mile diameter.

"Standard QRRP Application" means the Application for an Allocation of the Qualified Residential Rental Project Pool titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP)" (Revised 05-31-2018), which is hereby incorporated by reference.

"State of California Universal Application for the Development of Affordable Rental Housing" means the State of California Universal Application for the Development of Affordable Rental Housing as provided by the California Department of Housing and Community Development, the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee for an Allocation of the Qualified Residential Rental Project Pool (revised 8-13-10), which is hereby incorporated by reference.

"Supplemental Allocation" means the award of allocation to a Qualified Residential Rental Program Applicant for a Project that received previous Allocation.

"Supplemental Allocation Request Letter" means the written request from the Applicant for Supplemental Allocation for Projects having been awarded Allocation within the last thirty six (36) months that may be submitted in lieu of a complete Application. The letter must be signed by the Applicant and include information about the Project including the date and amount of prior Allocation, the current status of the Project, revised sources and uses of funds, justification for the request for additional Allocation, and any additional information the Committee or Executive Director deems necessary.

"Universal Competitive Addendum" means the application addendum submitted along with a State of California Universal Application for the Development of Affordable Rental Housing as provided by the California Department of Housing and Community Development, the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee for an Allocation of the Qualified Residential Rental Project Pool titled "Competitive Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP) Universal Application Addendum" (revised 11-30-2018), which is hereby incorporated by reference.

"Universal Open Addendum" means the application addendum submitted along with a State of California Universal Application for the Development of Affordable Rental Housing as provided by the California Department of Housing and Community Development, the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee for an Allocation of the Qualified Residential Rental

Project Pool titled "Non-Competitive Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP) Universal Application Addendum" (revised 11-30-2018), which is hereby incorporated by reference.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Applications

§ 5180. Application Process.

Applicants seeking an Allocation of the Qualified Residential Rental Project Pool shall be considered in accordance with the provisions of chapter 1 and the submission of a QRRP Application. If deficiencies in the application are identified by CDLAC staff, CDLAC staff shall notify the Project Sponsor and the applicant, and the applicant will have 5 days from staff-issued notification to cure the deficiencies. If, after the 5 days, the deficiencies have not been corrected, as determined by CDLAC staff, the application will be deemed incomplete.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5181. Concurrent Application with Other Agencies.

Applicants for an Allocation of the Qualified Residential Rental Project Pool that also seek financing in conjunction with the California Department of Housing and Community Development and/or the California Housing Finance Agency may submit a Universal Competitive Addendum or a Universal Non-Competitive Addendum depending on whether the Allocation Round for which the Application is being submitted is being conducted under a competitive or non-competitive process as provided in section 5010(b).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5182. Concurrent Application with CTCAC.

Applicants requesting an Allocation for a Qualified Residential Rental Project who concurrently have an application for the same Project filed with CTCAC for consideration under the nine (9%) percent program set forth in section 10325 of Title 4 of the California Code of Regulations will not be permitted to apply to the Committee unless the application to CTCAC is withdrawn prior to the Application deadline.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5183. Subsequent Application with CTCAC.

Applicants that receive an Allocation for a Qualified Residential Rental Project are prohibited from subsequently requesting an allocation of 9% low income housing tax credits from CTCAC for the same Project, except where the Committee grants a waiver based on extraordinary circumstances, including but not limited to, the passage of

significant time or circumstances outside the Applicant's control, and makes a determination that the waiver is consistent with the provision of affordable housing.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 3. Minimum Requirements

§ 5190. Readiness.

In its Application, the Project Sponsor shall demonstrate its readiness to use the Allocation as set forth in this section.

(a) Demonstrated site control. The Applicant shall provide evidence that the Project site is at the time of Application submission within the control of the Applicant or Project Sponsor. Applicants shall provide information regarding the current owner of the project property, if other than the Project Sponsor. Except as provided below for reapplications, a current preliminary or final title report, or, for projects that will be located on Native American Trust Lands, a Land Title Status Report from the Bureau of Indian Affairs or an attorney's opinion regarding chain of title and current title status, all of which shall be dated no more than ninety (90) days prior to Application deadline as provided in section 5030, shall be submitted with all applications for the purposes of this requirement. A commitment for the title insurance or a title insurance document are not acceptable substitutions for a preliminary title report, final title report, or a title report. The Committee may permit the site control title report of an unsuccessful application to be submitted, only once, in the reapplication cycle immediately following the unsuccessful application.

(1) Site control may be evidenced by any of the following:

(A) The Applicant or Project Sponsor holds fee title as evidenced by the current (within 90 days prior to the Application date) preliminary or final title report;

(B) An executed lease agreement or lease option for the length of time the Project will be regulated under this program between the Applicant or Project Sponsor and the owner of the subject property;

(C) An executed disposition and development agreement for the length of time the Project will be regulated under this program between the Project Sponsor and a public agency; or

(D) A valid, current, and enforceable contingent purchase and sale agreement or option agreement between the Project Sponsor and the owner of the subject property, including evidence that all extensions necessary to keep the agreement current through the date of the award of Allocation have been executed.

(E) Valid, current and enforceable purchase and sale agreements, contingent purchase sale or option agreements in combination between the Project Sponsor, a third party and the owner of the subject property such that the Committee can determine that upon a grant of Allocation the Project Sponsor has a right to acquire the subject property.

(F) The Executive Director may determine that site control has been demonstrated where a local agency has documented its intention to acquire the site, or portion of the site, through eminent domain proceedings as evidenced by order(s) of possession.

(b) Local Approvals and Zoning. The Project Sponsor shall provide evidence, no later than the application due date for the allocation round in which the Project is seeking an allocation, that the project meets the requirements of Section 10325(f)(4) of the CTCAC regulations.

(c) Project Sponsor and Project Developer. If not requesting experience points pursuant to section 5230(f), the application must include a summary of the Project Sponsor and Project Developer experience developing or rehabilitating housing with tax-exempt bond financing. A list of projects must be included. The list may take the form of the CTCAC Experience Attachment.

(d) Legal Status of Project Sponsor and Developer. Applicants shall provide information regarding the legal status of the Project Sponsor and Developer.

(1) Financial Viability. Disclose any legal or regulatory action or investigation that may have a material impact on the financial viability of the project or the Project Sponsor and Developer. The disclosure should be limited to actions or investigations in which the applicant or the applicant's parent, subsidiary, or affiliate involved in the management, operation, or development of the project has been named a party. Not Applicable is an unacceptable response.

(2) Fraud, Corruption, or Serious Harm. Disclose any legal or regulatory action or investigation involving fraud or corruption, or health and safety where there are allegations of serious harm to employees, the public, or the environment. The disclosure should be limited to actions or investigations in which the Project Sponsor and Developer or the Project Sponsor's and Developer's current board member (except for volunteer board members of non-profit entities), partner, limited liability corporation member, senior officer, or senior management personnel has been named a defendant within the past ten years. Not Applicable is an unacceptable response.

(3) Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome. For a publicly-traded company, the relevant sections of the company's 10K, 8K, and 10Q most recently filed with the Securities and Exchange Commission may be attached in response to question #1. With respect to a response for question #2, previous 10K, 8K, and 10Q filings of the company may be attached if applicable.

(4) Fair Housing and Anti-Discrimination Laws. Disclose any regulatory or investigative proceeding by a local, state, or federal agency relating to an alleged, pending, ongoing, or closed violation of fair housing or anti-discrimination laws and the status of the proceeding, as applicable.

(e) Reserved.

(f) Legislative Districts and Census Tracts. Applicants shall provide

a. Federal Congressional District in which the proposed Project is located

b. State Senate District in which the proposed Project is located

c. State Assembly District in which the proposed Project is located

d. Census Tract in which the proposed Project is located.

(g) Prior Tax-Exempt Allocation Award. The Application will provide a narrative explanation of the circumstances surrounding the prior allocation and why additional allocation is being requested.

(h) Project Description. Applicant shall submit a narrative description of the proposed Project. The description must contain, at a minimum, the following details: 1) the number of acres of the site (include topography and special features), 2) a description of the surrounding neighborhood, 3) the targeted population for the project (i.e., large families, seniors, etc.), 4) the expected start and completion date of construction/rehabilitation, 5) physical features

of the project (i.e., description of buildings, grounds, project amenities, etc.), 6) unit configuration, 7) unit amenities, 8) scope of rehabilitation work, and 9) if applicable, a description of other unique features of the project. 10) (a) If the Application is submitted under a non-competitive process, the Application must include a description of the Project Type and Characteristics, including the construction type and proposed tenant population pursuant to Section 5000. (b) If the Application is submitted under a competitive process, Project Type and Characteristics documentation must be included pursuant to Sections 5000 and 5170.

(i) Detailed Unit Affordability Information.

(1) The application will include the Federal Bond-Election of 20% at 50% Area Median Income, or 40% at 60% Area Median Income.

(2) For At-Risk projects and 4% low income housing tax credit projects, this shall mean that the Project units must have Gross Rents that are restricted to households whose incomes must be 50% or less of the AMI; or Gross Rents that are restricted to households whose incomes must be 60% or less of the AMI. Applications not meeting this minimum requirement will be deemed incomplete.

(3) The Application will include tables with the following information on the Restricted Rental Units: Number of Bedrooms/Number of Bathrooms, Unit Size in square feet, number of units in subtotals and total, total square feet per unit type in subtotals and total, proposed monthly tenant-paid rent per unit (excluding utilities), proposed monthly rental subsidy per unit, proposed monthly income per unit, monthly utility allowance, monthly gross rent, percent of Area Median Income based on monthly gross rent, and annualized total rental income. The Application will include another table, Market Rate Units, including number of bedrooms, unit square feet in subtotal and total, number of units, proposed monthly tenant-paid rent per unit (excluding utilities), total proposed tenant paid rent and annualized total rental income. Application will include a table, “Managers' Units” Restricted or Market Rate. The table will include columns for number of bedrooms, unit square feet in subtotal and total, number of units, proposed monthly manager-paid rent per unit, total proposed monthly manager-paid rent and annualized total rental income. Application will include a table with total number of units (excluding manager units), total number of restricted units, percent of total restricted units, number of units at or below 50% AMI, percent of units at or below 50% AMI, number of units above 50% to 60% AMI, percent of units above 50% to 60% AMI, number of restricted rental units with 3 or more bedrooms, and percent of restricted rental units with 3 or more bedrooms. Applicants shall provide a breakdown of Project unit types, size, number of units, proposed tenant-paid rent, monthly utility allowances (if any), subsidies (if any) and unit percentage of Area Median Income (AMI) level based on monthly Gross Rent.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5191. Income and Rent Restrictions.

All Qualified Residential Rental Projects must meet the following minimum income and rent restrictions, which will be included in the Committee Resolution.

(a) Minimum Income Restrictions. A minimum of ten percent (10%) of the units in a Qualified Residential Rental Project must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the AMI. The rent restricted units that meet this requirement, with the exception of Mixed Income Projects, acquisition rehabilitation projects already subject to a Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement, and units located on the upper level floors of high-rise developments, shall be generally distributed in terms of location and number of bedrooms throughout the Project.

All projects shall offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants.

(b) Minimum Rent Restrictions. Except for projects subject to an existing Residential Rental Regulatory Agreement that propose tenant paid rents and income targeting not exceeding one hundred-five percent (105%) of the current rents and targeting and operate with a vacancy rate of no more than five percent (5%), for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%) as demonstrated by a market study completed pursuant to 26 U.S.C. Section 42(m)(1)(A)(iii); the proposed tenant paid rents for each Restricted Rental Unit type (defined by bedroom count) in the proposed development shall be at least ten percent (10%) below the weighted average rent for comparable market rate units and each Restricted Rental Unit's value ratio (dollars per square foot) shall be at or below the weighted average unit value ratio for comparable market rate units as demonstrated in a Rent Comparability Matrix meeting the requirements of article 4 of this chapter.

(c) Utility Allowance Evidence. All Projects shall be subject to the use of Gross Rent as defined by Section 5170 and shall provide evidence in one of the following forms:

(1) A letter from the local public housing authority that includes a current utility allowance schedule, certifies that the proposed Project is located within its jurisdiction and itemizes which components of the utility allowance schedule applies to the Project. Projects that are subject to a Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments Program do not require a housing authority certification and may rely solely on the utility allowance included in a HUD rent schedule provided the schedule specifically identifies the name of the Project.

(2) If a Project is to be substantially retrofitted for energy conservation or will be newly constructed with substantial energy conservation, the Applicant may submit revised utility allowances based on the projected reduction in utility costs after construction or retrofit. The revised utility allowances shall be validated by either of the following:

(A) A letter from the public utility or housing authority having jurisdiction over the Project that validates the revised utility allowances based on the proposed use of energy conservation materials, or

(B) A current utility allowance estimate consistent with 26 CFR section 1.42-10 (4-1-17), which is hereby incorporated by reference. The Applicant must indicate which components of the utility allowance schedule apply to the Project. For buildings that are using an energy consumption model utility allowance estimate, the estimate shall be calculated using the most recent version of the California Utility Allowance Calculator (CUAC) developed by the California Energy Commission; and in accordance with the California Tax Credit Allocation Committee's minimum requirements for utility allowance estimates, Title 4, Division 17, Chapter 1, Section 10322(h)(21).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5192. Minimum Term of Restrictions.

(a) Income and rent restrictions as identified in the Committee Resolution for the total number of units must be maintained for the Qualified Project Period. Except as provided in subdivision (b), the Qualified Project Period shall be fifty-five (55) years following the date on which fifty percent (50%) occupancy is achieved or otherwise

commencement of the Qualified Project Period. Projects located on Native American Lands shall have a term of restriction of 50 years from the property lease effective date.

(b) If a Project is intended for eventual tenant homeowners the applicant shall provide evidence of a financially feasible program in the Application. The program shall include, but is not limited to, an exit strategy, home ownership counseling, funds to be set aside to assist tenants in the purchase of units, no involuntary relocation of tenants, and a plan for conversion of the facility to home ownership no sooner than the end of the initial 15-year Qualified Project Period as required by 26 U.S.C. section 142(d)(2)(A). In such a case, the regulatory agreement shall contain provisions for the enforcement of such covenants.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5193. Debt Service Coverage Ratio.

(a) For Qualified Residential Rental Projects, a minimum debt service coverage ratio (the ratio of the net operating income from the Project divided by the required debt service on the debt associated with the Project) shall be no less than 1.15 in at least one of the project's first three years except for FHA/HUD projects, RHS projects or projects financed by the California Housing Finance Agency.

(b) Applicants shall complete the following information relating to the Debt Service Coverage Ratio contained in the commitment for credit enhancement or private placement purchase of bonds, using annualized pro-forma figures:

(1) Potential gross income less vacancy rate. Applicants shall use market area vacancy rate or appraised vacancy rate, but in no event use less than 5%. If less than 5% is being used, a written explanation as to the reason must accompany the Application.

(2) net operating income (effective gross income minus operating expenses (include Operating & Replacement Reserves)), and

(3) principal plus interest (debt service), and

(4) the debt service coverage ratio (net operating income divided by principal plus interest). If Potential Gross Income is significantly higher than Monthly Gross Rent, then CDLAC may ask the applicant to identify other sources of Potential Gross Income to ascertain that these other sources are allowed.

(c) The Applicant shall also submit an itemized breakdown of the operating expenses. Annual operating expenses: general administrative (advertising, legal, accounting/audit, security, other and total general administrative), management fee, utilities (fuel, gas, water/sewer, other, total utilities), payroll/payroll taxes (on-site manager, maintenance personnel, insurance, other, total payroll/payroll taxes), maintenance (painting, repairs, trash removal, exterminating, grounds, elevator, other, total maintenance), service amenities budget (service coordinator/social worker, other, total service amenities), other (specify)(total other), total annual residential operating expenses, total real estate taxes, total reserves (operating and replacement), annual commercial operating expenses (if applicable), total commercial space expenses (if applicable) and total operating expenses.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5194. Project Sources & Uses and Project Costs.

(a) Applications shall submit an itemized breakdown of the complete sources of construction financing; and

(b) Applications shall include a listing of permanent sources and uses or complete and submit CTCAC's Form Sources and Uses Budget or comparable documentation; and

(c) All liens to be included in the proposed financing should be itemized and a list of all liens to be paid off at closing must be provided as Disposition of Current Outstanding Liens. All non-assumed liens to be paid off at closing shall be separately listed including lender/loan, amount, disposition and corresponding exception number from the Title Report; and

(d) For rehabilitation projects, Applicants shall submit an itemized breakdown of hard construction costs labeled as Attachment 8-B.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Market Studies

§ 5200. Minimum Requirements.

The Market Study shall meet the current guidelines as required by the California Tax Credit Allocation Committee (CTCAC)~~,~~ in California Code of Regulations, Title 4, Section 10322(h)(10).

(a) A full Market Study with a Rent Comparability Matrix for each applicable unit type prepared within (180) days of the Application deadline by an independent third party having no identity of interest with the Applicant, Project Sponsor, or Related Party is required.

(b) The study must establish both need and demand for the proposed Project. If the Market Study does not support sufficient need and demand for the Project, the Application may be considered ineligible to receive an award of Allocation.

(c) A market study shall be updated when proposed subject project rents change by more than five percent (5%), or the distribution of higher rents increased by more than 5%, or 180 days have elapsed between the earliest site inspection date for the subject property or comparable properties and the application submission deadline for the round in which the Project is seeking an allocation. CDLAC shall not accept an updated market study when more than twelve (12) months have passed since the earliest listed site inspection date of either the subject property or any comparable property. In such cases, applicants shall provide a new market study.

(d) Acquisition/Rehabilitation projects subject to an existing Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement may provide, as an alternative to providing a market study and affordability matrices consistent with Section 5200(a), a comprehensive market study consistent with 26 U.S.C. Section 42 (m)(1)(A)(iii). The study shall be a written statement, certified by a third-party market analyst, which includes a current rent roll. In addition, the project shall meet at least one of the following requirements:

> (1) as certified by a third-party market analyst, the proposed tenant paid rents and income targeting will not exceed one hundred-five percent (105%) of the current rents and targeting and a vacancy rate of no more than five percent (5%); for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%); or

(2) as evidenced by copies of executed contracts, that the Project has been receiving federal, state, or local operating or rental assistance and will continue to receive such assistance for at least five (5) additional years. If a contract demonstrating operating or rental assistance for an additional five (5) years is not available, a letter signed by the contractor's senior official may be submitted that describes the efforts undertaken to effectuate an operating or rental assistance contract, the expected duration of the contract, and the expected contract execution date.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 5. Sustainable Building Standards

§ 5205. Minimum Requirements.

(a) Applicants shall provide a certification that the minimum specifications pursuant to Section 10325(f)(7)(A) thru (J) of the CTCAC Regulations will be incorporated into the project design for all new construction and rehabilitation projects.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 6. Acquisition and Rehabilitation Projects

§ 5210. Minimum Expenditures.

Except as set forth in subdivision (a) of this section, Qualified Residential Rental Projects involving the rehabilitation of existing buildings must complete a minimum of $15,000 in hard construction costs per unit.
(a) At Risk Projects that receive only an award of Bond authority and do not receive low income housing tax credits must spend the minimum amount required by 26 U.S.C. section 147(d)(2).
(b) For purposes of this article, “hard construction costs” means the sum of the structure costs plus on-site and off-site costs.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5211. Tenant Relocation.

Applicants proposing rehabilitation or demolition of occupied housing shall comply with Section 10322(h)(28) of the CTCAC regulations.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5212. Capital Needs Assessment.

Except as provided below for reapplications, the Applicant shall submit a Capital Needs Assessment with report and inspection dates within 180 days prior to the Application deadline that details the condition and remaining useful life of the building's major structural components, all necessary work to be undertaken and its associated costs, as well as the nature of the work, and distinguishing between immediate and long-term repairs. The Capital Needs Assessment shall also include a fifteen (15) year reserve study, indicating anticipated dates and costs of future replacements of all major building components that are not being replaced immediately and the reserve contributions needed to fund those replacements. The Capital Needs Assessment shall be prepared by the Project's architect, as long as the architect has no identity of interest with the Project Sponsor or other member of the development team; or by a qualified independent third party who has no identity of interest with any of the members of the development team. The Capital Needs Assessment is not required if the Project, within the immediately preceding three (3) years, received an Allocation and this requirement was satisfied in the original Application. The Committee may permit the Capital Needs Assessment of an unsuccessful application to be submitted, only once, in the reapplication cycle immediately following the unsuccessful application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 7. Post Issuance Oversight and Termination of Project-Based Subsidies

§ 5220. Regulatory Compliance.

(a) All QRRP allocation recipients are required to execute a Bond Regulatory Agreement (the “Regulatory Agreement”), as a condition to the Committee's making an allocation, which will be recorded against the property for which the allocation is used, and will reflect all commitments outlined in exhibit A of the Committee's resolution. For projects submitted to CDLAC after December 31, 2016, the Regulatory Agreement shall terminate prior to the end of the CDLAC Resolution affordability term only in the event of (i) involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency after the bond issuance which prevents the Issuer, Fiscal Agent and/or the Trustee (as applicable) from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Standard Permanent Bonds, or repayment of a non-Bond related obligation that provides permanent project financing and meets the requirements of section 5193 or condemnation or a similar event, but only if, in the case of the events described in either clause (i) or (ii) above, the bonds are redeemed within a reasonable period or the proceeds for the event are used to provide a project that meets the requirement of the Regulatory Agreement.

(b) If Cash Flow Permanent Bonds finance project costs in projects submitted to CDLAC after December 31, 2016, 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 to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income, and 1.5 person per bedroom occupancy standard to determine the applicable rent.

(c) For projects receiving allocation after December 31, 2016, The Bond Regulatory Agreement will:

(1) Incorporate the CDLAC resolution by reference and as an attachment;

(2) Have a term consistent with the income and rental restrictions established in the Resolution. The Bond Regulatory Agreement shall terminate in 55 years (50 years for Projects located on Native American Lands)

from the date 50% occupancy is achieved or the commencement of the CDLAC Qualified project period, whichever date is earlier;

(3) Include all applicable income and affordability requirements outlined in 26 U.S.C. § 142, Cal. H&S Code § 34312.3 (c)(1) & (2), Cal. H&S Code § 51335(a), and Cal. H&S Code § 52080 (a)(1);

(4) Clarify that compliance with items not contained within the body of the Bond Regulatory Agreement but referred to in the CDLAC resolution are the responsibility of the Sponsor to report to the Issuer;

(5) Designate CDLAC to receive notice of changes in ownership, Issuer, project name and management company; and

(6) Designate CDLAC to receive all notices regarding defaults associated with the rents and income requirements, Bond Default, Qualified Bond Default, and regulatory termination.

(d) Where a Project is receiving renewable project-based rental assistance or operating subsidy:

(1) the Sponsor shall in good faith apply for and accept all available renewals; and

(2) if the project-based rental assistance or operating subsidy is terminated through no fault of the owner, the property owner shall immediately notify CDLAC in writing and shall make every effort to find alternative subsidies or financing structures that would maintain the deeper income targeting contained in the CDLAC resolution. Upon documenting to CDLAC's satisfaction unsuccessful efforts to identify and obtain alternative resources, the owner may increase rents and income targeting for rent restricted units above the levels allowed by the CDLAC resolution up to the federally and state-permitted maximums. Rents shall be raised only to the extent required for financial feasibility, as determined by CDLAC. Where possible, remedies shall include skewing rents higher on portions of the project in order to preserve affordability for units regulated by CDLAC at extremely low income targeting. Any necessary rent increases shall be phased in as gradually as possible, consistent with maintaining the project's financial feasibility. If housing special needs populations, the property owner shall attempt to minimize disruption to existing households, and transition to non-special needs households only as necessary and upon vacancy whenever possible.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5221. Disqualification. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 8. Evaluation Criteria

§ 5230. Evaluation Criteria.

(a) The following criteria will be used to evaluate and rank all Qualified Residential Rental Project applications. Each of the items in this section shall be memorialized in the Committee Resolution.

(b) Preservation and Other Rehabilitation Project Priorities (20 points maximum).

(1) Preservation Projects meeting the following criteria shall receive points in the highest scoring category only:

(A) A project that meets at least one of the following shall receive 20 points:

(i) An At-Risk Project.

(ii) A project in which lower-income rent and income restrictions on at least 50 percent of the total units pursuant to a regulatory agreement with a public entity shall terminate or be eligible for termination within five years of application with no other rent and income restrictions remaining.

(iii) A replacement or rehabilitation project approved by HUD pursuant to a Section 18 or 22 Demolition/Disposition authorization.

(iv) A component one project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program.

(B) A project that meets at least one of the following shall receive 14 points:

(i) A component two project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program; or

(ii) A project with a pre-1999 HCD loan that is being restructured pursuant to Health and Safety Code section 50560 (AB 1699) that has not previously received an allocation of Low-Income Housing Tax Credits.

(C) A project with a pre-1999 HCD loan that is being restructured pursuant to Health and Safety Code section 50560 (AB 1699) that has previously received an allocation of Low-Income Housing Tax Credits shall receive 6 points.

(2) Other Rehabilitation Projects meeting all of the following criteria shall receive 20 points:

(A) The project does not result in a distribution of net project equity, as that term is defined in Section 10302(gg) of the CTCAC Regulations, to a general partner or a related party to the general partner. For purposes of this subparagraph, there may be a buyout of a limited partner or equity distributed to a third party seller;

(B) There is no partial or full repayment of existing soft financing; and

(C) The application's developer fee limit pursuant to Section 10327(c)(2) of the CTCAC Regulations is further limited to a cash-out developer fee no greater than 80% of the CTCAC cash-out developer fee limit.

(c) New Construction Density and Local Incentives (10 points maximum); Preservation Projects and Other Rehabilitation Projects are not eligible for these points). A New Construction Project that meets any of the following shall receive 10 points:

(1) The local jurisdiction has approved the project pursuant to Section 65913.4 of the Government Code; or at a density greater than that allowed by the site's zoning through the use of a density bonus allowed by Government Code Section 65915; or pursuant to a local ordinance; or with concessions and/or waivers granted pursuant to Government Code Section 65915;

(2) The project is being developed at a per net acre density that meets one of the following criteria:

(A) 100 bedrooms per net acre in a metropolitan county;

(B) 60 bedrooms per net acre in a suburban jurisdiction;

(C) 40 bedrooms per net acre in all other areas.

[For the purposes of subdivision (c)(2), "net acre" is defined as the acreage within the parcel boundaries after subtracting any area affected by the dedication of public right-of-way, the presence of restrictive easements, and non-buildable areas. "Metropolitan county" and "suburban jurisdiction" shall have the same meanings as in Section 65583.2 of the Government Code. Projects with land-use approvals obtained prior to January 1, 2022, shall earn full points in this category.]

(3) The project is located in a city or unincorporated portion of a county for which HCD has designated the city or county, respectively, as pro-housing pursuant to Section 65589.9(c) of the Government Code.

(d) Exceeding Minimum Income Restrictions (20 points maximum). A project shall receive points in either of the following manners:

(1) 2 points for each full percent that the average affordability of tax credit units is less than 60% of area median income subject to the Gross Rent definition; or

(2) 20 points if the average affordability of tax credit units is less than or equal to 60% of area median income, provided that at least 10% of tax credit units are restricted at or below 30% of area median income and an additional 10% of tax credits units are restricted at or below 50% of area median income, subject to the Gross Rent definition.

(e) Exceeding Minimum Rent Restrictions (10 points maximum). A project shall receive one point for each full percent that the average affordability of tax credit units is more than ten percent (10%) below the average adjusted rental rates of comparable units as demonstrated by each applicable Rent Comparability Matrix. This percentage shall be calculated separately for units of each bedroom count, with the results for each unit type weighted relative to the percentage of tax credit units of that type in the project, and the resulting percentage shall be used to determine the final point score. In cases where unit sizes of the same unit type vary, the smallest of these units shall be the basis for comparison. When family comparables are used in addition to senior comparables (outside the 1-mile radius), points will be calculated using the family comparables.

(f) General Partner and Management Company Experience (10 points maximum).

(1) A project shall receive general partner experience points in one of the following manners:

(A) The number of general partner experience points for which it is eligible pursuant to Section 10325(c)(1)(A) of the CTCAC regulations.

(B) 7 points if the project is a joint venture between an entity that receives maximum general experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations and a BIPOC Entity, provided that the partnership agreement (i) allocates a share of the developer fee, cash flow, and net sale proceeds to the BIPOC Entity that is equal to or greater than the share to the entity with maximum general experience points and (ii) provides the BIPOC Entity an option to purchase the development.

(C) 7 points if the sole sponsor is a BIPOC Entity that

(i) is a general partner in at least one Low-Income Housing Tax Credit development that has received a certificate of occupancy, or if a rehabilitation project, completed rehabilitation, within five years of the date of application,

(ii) submits the certification from a third-party certified public accountant referred to in Section 10325(c)(1)(A)(i) of the CTCAC regulations for that development, and

(iii) completes training as prescribed by CTCAC prior to a project's placing in service.

(2) A project shall receive management company experience points in one of the following manners:

(A) The number of management company points for which it is eligible pursuant to Section 10325(c)(1)(B) of the CTCAC regulations.

(B) 3 points if the management company will be the BIPOC Entity for which the project receives general partner experience points pursuant to paragraph (1)(C).

(g) Housing Types (10 points maximum; Preservation Projects and Other Rehabilitation Projects not eligible for these points). A New Construction Project that meets any of the following criteria shall receive 10 points:

(1) The project meets the criteria for any of the housing types described in Section 10325(g) of the CTCAC regulations. Points will be awarded only in one housing type.

(2) The project meets the requirements of subdivision (c) of this section or is a New Construction Project that obtained all land use approvals prior to January 1, 2022.

(h) Leveraged Soft Resources (8 points maximum). A project shall receive 1 point for each full percent that leveraged soft resources defraying residential costs represent as a percentage of total residential project development costs, except that a New Construction Project that receives points as a Large Family project or Special Needs project pursuant to the conditions specified in Section 5230(j)(1)(A) and is located in a High or Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map shall receive 2 points for each full percent of leveraged soft resources. For purposes of this subdivision, leveraged soft resources shall have the same meaning as in Section 10325(c)(9) of the CTCAC regulations.

(i) Readiness to Proceed (10 points maximum). A project shall receive the number of points for which it is eligible pursuant to Section 10325(c)(7) of the CTCAC regulations, except that the applicant shall demonstrate that construction can commence within 180 days of the bond allocation. Projects that receive the maximum number of points pursuant to this subdivision shall have a readiness deadline that aligns with the allocation expiration assigned pursuant to Section 5100(b)(3)(i), and submit within that time period evidence of the issuance of building permits or the applicable tribal documents, and notice to proceed delivered to the contractor. Failure to meet the assigned due date shall result in rescission of the bond allocation. In addition, negative points may be assessed at the discretion of the Committee pursuant to subdivision (n).

(1) For purposes of submitting evidence of the issuance of a building permit:

(A) A grading permit shall not suffice to meet the building permit requirement except that if the city or county as a rule does not issue building permits prior to the completion of grading, then a grading permit shall suffice.

(B) If the project is a design-build project in which the city or county does not issue building permits until designs are fully complete, then the city or county shall have approved construction to begin.

(j) Affirmatively Furthering Fair Housing (10 points maximum).

(1) A New Construction project shall receive points in only one of the following manners:

(A)(i) Except as provided in (ii) below, 10 points if the project receives points as a Large Family project or Special Needs project pursuant to subdivision (g) (except the Special Needs project shall have at least 50% of its units set aside as permanent supportive housing), is located in a High or Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map, and at least 10% of tax credit units shall be restricted at or below 30% of area median income and an additional 10% of tax credit~~s~~ units shall be restricted at or below 50% of area median income (except Special Needs projects shall be exempt from this 50% AMI requirement).

(ii) Using the sort order described in Section 5231, after projects receiving 10 points pursuant to this subdivision have been recommended for allocations that meet or exceed the following 50% threshold, all remaining projects in each pool or set-aside shall receive 9 points for meeting the requirements of this subdivision. For the purpose of awarding points per round, ~~(~~excluding an established waiting list~~)~~, pursuant to this subdivision, 10 points shall be awarded until approximately 50% of the amount available to a pool or set-aside has been allocated. Subsequently, all remaining projects in each pool or set-aside shall receive 9 points for meeting the requirements of this subdivision.

(B) 9 points if the project does not receive points pursuant to subdivision~~s~~ (j)(1)(A). With respect to New Construction Projects, at least 10% of tax credit units shall be restricted at or below 30% of area median income and an additional 10% of tax credit~~s~~ units shall be restricted at or below 50% of area median income.

(2) For purposes of subdivision~~s~~ (A), a project located in a resource area designated on the CTCAC/HCD Opportunity Area Map as “Missing/Insufficient Data” shall be considered to have the designation of the adjacent resource area that shares the longest common boundary with the resource area in which the project is located.

(k) Service Amenities (10 points maximum). A project shall receive the number of points for which it is eligible pursuant to Section 10325(c)(4)(B) of the CTCAC regulations, except that projects not meeting one of the housing types specified in Section 10325(g) of the CTCAC regulations shall be able to choose the services provided without regard to the housing type conditions within the service amenity categories.

(*l*) Cost Containment (12 points maximum). A project shall receive 1 point for each full percent that the project's eligible basis is less than the project's CDLAC adjusted threshold basis limit, except that a New Construction Project that receives points as a Large Family project or Special Needs project pursuant to the conditions specified in Section 5230(j)(1)(A)) and is located in a High or Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map shall receive 2 points for each full percent that the project's eligible basis is less than the project's CDLAC adjusted threshold basis limit. For purposes of this subdivision, a project's CDLAC adjusted threshold basis limit shall be the project's threshold basis limit as determined pursuant to Section 10327(c)(5) of the CTCAC regulations, except that the increase for deeper targeting pursuant to Section 10327(c)(5)(C) of the CTCAC regulations shall be limited to 80%.

(m) Site amenities (10 points maximum). A project shall receive up to 10 site amenity points for which it is eligible pursuant to Section 10325(c)(4)(A) of the CTCAC regulations, except that a maximum of three points shall be available to any project that meets the Resource Area criteria of Section 10325(c)(4)(A)11.

(n) Negative Points (no maximum).

(1) The Committee may deduct points for an Application involving a Project Sponsor that has been or is a Related Party to a Project Sponsor (i.e. in the ownership structure) for which an Allocation has been awarded as follows:

(A) Ten (10) points may be deducted for each failure to fully utilize the leveraged soft resources for which points were awarded in connection with the prior Allocation, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control or the amount not utilized is not material, or is the result of voluntarily returning leveraged soft resources due to the project being over-sourced, or if a change in federal or state law provides additional financial resources that result in a reduction in leveraged soft resources. This deduction may be assessed against the Project Sponsor for a period of up to two (2) calendar years (10 points each year) from the date on which the prior Allocation was awarded.

(B) Ten (10) points may be deducted for each failure to issue Bonds or utilize 90% or more of a Supplemental Allocation, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control. This deduction may be assessed against the Project Sponsor for a period of up to two (2) succeeding years (10 points each year) following the year the Allocation was awarded.

(C) Ten (10) points may be deducted for each failure to spend the proceeds of Bonds issued pursuant to an Allocation in full, or in accordance with the terms and conditions of the Committee Resolution, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control, the amount not spent is not material or is consistent with the requirements of Section 5052(b), or the deviation from the terms and conditions of the Committee Resolution is not material. This deduction may be assessed against the Project Sponsor for a period of up to three (3) calendar years (10 points each year) from the date of determination of failure to spend proceeds.

(D) Ten (10) points may be deducted for failure to comply with any provision of the Committee Resolution, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control. This deduction may be assessed for a period of up to three (3) calendar years (10 points each year) from the date of determination of non-compliance with the Committee Resolution.

(2) Where CTCAC has determined an Application for tax credits involving a Project Sponsor that has been or is a Related Party to a Project Sponsor who is subject to negative points under its regulations, CDLAC will deduct an equal amount of points for an equal period of time from tax exempt bond applications involving the Project Sponsor or a Related Party to the Project Sponsor.

(3) Where CTCAC has determined an Applicant for tax credits involving a Project Sponsor that has been a Related Party to a Project sponsor who is subject to any type of determination of ineligibility, CDLAC will recognize the length of ineligibility and apply it to the tax exempt bond applications involving the Project Sponsor or Related Party to the Project Sponsor.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5231. Ranking.

After all Applications for Qualified Residential Rental Projects are evaluated pursuant to Section 5230, the Applications shall be ranked and may be awarded an Allocation as follows, except that a project shall not receive a bond allocation if it had requested and is not scheduled to receive an award of State Tax Credits:

(a) Applications for Rural Projects will be ranked amongst themselves, and separately from Applications for all other Qualified Residential Rental Projects. Applications for Rural Projects awarded the greatest number of points after factoring in the tie breaker pursuant to Section 5231(g), as applicable, shall be awarded an Allocation from the Rural

Pool. Applications for Rural Projects not receiving an Allocation will not be eligible for consideration for an Allocation under subdivisions (b), (c) or (e) of this section.

(b) Applications for Preservation Projects will be ranked amongst themselves, and separately from Applications for all other Qualified Residential Rental Projects. Applications for Preservation Projects awarded the greatest number of points after factoring in the tiebreaker pursuant to 5231(g) as applicable shall be awarded an Allocation from the Preservation Project Pool. Applications for Preservation Projects not receiving an Allocation pursuant to this subdivision will not be eligible for consideration for an Allocation under subdivision (a), (c) or (e) of this section.

(c) Applications for Other Rehabilitation Projects will be ranked amongst themselves, and separately from Applications for all other Qualified Residential Rental Projects. Applications for Other Rehabilitation Projects awarded the greatest number of points after factoring in the tie breaker pursuant to Section 5231(g), as applicable, shall be awarded an Allocation from the Other Rehabilitation Pool. Applications for Other Rehabilitation Projects not receiving an Allocation pursuant to this subdivision will not be eligible for consideration for an Allocation under subdivisions (a), (b) or (e) of this section.

(d) Applications for BIPOC Projects will be ranked amongst themselves, and separately from Applications for all other Qualified Residential Rental Projects. Applications for BIPOC Projects awarded the greatest number of points after factoring in the tie breaker pursuant to Section 5231(g), as applicable, shall be awarded an Allocation from the BIPOC Pool. Applications for BIPOC Projects not receiving an Allocation pursuant to this subdivision shall be eligible for consideration for an Allocation under subdivisions (a), (b), (c), and (e) of this section.

(e) Applications for Qualified Residential Rental Projects that are New Construction Projects, exclusive of Rural Projects, will then be ranked together. Applications receiving the greatest number of points after factoring in the tie breaker pursuant to Section 5231(g), as applicable, shall be awarded an Allocation from the New Construction Pool in the following manner.

(1)(A) Set Aside application selection. Beginning with the top ranked application from the Homeless Set Aside, subject to the conditions in Section 5231(e)(1)(B), followed by the Extremely Low/Very Low Income Set Aside, and the Mixed Income Set Aside, the highest scoring applications in each Set Aside shall be awarded an Allocation pursuant to the procedures in Section 5231(f). A project that meets the criteria of both the Homeless Set Aside and the Extremely Low/Very Low Income Set Aside shall be eligible for an allocation from either Set Aside. All New Construction Projects, exclusive of Rural Projects, that do not receive an allocation from a Set Aside shall be eligible for an allocation from their respective geographic region pursuant to subdivision (e)(2).

(B) For purposes of the Homeless Set Aside only, applications for projects in which at least 45% of the tax credit units are designated for homeless households as defined in Section 10315(b)(1)-(4) of the CTCAC regulations at affordable rents consistent with Section 10325(g)(3) of the CTCAC regulations shall be awarded an Allocation prior to any other application eligible for the Homeless Set Aside provided that those projects earn at least 95% (rounded down to the nearest whole number) of the maximum available points pursuant to Section 5230.

(2) Geographic region application selection. Bonds available in the New Construction Pool that are not reserved to a Set Aside shall be allocated to the highest ranking applications according to the geographic allocation described in Section 5022. Projects receiving an allocation in the Rural, Preservation, Other Rehabilitation, or BIPOC Pools or in the Homeless, Extremely Low/Very Low Income, and Mixed Income Set Asides shall not be counted towards the geographic apportionments.

(3) In the final allocation round of the year, any bonds remaining in any QRRP pool, Set Aside, or geographic region shall be allocated to the highest-ranking New Construction Project or Projects. Those amounts shall not be added to the respective QRRP pool, Set Aside, or geographic region in the following year, and any allocations pursuant to this paragraph shall not be subtracted from the geographic allocations in the following year.

(4) At the last allocation meeting of the year, the Committee shall establish a waiting list of new Construction Projects that have not received an allocation in the final allocation round, ordered from highest to lowest ranking.

(f) If the last project allocation in a Pool, Set Aside, or geographic region requires more than the bonds remaining in that Pool, Set Aside, or geographic region, those overages shall be subtracted from that Pool, Set Aside, or geographic region in determining the amount available in the Pool, Set Aside, or geographic region for the subsequent allocation round. The last project to be allocated in a Pool, Set Aside, or geographic region shall not receive an Allocation unless at least 80%, or 100% in the final round of the year, of the requested Allocation for that project is remaining in that Pool, Set Aside, or geographic region for that round. When the first or next highest-ranking project does not meet the 80% or 100% rule above, that project, as well as any subsequent projects in rank order that also do not meet the 80% or 100% rule, may be skipped over to the next highest-ranking project that meets the 80% or 100% rule. However, a project shall not be funded by this skipping process unless it has a point score within one point of the first project skipped and has a final tiebreaker score equal to at least 75% of the first skipped project's final tiebreaker score. If bonds within a Pool, Set Aside, or geographic region remain unallocated at the end of an allocation round, they shall be added to the subsequent round amounts in the same Pool, Set Aside, or geographic region. In the final allocation round of the year, the allocations within a Pool, Set Aside, or geographic region shall not exceed the amount of bonds available in the Pool, Set Aside, or geographic region.

(g) If two or more Applications are awarded the same total number of points, those Applications shall be ranked according to the highest amount of public benefit per dollar of cost-adjusted Bond and State Credit Allocation requested.

(1) A project's public benefit is the sum of all of the following:

(A) The project's unit production benefit, which is the product of the bedroom-adjusted number of tax credit units multiplied by $50,000. To calculate a project's bedroom-adjusted number of tax credit units, the Committee shall first multiply the number of tax credit units of each bedroom count by the adjustment factor for units of that bedroom count. A project's bedroom-adjusted number of tax credit units shall be the sum of each of these products. The adjustment factors shall be .9 for a studio unit, 1 for a 1-bedroom unit, 1.25 for a 2-bedroom unit, 1.5 for a 3-bedroom unit (up to no more than 30% of the total units, then those additional units shall be counted as 2-bedroom units), and 1.75 for a 4-bedroom or larger unit (up to no more than 10% of the total units, then those additional units shall be counted as 2-bedroom units.

(B) The project's rent savings benefit, which is the product of the sum across all tax credit units of each unit's difference between the monthly fair market rent established by HUD for the county in which the project is located and the area median income monthly gross rent limit for that unit at the targeted rent level for the appropriate bedroom size, all calculated according to the methodology for tax credit rents, multiplied by 180. If this calculation results in a negative number for any particular unit, then the rent savings benefit for that unit shall not be lower than zero. Units with federal project-based rental assistance shall be assigned targeted rent levels of 30% AMI regardless of their actual income targeting. If the average affordability of tax credit units, exclusive of units with rental assistance, is less than 40% AMI, then the calculation shall assume a targeted rent level of 40% AMI for each tax credit unit that does not have rental assistance.

(C) The project's population benefit, which is comprised of an ELI benefit and a special populations benefit.

1. The ELI benefit is the product of the number of tax credit units targeted at 30% of AMI or below, limited to no more than 50% of tax credit units, multiplied by $20,000.

2. The special populations benefit is the product of the number of tax credit units restricted to persons with Special Needs, as defined in Section 10325(g)(3) of the CTCAC regulations, or veterans, limited to no more than 50 than 50% of tax credit units, multiplied by $10,000.

(D) The project's location benefit, which is comprised of a Resource Area benefit, a Community Revitalization Area benefit, and a transit/walkability benefit. If a project is eligible for both a Resource Area benefit and a Community Revitalization Area benefit, the applicant shall select only one of these benefits. The Resource Area benefit and Community Revitalization Area benefits shall not be additive.

1. The Resource Area benefit is one of the following:

(i) The product of the bedroom-adjusted number of tax credit units in a Large Family or Permanent Supportive Housing Project located in a Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map multiplied by $30,000.

(ii) The product of the bedroom-adjusted number of tax credit units in a Large Family or Permanent Supportive Housing Project located in a High Resource Area as specified on the CTCAC/HCD Opportunity Area Map multiplied by $20,000.

(iii) The product of the bedroom-adjusted number of tax credit units in a Large Family or Permanent Supportive Housing Project located in a Moderate Resource Area as specified on the CTCAC/HCD Opportunity Area Map multiplied by $10,000. An applicant may choose to utilize the census tract or census block group resource designation from the CTCAC/HCD Opportunity Maps in effect when the initial site control was obtained up to seven calendar years prior to the application.

2. The Community Revitalization benefit is the product of the bedroom-adjusted number of tax credit units that are located in a Community Revitalization Area and are a component in the Area's Community Revitalization Plan multiplied by $20,000.

(i) A project is ineligible for this benefit if it receives a Resource Area benefit.

(ii) A project is ineligible for this benefit if it receives a Community Revitalization Area benefit.

3. The transit/walkability benefit is the sum of the following:

(i) The product of the bedroom-adjusted number of tax credit units within the project, multiplied by the number of transit site amenity points the project receives pursuant to Section 5230(m), multiplied by $4,000;

(ii) The product of the bedroom-adjusted number of tax credit units within the project, multiplied by the number of non-transit site amenity point categories for which the project is eligible for the maximum points pursuant to Section 5230(m) (see CTCAC regulation Section 10325(c)(4)(A)2. through 9.), multiplied by $4,000. For purposes of this subdivision, the site amenity distances shall be measured by a walkable path;

(iii) The product of the bedroom-adjusted number of tax credit units included with a project that has received an award from HCD's Transit Oriented Development Program or Affordable Housing and Sustainable Communities Program, or that is located within ¼ mile of a transit stop with service at least every 30 minutes during peak hours (or at least two departures during each peak period for a commuter rail station or ferry terminal) or within

½ mile of a transit stop with service at least every 15 minutes (or at least four departures during each peak period for a commuter rail station or ferry terminal) multiplied by $25,000. For purposes of this subdivision, a "transit stop" is a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop, and "peak hours" are from 7:00 a.m. to 9:00 a.m. and from 4:00 p.m. to 6:00 p.m., Monday through Friday.

(2) The cost-adjusted Bond and State Credit Allocation shall be calculated by reducing the unadjusted Bond and State Credit Allocation request by the following, as applicable:

(A) 15% for projects that are paid for in whole or in part out of public funds and are subject to a legal requirement for the payment of state or federal prevailing wages.

(B) Either 10% for projects in which at least 95% of the construction is Type I, as defined in Title 24, Section 602.2 of the California Building Code~~.~~; or 5% for projects in which at least 95% of the construction is Type III, as defined in Title 24, Section 602.3 of the California Building Code, or a combination of Type I and Type III.

(C) 25% of the statewide basis delta for the county in which the project is located. At least 10 days prior to the first application deadline of each calendar year, the Committee shall publish the statewide basis delta for each county, which shall represent the percentage difference between the two-bedroom 4% tax credit threshold basis limit for the county and the median two-bedroom 4% tax credit threshold basis limit for any county in the state, as those limits are determined by CTCAC pursuant to Section 10302(rr) of the CTCAC regulations.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5232. Competitive Application Process Maximum Allocation Amount.

(a) For projects subject to the Competitive Application Process, the Committee will allocate no more than seventy-five million dollars ($75,000,000) for any proposed Qualified Residential Rental Project. Where a proposed Qualified Residential Rental Project is located within one-fourth (1/4) mile of another Qualified Residential Rental Project involving the same Project Sponsor or a Related Party to the Project Sponsor, the Allocation amounts for the Qualified Residential Rental Projects cannot, in the aggregate, exceed seventy-five million dollars ($75,000,000) within a calendar year.

(b) The Committee may waive this maximum allocation amount if the Committee determines that the demand for allocation for Qualified Residential Rental Projects is such that the maximum allocation amount is not warranted. An Applicant requesting an Allocation in excess of seventy-five million dollars ($75,000,000) may seek a waiver from the Committee based on the following factors:

(1) The Qualified Residential Rental Project qualifies as a At-Risk Project; or

(2) Documentation is provided in the Application indicating why a Qualified Residential Rental Project cannot be developed in phases at a seventy-five-million-dollar ($75,000,000) level. The documentation must be specific and may include, but is not limited to, a site plan detailing the layout of the subject property, unit mix per stage of the phase, any unique features of the property which inhibits phasing, a description of infrastructure costs, and a cost breakdown by phases.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5233. Allocation Limits.

(a) Limit CDLAC bond allocation on a per-unit basis (adjusted by the number of bedrooms) in the QRRP Pools as follows:

Studio and SRO:	$522,000
One-bedroom:	$544,000
Two-bedroom:	$580,000
Three-bedroom:	$638,000
Four- or more bedroom:	$671,000

(b) Private Activity Bond allocation awards cannot exceed 55% of the aggregated depreciable basis plus land basis. In determining compliance with this test, CDLAC staff may rely on the legal or tax opinion submitted with the application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 9. Supplemental Allocation

§ 5240. Supplemental Allocation Process.

(a) Requests for Supplemental Allocations may be submitted throughout the year. Except as provided in subdivision (b), staff shall review each request for Supplemental Allocation and make a recommendation to the Committee regarding any possible award of additional Allocation. Awards of Supplemental Allocations pursuant to this subdivision shall be memorialized in a Committee Resolution. All applicable requirements imposed on the associated initial project Allocation, including, but not limited to, the expiration of Allocation, Bond issuance deadlines, extensions, transfers of Allocation, carryforward elections and reporting shall be equally applicable to Supplemental Allocations.

(b) The Committee may delegate authority to the Executive Director to award Supplemental Allocation to projects where the total delegated supplemental requests are both of the following:

(1) No more than 10% of the project's Committee approved allocation; and

(2) No more than 52% of the aggregate depreciable basis plus land basis.

(c) For projects awarded Supplemental Allocation where the original allocation was awarded in Round 2 of 2022 or later, no increase in the developer fee shall be permitted in association with the increase in costs related to the project, and the Project Sponsor shall be subject to reduction in its tiebreaker calculation determined by the Committee for a period of one round following the award of Supplemental Allocation.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5241. Realignment of Expiration Dates.

Projects awarded a Supplemental Allocation for which no Bonds were issued from the original award of Allocation shall have the expiration date of the original award.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 10. Scattered Site Applications

§ 5250. Application Requirements.

(a) Applications for Scattered Site Projects shall provide all information required for each site. Additional stipulations are as follows:

(1) For acquisition and rehabilitation projects, a Capital Needs Assessment report may combine information for all Project sites in one report.

(2) For new construction projects and acquisition/rehabilitation projects, a Market Study may combine information for all Project sites in one report; however, the Market Study shall have separate Rent Comparability Matrices for each site.

(3) Acquisition/Rehabilitation Projects where each location is subject to an existing Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement may provide, as an alternative to providing a market study and affordability matrices consistent with Sections 5200(a) and 5250(a)(3), a comprehensive market study consistent with 26 U.S.C. Section 42(m)(1)(A)(iii). The study must be a written statement certified by a third party market analyst and the project must meet at least one of the following requirements:

(A) as certified by a third-party market analyst, the proposed tenant paid rents and income targeting will not exceed one hundred-five percent (105%) of the current rents and targeting and a vacancy rate of no more than five percent (5%); for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%); or

(B) as evidenced by copies of executed contracts, the project has been receiving federal, state, or local operating or rental assistance and will continue to receive such assistance for at least five (5) additional years. If a contract demonstrating operating or rental assistance for an additional five (5) years is not available, a letter signed by the contractor's senior official may be submitted that describes the efforts undertaken to effectuate an operating or rental assistance contract, the expected duration of the contract, and the expected contract execution date.

(4) Evidence of site control shall be required for each site.

(5) Any maps provided shall include each site.

(b) An Applicant may seek a waiver of the Scattered Site five (5) location limit. A written request describing how the project will benefit from waiver of the location limit must be submitted no later than the application due date for the allocation round in which the Project is seeking an allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5251. Evaluation Criteria.

Each site within an Application for a Scattered Site shall be evaluated individually for points as provided in section 5230. The total points awarded to a Project in any category shall be based on the pro-rata share of total units each site represents. For instance, if only one site meets the threshold for an award of 5 points and the site represents 40% of total units, the Project shall be awarded two (2) points for this category (40% x 5 points).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 11. Application Process for Projects Assisted by the U.S. Department of Housing and Urban Development

§ 5255. Application Requirements.

(a) A CDLAC Forward Commitment letter may be granted in lieu of an award of allocation until the Applicant receives the HUD Firm Commitment letter for the Project. A complete Open Qualified Residential Rental Pool Application may be submitted when the Project meets the following requirements:

(1) Applications must meet the requirements of a Qualified Residential Rental Project, as described in Chapter 2.

(2) Applications may be submitted at any time with an expected staff review period of at least thirty (30) days.

(3) The Applicant must disclose upon application that the Protect is a FHA financed development.

(4) In lieu of a HUD Firm Commitment letter, a MAP Lender commitment letter outlining the FHA financing must accompany the Application.

(5) All awards of allocation following a CDLAC Forward Commitment must occur prior to the last day of the calendar year.

(6) Proof of HUD Firm Commitment Application Submittal will be due within thirty (30) days of CDLAC Forward Commitment Approval.

(b) The Committee shall make an award of allocation for a new Application if the following is submitted no later than the application due date for the allocation round in which the project is seeking an allocation:

(1) a complete Standard QRRP Application and application fee;

(2) a MAP Lender commitment letter outlining the FHA financing; and

(3) a HUD Development Acknowledgement Letter.

(c) All projects requesting an assignment and assumption of an existing HAP Agreement must have submitted their assignment and assumption application to HUD by the CDLAC application date.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5256. Evaluation Criteria.

(a) Applications will be reviewed according to the Multi-Family Housing criteria, as referenced in Chapter 2, Article 8, Section 5230.

(b) Applications meeting the requirements of Chapter 2, Article 8, Section 5230 will be provided a Forward Commitment in lieu of an award of allocation.

(c) Upon receipt of a HUD Firm Commitment letter, CDLAC will present an allocation recommendation to the Committee for formal approval. The CDLAC closing timeframe will commence once the Committee grants the allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 12. Expiring Projects in Difficult Development Areas

§ 5258. Eligibility Retention.

(a) To confirm that a Qualified Residential Rental Project (QRRP) application is complete in order to retain a project's current year Difficult Development Area/Qualified Census Tract (DDA/QCT) status, an Applicant must submit the following items to CDLAC no later than 16 days prior to the expiration date of the project's DDA status:

(1) the project's completed Qualified Residential Rental Project application; and

(2) a written statement identifying the CDLAC allocation round in which the Applicant intends to seek an allocation, pursuant to a CDLAC generated list of eligible allocation rounds for projects in expiring DDA/QCT areas; and

(3) a written request that CDLAC confirm the Application is complete.

(b) Upon determining that the application is complete, CDLAC will, prior to the expiration of the project's DDA status, provide the Applicant with a letter stating that the application is complete.

(c) The letter described in subsection (b) shall be void and of no effect unless the bond issuances for the project occur within the federally mandated timeframe for bond issuances applicable to projects with expiring DDA statuses.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 13. Qualified Residential Rental Project Allocation Request Process for December 2017 [Repealed]

§ 5259. Allocation Request Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Chapter 3. Single Family Housing

Article 1. Definitions

§ 5260. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"Applicable Median Family Income" means the applicable median family income defined by 26 U.S.C. section 143(f)(4), except that the definition of income contained in subdivision B of 26 U.S.C. section 143(f)(4) shall not apply to Applicants for a Single Family Housing Program.

"Fair Share Allocation Amount" means the amount of Allocation each Local Issuer shall receive pursuant to the Fair Share Basis definition.

"Fair Share Basis" means that each county shall receive a proportionate share of the amount reserved for Local Issuers based on the population of the county relative to the State's total population. Populations will be based on data published by the California State Department of Finance Demographics Unit. Where there is more than one Local Issuer in a county, each Local Issuer shall receive a proportionate share of the county's reservation based on the population of the jurisdictions served by an Issuer relative to the county's total population, or as agreed upon by the participating Local Issuers.

"Homeownership Assistance" means financial assistance, including down-payment assistance, closing cost assistance, soft-second financing for the purchase of a home, or such alternative homeownership assistance as proposed by the Applicant in the Application and approved by the Committee. The Homeownership Assistance must; one, be in a minimum amount of $7,500 or 3% of the purchase price of the home, whichever is greater; two, be structured in the form of either a grant or a deferred payment loan where the payment of principal and interest is deferred until such time as the home is sold or re-financed; and three, include an incentive, to be proposed by the Applicant, for Program Participants to fully perform the three (3) year service commitment. Applicants will not be required to establish a distinct and separate homeownership program; existing programs may be used. The Committee may delegate to the Chair or to the Executive Director of the Committee the authority to accept and consider homeownership assistance of different types or characteristics than those specifically enumerated or required by this definition. The Committee may establish, or concur with the establishment of, higher assistance limits to ensure program participation in high cost areas.

"MCC Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program" (revised 03 15 2018), which is hereby incorporated by reference.

"MRB Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Single-Family Housing Bond Program" (revised 11 30 2018), which is hereby incorporated by reference.

"Performance Achievement Index" means the percentage of households that participated in a Single Family Housing Program having met the goals set forth in section 5266 expressed as a percentage of the minimum goal committed to by the Applicant. For example, if the number of households earning eighty percent (80%) or less of the Applicable Median family Income of the area consisted of only 38% of the participants in a program, then based on a committed goal of 40%, the Performance Achievement Index would equal 95% (38% divided by 40%).

"Qualified Census Tract" means any census tract that is designated by the Secretary of Housing and Urban Development pursuant to 26 U.S.C. section 42(d)(5)(C).

"VHLP Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Veteran's Home Loan Program" (revised 03 15 2018), which is hereby incorporated by reference.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Eligibility Requirements

§ 5265. Application Process.

Applications for an Allocation of the Single Family Housing Program Pool shall be considered in accordance with the provisions of chapter 1 and the submission of an MRB Application, a VHLP Application or an MCC Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5266. Participation Goals.

An Applicant requesting an Allocation for a Single Family Housing Program must commit to the following goals:

(a) A minimum of forty percent (40%) of the participants in the Single Family Housing Program must be households:

(1) Earning eighty percent (80%) or less of the Applicable Median Family Income of the area in which the program is located; or

(2) Located in a Qualified Census Tract. Applicants may use the high-cost area adjustment set forth in 26 U.S.C. section 143(f)(5) to meet this minimum requirement.

(b) An Applicant that is unable to meet the requirement outlined in subdivision (a) of this section, may request an exemption. However, in no case may less than thirty-five percent (35%) of the participants in the Single Family Housing Program be households:

(1) Earning eighty percent (80%) or less of the Applicable Median Family Income of the area in which the program is located; or

(2) Located in a Qualified Census Tract. Applicants may use the high-cost area adjustment set forth in 26 U.S.C. section 143(f)(5) to meet this minimum requirement.

(c) To be considered for an exemption an Applicant must submit documentation of the programmatic or economic reasons why the requirement outlined in subdivision (a) of this section cannot be met.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5267. Consistency with Adopted Housing Elements.

(a) The proposed Single Family Housing Program must be consistent with the adopted housing element(s) for the jurisdiction(s) in which the program is to be operated. The California Department of Housing and Community Development must have determined the jurisdiction's adopted housing element to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. In addition, as required under Section 65400 of the Government Code, the jurisdiction must have submitted an annual progress report to the California Department of Housing and Community Development for the preceding 12-month calendar year.

(b) Applicants requesting Allocation to implement a new Mortgage Credit Certificate Program shall submit the following:

(1) Copies of the publicly adopted documents required by section 5031(b); and

(2) Copies of the program or operational manual.

(c) Applicants requesting Allocation for an existing Mortgage Credit Certificate Program shall submit the following:

(1) A certification that the previously publicly adopted documents required in section 5031(b) are valid and remain in force; or

(2) Provide copies of newly publicly adopted documents.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5268. Mortgage Revenue Bond Eligibility.

(a) For Mortgage Revenue Bond Programs, in order to be eligible for a new Single Family Housing Program Allocation, the Applicant shall:

(1) Demonstrate that all proceeds from a bond issuance in the calendar year three (3) years prior to the current year (other than minor amounts not to exceed $1 million) have been used to finance loans, or; have been refunded on either a short or long term basis so as to be available to finance loans.

(2) Certify that any remaining Bond proceeds or authority from an Allocation up to two (2) calendar years prior to the current year will be used either before the use of new Allocation or in conjunction with new Allocation in satisfying federal requirements for such prior funds.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5269. Mortgage Credit Certificate Eligibility.

(a) For Mortgage Credit Certificate programs, in order to be eligible for a new Single Family Housing Program Allocation, the Applicant must:

(1) Demonstrate that all remaining bond authority in the calendar year two (2) years prior to the current year (other than minor amounts not to exceed $1 million) have been issued to first time home buyers.

(2) Certify that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate authority.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5270. Exceptions to Minimum Requirements.

The Committee may consider exceptions to the minimum requirements based upon detailed information submitted by the Applicant that meeting these requirements presents an undue financial burden or economic hardship for the Applicant. The Committee may delegate the discretion to approve or deny an Applicant's request for such exception to the Chair of the Committee or to the Executive Director. With respect to sections 5268 and 5269, to be granted an exception an Applicant must demonstrate its need to use new Allocation even if unused Mortgage Revenue Bond Allocation or Mortgage Credit Certificate authority totals over $1,000,000 from prior years.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5271. Allocation Method.

Applicants for the Single Family Housing Program Pool will be awarded an Allocation on a Fair Share Basis. If a request exceeds an Applicant's Fair Share, additional funding can be provided to the extent allocation is available in the Undesignated Reserve Pool in the allocation year the funding is requested.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5273. Income and Purchase Price Certification.

The Applicant's bond or tax counsel must certify that the income and purchase price limits outlined in the CDLAC application for the program were established in accordance with a methodology authorized by the Internal Revenue Code.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 3. Evaluation Criteria

§ 5275. Minimum Goals.

(a) An Applicant receiving an Allocation for a Single Family Housing Program will be held accountable for achieving the minimum goals that were considered by the Committee in awarding the Allocation. The Committee will monitor on an annual basis the programs awarded an Allocation. An Applicant whose Single Family Housing Program did not achieve the participation goals set forth in section 5266 in the previous calendar year, will have their Fair Share Allocation Amount reduced subject to following schedule:

Performance Achievement Index		*Percentage of Fair Share Allocation Amount*
91%	-- 100%	100%
81%	-- 90%	90%
71%	-- 80%	80%
61%	-- 70%	70%
0%	-- 60%	60%

(b) The Committee may consider exceptions to the above schedule of reduced Allocation where the Applicant provides full written documentation of the reasons for the underachievement demonstrating that the circumstances surrounding the underachievement are beyond the control of the Applicant. The Committee may delegate the discretion to approve or deny an Applicant's request for such exception to the Chair or to the Executive Director.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Single Family Housing Bonus Pool

§ 5280. Eligibility Requirements.

If the Committee has established a Single Family Housing Program Bonus Pool in accordance with section 5020(c), Applicants may be eligible if the following is demonstrated:

(a) For Mortgage Revenue Bond Programs:

(1) Demonstrate that Bonds allocated from the current year's Single Family Housing Pool have been issued.

(2) Certify that proceeds from the current year's allocation are being used to finance loans.

(3) Justify the need for additional Allocation.

(b) For Mortgage Credit Certificate Programs:

(1) Demonstrate that Bonds allocated from the current year's Single Family Housing Pool have been converted into Mortgage Credit Certificate authority.

(2) Certify that Mortgage Credit Certificates are being issued.

(3) Justify the need for additional Allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5281. Evaluation Criteria.

(a) The following criteria will be used to evaluate and rank all Applications considered for the Single Family Housing Program Bonus Pool. All Applicants for Bonus Pool Allocation are required to meet a minimum score of fifteen (15) points.

(b) Five (5) points will be awarded where a minimum of twenty-five percent (25%) of program participants are households earning sixty percent (60%) or less of the Applicable Median Family Income of the area in which the program is located.

(c) Five (5) points will be awarded where the program has exceeded its prior year's program performance (based on the most recent yearly data that is available) by ten percent (10%) in assisting households earning sixty percent (60%) or less of the Applicable Median Family Income of the area in which the program is located.

(d) Five (5) points will be awarded where the program will address a demonstrable imbalance between jobs and housing in the community or neighborhood based on sufficient evidence provided to the Committee.

(e) Five (5) points will be awarded where at least twenty-five percent (25%) of the program activity will occur in a Community Revitalization Area.

(f) Five (5) points will be awarded where at least twenty-five percent (25%) of the program activity will occur in rural locations to assist units that will be developed under a low-income self-help ownership program or be restricted for sale to low income households engaged in agricultural employment as described in section 7202 of the Health and Safety Code.

(g) Five (5) points will be awarded where the program is augmented with a down payment assistance program provided by the Applicant or by the other participating jurisdictions.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5282. Allocation Method.

Applicants for the Single Family Housing Bonus Pool will be awarded an Allocation of the Single Family Housing Program Bonus Pool on a Fair Share Basis.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5283. Excess Bonus Pool Distribution.

(a) If the Committee has established that any portion of the Single Family Housing Program Pool and Single Family Housing Bonus Pool is remaining by the final meeting of the year, this amount will be made available to Local Issuers under the Single Family Housing Bonus Pool regardless of their initial Fair Share Basis limit or amount of Allocation awarded in the current year.

(b) Subsequent to the determination made in subdivision (a) of this section, awards in this round will be based on the pro-rata population of the jurisdictions served by the Applicant relative to the total population served by the winning Applicants, but shall not exceed the amount requested in the Application.
(c) If the total amount requested by all Applicants as determined in subdivision (b) of this section is less than the amount available as determined in subdivision (a) of this section, and there are Applicants whose pro-rata portion is less than their request, the Committee will consider distributing the excess up to the full amount requested.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

Article 5. Veterans Home Loan Program

§ 5290. Veterans Home Loan Program (VHLP).

The Veterans Home Loan Program will utilize Mortgage Revenue Bonds to assist eligible California veterans with advantageous first mortgages that are at a minimum commensurate with similar state administered Single Family Housing Programs with respect to interest rates and Homeownership Assistance. Allocations will be made on the condition that the entire Allocation will be used to provide below market interest rate mortgages to California veterans.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5291. VHLP Reporting Requirements.

An Applicant receiving an Allocation for a Veterans Home Loan Program shall be responsible for submitting an annual report of program activity to the Committee. The format for the annual report is outlined in Attachment M of the VHLP Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

Chapter 4. Extra Credit Teacher Home Purchase Program

Article 1. Definitions

§ 5300. Definitions.

In addition to the definitions set forth in Government Code sections 8869.82 and 8869.84(g); and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"Academic Performance Index" or "API" means the index created by the Public Schools Accountability Act of 1999 to measure the performance of schools, especially the academic performance of pupils, and to demonstrate comparable improvement in academic achievement by all numerically significant ethnic and socio-economically disadvantaged subgroups within schools (Education Code 52052).

"Eligible Administrator" means any person who holds one of the following credentials issued by the California Commission on Teacher Credentialing:

- Administrative Services Credential Administrative Services Credential (Examination)
- Standard Supervision Credential Standard Administration Credential
- General Elementary School Administration Credential General Elementary School Supervision Credential
- General Secondary School Administration Credential General Secondary School Supervision Credential
- General Administration Credential General Supervision Credential
- The Supervision Credential General School Principal or Supervisor Credential

"Eligible Classified Employee" means an employee of a school district employed in a position not requiring certification qualifications and who provides administration or service at a High Priority School.

"Eligible Staff Member" means any person who holds one of the following credentials issued by the California Commission on Teaching Credentialing:

- School Nurse Credential
- Clinical or Rehabilitation Service Credential
- Pupil Personnel Services Credential (e.g. School Counseling, School Social Work, School Psychology and Child Welfare and Attendance)
- Library Media Teacher Service Credential
- Designated Subjects Vocational Education Teaching Credential

"Eligible Teacher" means any person who holds one of the following credentials issued by the California Commission on Teacher Credentialing:

- Single Subject Teaching Credential
- Multiple Subject Teaching Credential
- Specialist Instruction Credential in Special Education
- Education Specialist Instruction Credential
- Standard Elementary Teaching Credential

- Standard Secondary Teaching Credential
- Standard Early Childhood Education Teaching Credential
- Standard Restricted Special Education Teaching Credential
- General Kindergarten-Primary Teaching Credential
- General Junior High Teaching Credential
- General Elementary Teaching Credential
- Special Secondary Teaching Credential in Art
- General Secondary Teaching Credential
- Special Secondary Teaching Credential in Business Ed
- Special Credential for Teaching Exceptional Children
- Special Secondary Teaching Credential in Homemaking
- Special Secondary Credential for Teaching Lip Reading
- Special Secondary Credential for Teaching the Blind
- Special Secondary Limited Teaching Credential in Music
- Special Secondary Credential for Teaching the Partially Sighted Child
- Special Secondary Credential for Teaching Industrial Arts
- Special Secondary Teaching Credential in Speech Arts
- Special Secondary Teaching Credential in Music
- Special Secondary Credential for Teaching the Mentally Retarded
- Special Secondary Credential for Teaching Credential Limited in Agriculture
- Special Secondary Teaching Credential in Correction of Speech Defects
- Special Secondary Teaching Credential in Physical Ed.

"ETCHP Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Extra Teacher Credit Home Purchase Program" (revised 11-16-16), which is hereby incorporated by reference.

"Extra Credit Teacher Home Purchase Program Eligibility Certificate" means the certification to be completed and submitted by the employing school district, County Office of Education or local Board of Education that certifies to all of the following: The Program Participant is an Eligible Teacher, Eligible Administrator, Eligible Classified Employee, or Eligible Staff Member; the Program Participant is not currently under suspension, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or dismissal of the Program Participant; the entity completing the certificate has verified with the California Commission on Teacher Credentialing that the credential of the Program Participant is not currently under suspension, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or revocation of the credential of the Program Participant; and the personnel file of the Program Participant reflects that he or she has not been dismissed from employment with any school or school district for any reason, and that he or she has not been the subject of a disciplinary suspension that has been upheld.

"High Priority School" means a California K-12 public school ranked in the bottom 50% of all schools based on the most recent Academic Performance Index, i.e. schools receiving an API Statewide Ranking of 1, 2, 3, 4 or 5.

"Homeownership Assistance" means financial assistance, including down-payment assistance, closing cost assistance, soft-second financing for the purchase of a home, or such alternative homeownership assistance as proposed by the Applicant in the Application and approved by the Committee. The Homeownership Assistance must: Be in a minimum amount of $7,500 or 3% of the purchase price of the home, whichever is greater; be structured in the form of either a grant or a deferred payment loan where the payment of principal and interest is deferred until such time as the home is sold or re-financed; and include an incentive, to be proposed by the Applicant, for Program Participants to fully perform the three (3) year service commitment. Applicants will not be required to establish a distinct and separate homeownership program; existing programs may be used. The Committee may delegate to the Chair or to the Executive Director of the Committee the authority to accept and consider homeownership assistance of different types or characteristics than those specifically enumerated or required by this definition. The Committee may establish, or concur with the establishment of, higher assistance limits to ensure program participation in high cost areas.

"National Board Certification" means certification from the National Board for Professional Teaching Standards based upon successful completion of a voluntary assessment program covering a variety of subject areas and student developmental levels.

"Program Participant" means an Eligible Teacher, Eligible Administrator, Eligible Classified Employee, or Eligible Staff Member who receives a Mortgage Credit Certificate or a loan funded by Mortgage Revenue Bonds from an Issuer receiving an Allocation from the Extra Credit Teacher Home Purchase Program Pool.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(g), Government Code.

Article 2. Eligibility Requirements

§ 5310. Application Process.

Applications for an Allocation of the Extra Credit Teacher Home Purchase Program Pool shall be considered in accordance with the provisions of chapter 1 and the submission of an ECTHP Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

§ 5311. Application of Standards.

Issuers of Mortgage Revenue Bonds or Mortgage Credit Certificates pursuant to this chapter may apply these eligibility standards to borrowers without regard to the date of receipt of Allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

§ 5312. Applicant Eligibility.

An Applicant requesting an Allocation from the Extra Credit Teacher Home Purchase Program Pool must be an approved Issuer of Mortgage Credit Certificates or Mortgage Revenue Bonds and must propose an Extra Credit Teacher Home Purchase Program whereby Mortgage Credit Certificates or loans funded by Mortgage Revenue Bonds will be made available to Eligible Teachers, Eligible Administrators, Eligible Classified Employees, and Eligible Staff Members. Issuers of Mortgage Credit Certificates and Mortgage Revenue Bonds may apply jointly.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

§ 5313. Program Goals.

The Extra Credit Teacher Home Purchase Program proposed by the Applicant must be for the purpose of recruiting and retaining Eligible Teachers, Eligible Administrators, and Eligible Classified Employees in High Priority Schools, and the Applicant must commit to and describe its plan to promote, publicize and market the program in conjunction with school district(s) and county office(s) of education to Eligible Teachers, Eligible Administrators, and Eligible Classified Employees.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

§ 5314. Program Provisions.

The Extra Credit Teacher Home Purchase Program proposed by the Applicant must, at a minimum, include all of the following:

(a) A specific plan that gives priority to Eligible Teachers, Eligible Administrators, and Eligible Classified Employees working in High Priority Schools ranked 1, 2 or 3 in the API rankings.

(b) A provision that Eligible Teachers, Eligible Administrators, and Eligible Classified Employees include such individuals who are assigned to a school district but provide administration or service to at least one High Priority School for the length of the service commitment.

(c) A provision restricting the program to Eligible Teachers, Eligible Administrators, and Eligible Classified Employees who agree, through a written service commitment, to teach, provide administration or service in a High Priority School for a minimum of three (3) years continuously from the date the Mortgage Credit Certificate or the loan funded by Mortgage Revenue Bonds is awarded to the Program Participant, and for whom an Extra Credit Teacher Home Purchase Program Eligibility Certificate has been completed and submitted by a duly authorized representative of the employing school district or county office of education.

(d) A written service commitment of the Program Participant. Program Participants are required to certify to the Applicant when they have fully performed the service commitment or request to be excused from the service commitment pursuant to subdivision (e) of this section. Early pay off of a loan does not constitute an excuse from the service commitment. Certifications of service commitment must be signed by either:

(1) A duly authorized representative of the employing school district or county office of education; or

(2) The Program Participant under penalty of perjury.

(e) A provision by which Program Participants will be excused from their service commitment in the following cases:

(1) The Program Participant has been continuously employed at the same school since the date of the service commitment, but the school is no longer considered a High Priority School;

(2) The Program Participant's departure from the High Priority School was involuntary, and was not the result of disciplinary action, and she/he accepts another eligible position at a California K-12 public school within one year of the date of departure;

(3) Hardship cases, including but not limited to serious illness, death and divorce;

(4) Occurrences covered under the Family Medical Leave Act or the California Family Rights Act;

(5) Other exceptions as proposed by the Applicant in the Application and approved by the Committee. The Committee may delegate this authority to the Chair or the Executive Director.

(f) A priority system such that:

(1) In the event an Applicant's program is oversubscribed, the Applicant must provide assistance to Eligible Teachers and Eligible Administrators before providing such assistance to other eligible Program Participants.

(2) Eligible Teachers with National Board Certification shall have priority over Eligible Teachers without such certification.

(3) Applicants may determine how each priority will be implemented (e.g., a program set-aside) and shall indicate such in the Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

§ 5315. Alternative Schools. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 3. Evaluation Criteria

§ 5320. Evaluation Criteria

Upon a determination that an Application meets the minimum requirements pursuant to article 2 of this chapter, Applications will be evaluated based on the following criteria:

(a) The amount of the Homeownership Assistance to be provided and the percentage of Program Participants to whom it will be provided.

(b) The strength of the Applicant's plan to publicize, promote and market the Extra Credit Teacher Home Purchase Program to School Districts, County Offices of Education, Eligible Teachers, Eligible Administrators, Eligible Classified Employees and Eligible Staff Members.

(c) The extent to which Applicants show the greatest need within the Applicant's jurisdiction to recruit and retain Eligible Teachers, Eligible Administrators, Eligible Classified Employees and Eligible Staff Members.

(d) The Applicant's past performance, if any, in using past Allocations from the Extra Credit Teacher Home Purchase Program Pool.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

§ 5321. Allocation Amount

The Committee will determine the amount allocated to each Applicant based upon the evaluation criteria set forth in section 5320, the number of Applicants applying in the Allocation Round, and the amount of allocation available in the Extra Credit Teacher Home Purchase Program Pool. The Committee may, in its sole discretion, allocate a larger portion of the Extra Credit Teacher Home Purchase Program Pool to Applicants who administer statewide Mortgage Credit Certificate and Mortgage Revenue Bond programs.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Reporting Requirements

§ 5330. Specific Reports

The Applicant shall annually report to the Committee, no later than January 31 of each year, the following information:

(a) The number of loans or Mortgage Credit Certificates issued aggregated by calendar year;

(b) The schools at which Program Participants are employed, aggregated by API rank and the percent of non-credentialed teachers employed at the school;

(c) The number of Program Participants that have paid off their loans prior to the completion of the service commitment;

(d) The number of Program Participants that successfully complete the service commitment during the prior calendar year;

(e) The number of Program Participants that are currently serving but have not completed the service commitment;

(f) The number of Program Participants that were excused during the prior calendar year from the service commitment under section 5314(e);

(g) The number of Program Participants during the prior calendar year that left a High Priority School without fulfilling their service commitment and who were not eligible for one of the exceptions set forth in section 5314(e);

(h) The number of Program Participants that have not responded to the Applicant's request for certification of the service commitment; and

(i) The total amount of assessment, if any, collected pursuant to section 5340.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

Article 5. Noncompliance

§ 5340. Monetary Assessment

Where a Program Participant fails to fulfill the requirements of the service commitment and has not been excused from the service commitment, the Applicant may recover as an assessment from the Program Participant a monetary amount equal to the lesser of the following:

(a) One-half (½) of the Program Participant's net proceeds from the sale of the related residence; or

(b) The amount of monetary benefit conferred on the Program Participant as a result of the loan or Mortgage Credit Certificate, offset by the amount of any federal recapture, as defined by 26 U.S.C. section 143(m).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(g), 8869.85(a) and 8869.85(b), Government Code.

Chapter 5. Single Family Housing Home Improvement and Rehabilitation Program

Article 1. Definitions

§ 5342. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"Home Improvement and Rehabilitation MCC Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Home Improvement and Rehabilitation Mortgage Credit Certificate Program" (revised 03 15 2018), which is hereby incorporated by reference.

"Home Improvement and Rehabilitation MRB Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Home Improvement and Rehabilitation Mortgage Revenue Bond Program" (revised 03 15 2018), which is hereby incorporated by reference.

"Qualified Home Improvement Loan" means a loan as defined by Title 26 of U.S.C. section 143(k)(4)

"Qualified Rehabilitation Loan" means a loan as defined by Title 26 of U.S.C. section 143(k)(5)

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Eligibility Requirements

§ 5343. Application Process.

Applications for an Allocation of Home Improvement and Rehabilitation MCCs or MRBs shall be considered in accordance with the provisions of Chapter 1 and the submission of a Home Improvement and Rehabilitation MCC Application or a Home Improvement and Rehabilitation MRB Application. The maximum requested amount of Allocation per Application shall not exceed $20 million. Should the Application round be deemed non-competitive, the Executive Director may waive this cap.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5344. Minimum Requirements.

(a) An Applicant requesting an Allocation for a Home Improvement and Rehabilitation Program must commit to a minimum of twenty percent (20%) of the participants in the Home Improvement and Rehabilitation Program being:

(1) Households located in a Qualified Census Tract; or

(2) Households earning eighty percent (80%) or less of the Applicable Median Family Income of the area in which the program is located. Applicants may use the high-cost area adjustment set forth in 26 U.S.C. section 143(f)(5) to meet this minimum requirement,

(b) For Home Improvement and Rehabilitation Mortgage Revenue Bond Programs, in order to be eligible for a new Home Improvement and Rehabilitation Program Allocation, the Applicant shall:

(1) Demonstrate that all proceeds from a Bond issuance in the calendar year three (3) years prior to the current year (other than amounts that are insufficient to fund one Home Improvement and Rehabilitation loan) have been used to finance loans, or; have been refunded on either a short or long term basis so as to be available to finance loans.

(2) Certify that any remaining Bond proceeds or authority from an Allocation up to two (2) calendar years prior to the current year will be used either before the use of new Allocation or in conjunction with new Allocation in satisfying federal requirements for such prior funds.

(c) For Home Improvement and Rehabilitation Mortgage Credit Certificate programs, in order to be eligible for a new Home Improvement and Rehabilitation Program Allocation, the Applicant must:

(1) Demonstrate that all remaining Bond authority in the calendar year two (2) years prior to the current year (other than amounts that are insufficient to fund one Home Improvement and Rehabilitation MCC) have been issued.

(2) Certify that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Home Improvement and Rehabilitation Mortgage Credit Certificate authority.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5345. Exceptions to Minimum Requirements.

With respect to subsections (b) and (c) of section 5344, the Committee may consider exceptions to the minimum requirements based upon detailed information submitted by the Applicant stating the reasons for the underachievement and explaining why the circumstances surrounding the underachievement are beyond the control of the Applicant. The Committee may delegate the discretion to approve or deny an Applicant's request for such exception to the Chair of the Committee or to the Executive Director. To be granted an exception, an Applicant must demonstrate its need to use new Allocation even if unused Mortgage Revenue Bond Allocation or Mortgage Credit Certificate authority totals over $1 million from prior years.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84©, 8869.85(a) and 8869.85(b), Government Code.

Article 3. Evaluation Criteria

§ 5346. Past Performance.

Applicants must demonstrate that Home Improvement and Rehabilitation Mortgage Credit Certificate Program Allocation from the past year has been used or are designated to be used to issue Mortgage Credit Certificates.

The Committee may consider exceptions to the Past Performance requirement based upon detailed information submitted by the Applicant stating the reasons for the underachievement and explaining why the circumstances surrounding the underachievement are beyond the control of the Applicant. The Committee may delegate the discretion to approve or deny an Applicant's request for such exception to the Chair of the Committee or to the Executive Director. To be granted an exception, an Applicant must demonstrate its need to use new Allocation even if unused Mortgage Revenue Bond Allocation or Mortgage Credit Certificate authority totals over $1 million from prior years.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5347. Potential Public Benefits Calculation.

For each Allocation round, programs will be evaluated and ranked based on how effectively they will achieve the following public benefits relative to their competitor's performance: Serving the maximum number of households earning eighty percent (80%) or less of the Applicable Median Family Income of the area in which the program is located; ensuring the lowest interest rates to borrowers; and serving the maximum number of households with the allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Reporting Requirements

§ 5348. Program Performance Monitoring.

Applicants will be required to track the information identified in Exhibits 1 and 2 of their applicable Home Improvement and Rehabilitation MCC or MRB Application and report that information to the Committee by March 1 of each calendar year.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Chapter 6. Small-Issue Industrial Development Bond Program

Article 1. Definitions

§ 5350. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"ANSI" means the American National Standards Institute which facilitates the development of American National Standards by accrediting standards developing organizations for a wide variety of products, manufacturing and industrial processes, and distribution processes for goods, services and energy.

"Forest Stewardship Council" means the independent, non-governmental, not-for-profit organization established in 1993 to promote the responsible management of the world's forests in cooperation with the ISO.

"IDB Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Small-Issue Industrial Development Bond Project" (revised 11-30-2018), which is hereby incorporated by reference.

"ISO" means the International Organization of Standardization

"Job Retention" means full time jobs that will be retained in California by the Project Sponsor. The company must be actively seeking to relocate jobs out of the state; forced to eliminate jobs in order to remain in operation; at risk of closing their local operations; or be acquired prior to closing or relocating under new ownership that commits to maintain company operations and retain existing jobs. The number of jobs retained shall be calculated on the number of full time jobs that are on the company payroll at the time of Application. The Job Retention period will begin upon issuance of the Bonds and must be met within two (2) years after issuance of Bonds. The Job Retention requirement may be monitored by CIEDB utilizing Employment Development Department job retention statistics.

"Median Hourly Production Occupation Wage" means the median hourly wage for production occupations as defined by the U.S. Bureau of Labor Statistics.

"Qualified Retirement Plan" means a retirement satisfying the requirements of 26 U.S.C. sections 401(a) or 403(a) and the Employee Retirement Income Security Act of 1974 (ERISA).

"Renewable Energy" means any device or technology that conserves or produces heat, processes heat, space heating, water heating, steam, space cooling, refrigeration, mechanical energy, electricity, or energy in any form convertible to these uses, that does not expend or use conventional energy fuels, and that uses any of the following electrical generation technologies pursuant to California Public Resources Code 26003(i)(1):

- Biomass
- Solar thermal.
- Photovoltaic.
- Wind.
- Geothermal.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Applications

§ 5360. Application Process.

Applications for an Allocation of the Small-Issue Industrial Development Bond Program Pool shall be considered in accordance with the provisions of chapter 1 and the submission of an IDB Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5361. Allocations to CIDFAC. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5362. Transfer of Allocation by CIDFAC. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5363. Reporting Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

Article 3. Evaluation Criteria

§ 5369. Minimum Requirements.

Applications for a Small-Issue Industrial Development Bond Project must provide documentation of the applicable discretionary use permits and approvals from federal, state or local planning agencies for the proposed Project at the time of Application. Applicants are not required to have obtained ministerial approvals at the time of Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5370. Evaluation Criteria.

(a) Community Economic Need (20 points maximum). Applications will be awarded points for Projects that are located in communities according to the following:

(1) Unemployment Rate (10 points maximum). Based on data from the California Employment Development Department, the average unemployment rate for the preceding calendar year of the county sub-area in which the Small-Issue Industrial Development Bond Project is located will be divided by the statewide unemployment rate for the preceding calendar year and multiplied by one-hundred (100). The following points will be awarded accordingly:

(A) Ten (10) points to a Project located in an area with an unemployment rate that is one hundred seventy-five percent (175%) or more of the statewide average.

(B) Five (5) points to a Project located in an area with an unemployment rate that is one hundred twenty-five percent (125%) or more, but less than one hundred seventy-five percent (175%), of the statewide average.

(2) Project Area Poverty Rate (5 points maximum). Based on the most recent data from the United States Bureau of the Census, the estimated poverty rate of each federal census tract within a 1-mile radius area of the Project site, including the tract in which the Project is located will be averaged, divided by the statewide poverty rate and multiplied by one-hundred (100). The following points will be awarded accordingly:

(A) Five (5) points to a Project located in an area in which the poverty rate is over one hundred twenty-five percent (125%) of the statewide poverty rate.

(B) Three (3) points to a Project located in an area in which the poverty rate is over one-hundred ten percent (110%) but not more than one-hundred twenty-five percent (125%) of the statewide poverty rate.

(3) Median Family Income (5 points maximum). Points will be awarded for a Project located in an area with a median family income of less than eighty percent (80%) of the statewide average based on the most recent census data available for cities or Census Designated Places. If no city or Census Designated Place level data is available, or if the Applicant chooses to identify a Project benefit area that is smaller than a city or Census Designated Place, such as census tract or tracts, smaller areas may be used.

(4) If a Project is located in an area for which there is no available economic data, the Small Issue Industrial Development Bond Issuer may submit alternate information to establish the Project's consistency with the intent of the aforementioned point categories pursuant to subdivision (a) of this section. For example, a Small Issue Industrial Development Bond Issuer may submit unemployment and/or median family income data for a neighboring area that is a sub-area, a city, or a Census Designated Place that is in close proximity to the proposed Project. The Executive Director shall have the authority to determine whether the alternate information meets the intent of the point category for which such information has been submitted.

(b) Jobs Creation and Retention (45 points maximum). Applications will be awarded points for Projects that create and/or retain jobs according to the following:

(1) Job Creation (35 points maximum). Applications will be eligible for Job Creation points when full-time new jobs have been created pursuant to the Job Retention definition provided in section 5350. Based on the Project Sponsor's representation that they will make their best efforts to increase the number of direct, full-time employees at the Project site within two (2) years of Project completion, points will be awarded as follows:

(A) Thirty-five (35) points to Projects creating a 31% or more increase in the manufacturer's workforce.

(B) Twenty (20) points to Projects creating a 21% to 30% increase in the manufacturer's workforce.

(C) Ten (10) points to Projects creating a 10% to 20% increase in the manufacturer's workforce.

(2) Job Retention (10 points maximum). Applications will be eligible for Job Retention points when jobs have been retained pursuant to the Job Creation definition as provided in section 5000. To qualify for Job Retention points, the jobs retained must be those that would be lost in the absence of the requested Allocation. Points will be awarded provided the following:

(A) A certification that the Project Sponsor will retain the specified jobs for a two (2) year period after the issuance of Bonds. The Committee may verify jobs retained at any time during the two (2) year period, or

(B) A verification letter from the appropriate local governmental entity stating that the Project Sponsor's business is at risk of closing local operations, and that the requested Allocation and retention of the Project Sponsor's business is an integral part of its plan to maintain the health of the local economy and retain employment, or

(C) Written evidence from the Project Sponsor that the company within two (2) years prior to the submission of an Application for tax-exempt IDB financing, engaged a site selector to find possible relocation sites.

(c) Workforce and Economic Development (15 points maximum)

(1) Welfare-to-Work (5 points maximum). Points will be awarded where the Project Sponsor proposes or is participating in a Welfare-to-Work Plan in conjunction with a local governmental agency, educational agency, or non-profit organization. Evidence may include a signed letter or documentation demonstrating a proposed plan has been acknowledged or that participation is occurring that includes, at minimum, the manner and extent of the participation.

(2) Workforce Training (5 points maximum). To qualify for points in this category, the Project Sponsor must provide copies of official documentation of its current or pending participation. Such documentation shall include copy of an executed contract between the Project Sponsor and the provider; or a formal letter from the provider addressed to the Project Sponsor acknowledging the Project Sponsor's current or pending participation in the program. Points will be awarded where the Project Sponsor participates in one or more training, retraining or apprenticeship programs offered by any of the following state agencies, certified training facilities or postsecondary institutions:

(A) The California Employment Training Panel;

(B) The California Department of Industrial Relations;

(C) A community college;

(D) University;

(E) Adult school; or

(F) A regional occupational program or private training agency approved by the California Bureau of Private Postsecondary and Vocational Education.

(3) Exports Outside of California (5 points maximum). To qualify for points in this category, an officer or owner of the Project Sponsor must certify in writing on Project Sponsor letterhead that it exports, or in the case of the construction of a new manufacturing facility at a new Project site, anticipates that it will export as part of its business plan as follows:

(A) In excess of 30% of products manufactured at the Project site (5 points);

(B) Over 20% and up to 30% of its products manufactured at the Project site (3 points);

(C) Up to 20% of its products manufactured at the Project site (2 points);

(d) Payment of Employee and Dependent Medical, Dental, Vision and Retirement Costs (20 points maximum). Applications will be awarded points where the Project Sponsor contributes toward the cost of employee and dependent medical, dental, and vision benefits. Applicants must provide evidence of the amount paid to each medical, dental and vision provider and the amount of employee contribution toward the provision of these benefits. Points will be awarded based on the average dollar amount per participating employee contributed by the Project Sponsor toward the cost of benefits as follows:

(1) Health, Dental and Vision (15 points maximum).

(A) Fifteen (15) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of $330 or more per month toward the cost of the medical, dental, and vision benefits for each participating employee and dependents of the employee.

(B) Ten (10) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of $220 or more, but less than $330, per month toward the cost of the medical, dental, and vision benefits for each participating employee and dependents of the employee.

(C) Five (5) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of $110, but less than $220, per month toward the cost of the medical, dental, and vision benefits for each participating employee and dependents of the employee.

(2) Retirement Plans (5 points maximum). To qualify for points in this category, the Project Sponsor must provide specific documentation to show it contributes to a Qualified Retirement Plan or other retirement account for each participating employee and must confirm that it will offer such benefits to employees hired in accordance with the representations made pursuant to the Job Creation definition as provided in section 5000.

(e) Average Hourly Wage (10 points maximum). Applications will be awarded points based on a comparison of the Project Wage to the most recent Job Wage. The Project Wage will be divided by the Job Wage and multiplied by one-hundred (100). Points will be awarded as:

(1) Ten (10) points for a Project Wage that is one hundred twenty-five percent (125%) or more of the Job Wage.

(2) Six (6) points for a Project Wage that is one hundred fifteen percent (115%) or more but less than one hundred twenty-five percent (125%) of the Job Wage.

(3) Three (3) points for a Project Wage that is one hundred five percent (105%) or more but less than one hundred fifteen percent (115%) of the Job Wage.

(f) Environmental Stewardship (27 points maximum).

(1) Land Use (3 points maximum). Points will be awarded to Projects that involve the reuse of the following:

(A) Vacant or abandoned buildings; or

(B) Vacant or abandoned land with developed infrastructure, excluding land where the immediate prior use was agricultural, open space or other similar use.

(2) Public Transportation (4 points maximum).

(A) In areas where there is no public transportation system, three (3) points will be awarded to Applications where the Project Sponsor has an adopted transportation system management plan, or;

(B) Four (4) points will be awarded to Projects that are located within one-quarter (¼) of a mile of a regular route stop within a Public Transit Corridor evidenced by a scaled-for-distance map showing the location of the Project is within a one-quarter (¼) mile radius of a Public Transportation Corridor and where the Project Sponsor provides written evidence of offering public transit subsidies for employees at the Project site.

(3) Energy Efficiency/ Renewable Energy (10 points maximum).

(A) Five (5) points will be awarded to Projects that utilize designs, materials or techniques to reduce energy usage by at least fifteen (15%) on the part of the Project Sponsor compared to the following benchmarks:

(i) For building construction or rehabilitation, the most recently published California Energy Commission Energy Efficiency Standards for Residential and Non-Residential Buildings; or

(ii) For equipment to be purchased and installed, the current per energy unit output of equipment currently in use by the Project Sponsor. Evidence should include a utility company letter indicating that energy savings are Projected or a written certification from an energy efficiency consultant.

(B) Five (5) points will be awarded to Projects that involve the installation and use of Renewable Energy equipment to power the production process. The Project Sponsor must provide written documentation from its utility company which specifies the installation or planned installation of Renewable Energy equipment.

(4) Manufacturer of Certified Environmentally Preferable Products (5 points maximum). Points will be awarded to Projects which produce or will produce environmentally friendly products certified by an ANSI accredited standards developing organization (e.g., Green Seal, Inc.) or by a widely-recognized and reputable organization accredited as a certifier by an ANSI accredited standards developing organization or by a Forest Stewardship Council (e.g., Scientific Certification Systems, Inc.). The Project Sponsor must provide the current, official documentation of the certification and must provide the percentage of the overall output that is comprised of the certified products.

(5) U.S. Green Building Council (USGBC) LEED-Certified Manufacturing Facility (5 points maximum). Points will be awarded to Projects for which Bond proceeds will be used to construct U.S. Green Building Council (USGBC) LEED-certified facilities, or to make improvements to existing facilities that will qualify it for a LEED certificate. The Project Sponsor must provide either:

(A) Official documentation of its registration (including evidence of payment of the registration fee) with the USGBC to obtain LEED certification in cases where the Project involves the construction of a new facility and construction has not begun or is not complete at the time of Application; or

(B) Official documentation of receipt of a Silver, Gold or Platinum LEED Certification in cases where construction or improvements and the certification process are completed.

(g) Leverage (5 points maximum). Points will be awarded to Projects for which Taxable Debt, a taxable loan, and/or private funds or equity will supplement the use of the tax-exempt Bond financing. The Project Sponsor must provide overall Project costs and certify that one or more of these other sources of financing will be used for Projects expenses with points awarded for achieving the following levels:

(1) Five (5) points for Projects where greater than twenty percent (20%) of total Project costs will be paid from Taxable Debt, a taxable loan, and/or private funds or equity.

(2) Three (3) points for Projects where greater than ten percent (10%) and up to twenty percent (20%) of total Project costs will be paid from Taxable Debt, a taxable loan, and/or private funds or equity.

(h) Ranking Applications. Where two or more Applications are awarded the same number of points pursuant to this section, the Executive Director will divide the Allocation amount requested by each such Application by the number of jobs created by the related Project, and will rank the Applications based on the lowest amount of requested Allocation per job(s) created.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5371. Enterprise/Empowerment Zone Facility Bond Projects.

For a proposed Enterprise/ Empowerment Zone Facility Bond Project for which the Applicant has determined that Job Creation is the Project's major public benefit, Applications shall be considered pursuant to this chapter.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5372. Permits. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 4. Small Business Program

§ 5380. Allocations to CIDFAC. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5381. Minimum Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5382. Evaluation Criteria. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5383. Transfer of Allocation by CIDFAC. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

§ 5384. Reporting Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

Chapter 7. Exempt Facility Bond Program

Article 1. Definitions

§ 5400. Definitions.

"California Environmental Quality Act Review Process" means a process of environmental review as defined by California Public Resources Code sections 21000, et seq.

"EXF Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Project" (revised 03-15-2018), which is hereby incorporated by reference.

"First Tier Business" means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (Title 4, California Code of Regulations, sections 8001 et seq.).

"Regulatory Mandate" means a local, state or federal government mandate including, but not limited to, Public Resources Code, section 40000 et seq., a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Applications

§ 5410. Application Process.

Applications for an Allocation of the Exempt Facility Project Pool shall be considered in accordance with the provisions of chapter 1 and the submission of an EXF Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

§ 5411. Allocations to CPCFA.

The Committee may award an Exempt Facility Allocation to the California Pollution Control Financing Authority (CPCFA) for the purposes of administering the Exempt Facility Project Pool. In awarding the Allocation to CPCFA, the Committee will authorize CPCFA to allocate portions of the award to Project Sponsors for purposes of issuing bonds.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(a), Government Code.

Article 3. Eligibility Requirements

§ 5420. Justification of Tax-Exempt Funds.

An Application for an Exempt Facility Project must demonstrate that there will be more public benefits (e.g. a reduction in fees to the consumer) if the Project is financed with tax-exempt Bond financing than with any other means of financing available to the Project Sponsor. At a minimum, documentation must compare tax-exempt Bond financing with other means of financing available to the Project Sponsor, such as conventional bank loans, lines of credit, taxable bonds, and other instruments.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code

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§ 5421. CEQA Requirements.

The Applicant must have commenced the California Environmental Quality Act Review Process at the time of Application, if applicable to the Exempt Facility Project proposed. The notice of determination required under Public Resources Code section 21152 for the Exempt Facility Project must have been published at the time of Application and the statute of limitations as defined by Public Resources Code section 21167 for filing an appeal to the decision must have expired prior to the Allocation Round during which the Application will be considered. If an appeal has been filed, the Executive Director may consider factors including, but not limited to, the following in determining whether this requirement has been met:
(a) Whether the appellant has posted a bond.

(b) Whether the appellant has sought injunctive relief.

(c) The outcome of the litigation at the trial court level.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5422. Permits.

The Applicant must provide documentation of the applicable discretionary use permits and approvals from federal, state or local planning agencies for the proposed Project prior to Committee approval. Applicants are not required to have obtained ministerial approvals at the time of Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5423. Review of New Technologies.

The Committee will perform a formal policy review of Projects other than those submitted by the California Pollution Control Finance Authority that involve technologies unfamiliar to the Committee and/or for industries that have not previously requested an award of Allocation. The Committee may request assistance of other federal, state, and local agencies when conducting this review. The Applicant or Project Sponsor may be asked to provide additional information relevant to the Committee's review. The review process shall result in a written policy concerning the

advisability of awarding Allocation based on but not limited to the Project's public benefit, financial feasibility and environmental impact.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Evaluation Criteria

§ 5430. Environmental Goals.

The Application will be reviewed for a determination whether the Project, as a whole, promotes or protects environmental quality in connection with the construction and operation of the Exempt Facility Project. Specific factors include:

(a) Whether the Exempt Facility Project is designed to minimize impact to or may result in an improvement of air quality.

(b) Whether the Exempt Facility Project is designed to minimize impact to or may result in an improvement of water quality.

(c) Whether the Exempt Facility Project will result in an improvement in energy efficiency.

(d) Whether the Exempt Facility Project will result in the recycling of commodities (glass, aluminum and other marketable materials) and green waste (composting and other organic wastes).

(e) Whether the Exempt Facility Project achieves its environmental goals on a cost effective basis to the consumer.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5431. Disposal of Solid Waste.

No award of allocation shall be made to any Project that does not comply with all applicable state and federal environmental regulations regarding the safe disposal of solid waste.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5432. Non-Solid Waste Projects.

Applications for Exempt Facility Projects or programs, other than solid waste disposal facilities not otherwise included in these regulations, but eligible for consideration for Qualified Private Activity Bond Allocation as an Exempt Facility Project will be considered pursuant to section 5423. Projects may include, but are not limited to, Bonds issued by a government agency to acquire any property from an investor-owned utility, sewage facilities, facilities for the furnishing of water, facilities for the local furnishing of electric energy or gas, qualified hazardous waste facilities, mass commuting facilities, local district heating or cooling facilities, environmental enhancements of hydroelectric generating facilities, high-speed inter-city rail facilities, and the equipment only purchase programs

administered by the California Pollution Control Financing Authority. Applications shall be reviewed on a Project-by-Project basis.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5433. Use of Taxable Debt.

The Application will be reviewed for a determination whether the Project will use taxable bond financing or other forms of financing (not including the minimum cash equity required by the Credit Enhancer) in addition to tax-exempt Bond financing in a manner such that the taxable bond financing or other forms of financing (not including the minimum cash equity required by the Credit Enhancer) will supplant the use of tax-exempt Bond financing.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5434. Local Support.

The Application will be reviewed for a determination of whether documentation submitted by local regulatory agencies or local government demonstrates support of the Project and whether the Project supports and contributes to local waste management policy and planning. Examples of such support may include the identification of the Exempt Facility Project in the applicable elements of an approved county or regional agency integrated waste management plan.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5435. Conversion of Taxable Debt.

The Committee may approve Projects that convert taxable debt to tax exempt debt as economic conditions and annual demand for the State Ceiling allow.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 5. Allocation Procedure

§ 5440. Ranking.

Upon a determination that an Application has met the minimum requirements set forth in article 3 and article 4 of this chapter, Allocations from the Exempt Facility Project Pool will be ranked using the following criteria:

(a) Allocations will be first awarded to Applications in which the Project Sponsor is a First Tier Business, and the Exempt Facility Project proposed by the Application is in direct response to a Regulatory Mandate.

(b) If any part of the Exempt Facility Project Pool remains unallocated after the Committee makes the Allocations under subdivision (a) of this section, the Committee will then consider other Applications in which the Project Sponsor is a First Tier Business, but the proposed Exempt Facility Project is not in response to a Regulatory Mandate.

(c) If any part of the Exempt Facility Project Pool remains unallocated after the Committee makes the Allocations pursuant to subdivisions (a) and (b) of this section, the Committee will then consider Applications in which the Project Sponsor is not a First Tier Business, but the Exempt Facility proposed by the Application is in direct response to a Regulatory Mandate.

(d) If any part of the Exempt Facility Project Pool remains unallocated after the Committee makes the Allocations pursuant to subdivisions (a), (b), or (c) of this section, the Committee will then consider all other Applications for Exempt Facility Projects.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Chapter 8. Student Loan Programs

Article 1. Definitions

§ 5450. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"CEFA" means the California Educational Facilities Authority.

"Direct Lender" means an entity that originates loans directly to eligible borrowers in the state and does not include loans made for the purpose of consolidating or otherwise combining existing student loans.

"Program Sponsor" means a California nonprofit corporation organized pursuant to section 150(d) of the Internal Revenue Code of 1986, as amended, that possesses the authority to directly or indirectly make or finance student loans under the Higher Education Act of 1965, as amended, or a state agency.

"Student Loan Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Student Loan Program" (revised 11-30-18), which is hereby incorporated by reference.

"Student Loan Self Scoring Sheet" means the document provided in the Application for a Student Loan Program.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Eligibility Requirements

§ 5460. Application Process.

Applications for an Allocation of the Student Loan Program Pool shall be considered in accordance with the provisions of chapter 1 and the submission of a Student Loan Application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5461. Minimum Requirements.

In order to be considered for an Allocation for a Student Loan Program, an Applicant must meet the following minimum requirements:

(a) California Non-profit Status. Must be a California nonprofit corporation organized pursuant to section 150(d) of the Internal Revenue Code of 1986, as amended, that possesses the authority to directly or indirectly make or finance student loans under the Higher Education Act of 1965, as amended, or be a state agency.

(b) CEFA Requirement. Before applying to the Committee for allocation of a portion of the State Ceiling pursuant to Government Code section 8869.82 and 8869.85, an entity that is seeking to issue qualified scholarship funding bonds must first obtain CEFA board approval, pursuant to Title 4, California Code of Regulations, section 9073(a), unless such entity became a qualified scholarship funding corporation as defined in subsection (d) of section 150

of Title 26 of the United States Code prior to January 1, 2006. CEFA may in its discretion determine not to grant approval to any entity regardless of whether the entity meets the threshold criteria as an Eligible Candidate as defined in Title 4, California Code of Regulations, section 9072(b). CEFA will consult and coordinate with the Committee prior to making a final determination.

(c) A portfolio itemizing the total dollar amount and corresponding percentage of student loans originated by the Applicant which assist financially needy borrowers in California. The data relied upon may be direct or derived from sources deemed by the Executive Director to be accurate.

(d) A proposal of interest rates and other discounts (time period is the next academic year commencing July 1 following the award of Allocation), a description and dollar amount of discounts (i.e. interest rate, guarantee fee, origination fee, etc.). Note: Information will be used in analysis of Application in the subsequent year.

(e) A description of marketing activities and status as a lender, anticipated total dollar amount and number of student loans made to two year, four year and other schools, the eligibility requirements for a loan, the benefits to student borrowers, the mechanism(s) or system(s) for the direct delivery of loans to eligible students and any other features unique to the Program.

(f) Demonstrate actual participation in the California Student Loan Market using the STUDENT MARKETMEASURE Standard Report 10D or other sources deemed by the Executive Director to be accurate. Applicant must include information from the most recently completed federal fiscal year with their Application.

(g) Completion of the Student Loan Self-Scoring Sheet to show what they anticipate to receive in allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 3. Evaluation Criteria

§ 5470. Evaluation and Ranking.

The following criteria will be used to evaluate, rank, and award Allocations from the Student Loan Program Pool:

(a) Allocations from the Student Loan Program Pool will be first awarded to Applications in which the Applicant is a Direct Lender and evaluated based on the following criteria:

(1) The total dollar amount and number of student loans originated by the Applicant in California. The data relied upon will be derived from the STUDENT MARKETMEASURE Standard Report 10D or other sources deemed by the Executive Director to be accurate. The time period shall be the most recently completed federal fiscal year. The Applicant's pro-rata share of the Student Loan Program Pool will in part be determined by the total dollar amount of student loans originated in California. The Committee will consider the incongruity between the federal fiscal year and the Allocation Round when evaluating the data.

(2) Proposed total cost of borrowing per borrower for the next academic year. This cost estimate should include origination fees, interest costs, and all other fees or expenses incurred by a borrower.

(3) Previous year average interest rate. Information provided must refer to the time period of the current academic year. In addition, this information must include averages and weighted averages for the following figures for each student loan program:

(A) Statutory interest rate.

(B) Total discount

(C) Discounted interest rate.

For this time period, the Applicant must show the percentage breakdown of usage for all federal student loan programs: Subsidized Stafford, Unsubsidized Stafford, PLUS Parent and PLUS Graduate. This breakdown will be used to determine the weighted averages for the aforementioned figures.

(4) Comparison of Proposed and Actual Interest Rate. The weighted averages will be used to determine whether or not the Applicant was within 25% of the discounted interest rate that they proposed in the prior year. Based on the Committee's assessment, an Applicant could be rewarded and/or penalized for the actual discounted interest rate they provided during the current academic year.

(5) The extent to which the Applicant timely disburses student loans as evidenced by its use of previous and existing allocations from the Committee for direct lender student loan programs. The Committee will evaluate the impact of unused Bond proceeds on the Applicant's present demand for Allocation.

(b) Subsequent to the determination made pursuant to subdivision (a) of this section, Allocation that remains unallocated will then be considered for Applications in which the Applicant is a purchaser of student loans in the secondary market and evaluated based on the following criteria:

(1) The degree to which financially needy students benefit based on an evaluation of the percentage of borrowers with subsidized Stafford loans currently held in portfolio versus borrowers with only unsubsidized Stafford loans.

(2) The use of recycled funds for additional programs that may benefit students other than loan purchase programs, such as grants, new loans, scholarships, student outreach, and borrower benefit programs offered by the Applicant.

(3) The leveraging of the Qualified Private Activity Bond Allocation awarded to the Applicant through the use of taxable bonds and other taxable securities.

(4) The extent to which the Applicant has timely and effectively used previous and existing allocations from the Committee for secondary market loan purchase programs.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Chapter 9. Recovery Zone Economic Development Bond (RZEDB) Program [Repealed]

Article 1. The American Recovery and Reinvestment Act of 2009 (ARRA) [Repealed]

§ 5480. U.S. Treasury Designated Recovery Zone Bond Allocations. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code; and Section 1400U-1, Internal Revenue Code.

Article 2. Application Process for the Recovery Zone Economic Development Bond Reallocation Pool [Repealed]

§ 5490. Application Process. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5491. Minimum Threshold Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

§ 5492. Minimum Application Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B), 8869.84(c) and 8869.85(b), Government Code.

§ 5493. Reallocation Priority System. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

§ 5494. Undersubscribed Allocation. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

Article 3. Specific Evaluation Criteria [Repealed]

§ 5500. Evaluation Criteria. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

Article 4. Reporting Requirements [Repealed]

§ 5510. Reports and Timeframes. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B), 8869.84(c), 8869.86(c) and 8869.87, Government Code.

Chapter 10. Recovery Zone Facility Bond (RZFB) Program [Repealed]

Article 1. The American Recovery and Reinvestment Act of 2009 (ARRA) [Repealed]

§ 5520. U.S. Treasury Designated Recovery Zone Bond Allocations. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

Article 2. Application Process for the Recovery Zone Facility Bond Reallocation Pool [Repealed]

§ 5530. Application Process. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5531. Minimum Threshold Requirements in Addition to the Minimum Application Requirements in Section 5033. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

§ 5532. Minimum Application Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B), 8869.84(c) and 8869.85(b), Government Code.

§ 5533. Reallocation Priority System. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

§ 5534. Undersubscribed Allocation. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

Article 3. Specific Evaluation Criteria [Repealed]

§ 5540. Evaluation Criteria. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.

Article 4. Reporting Requirements [Repealed]

§ 5550. Reports and Timeframes. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B), 8869.84(c), 8869.86(c) and 8869.87, Government Code.

Chapter 11. Qualified Energy Conservation Bond Program [Repealed]

Article 1. Definitions [Repealed]

§ 5560. Definitions. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 2. Eligibility Requirements [Repealed]

§ 5570. Application Process. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5571. Minimum Requirements. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5572. Reallocation of Waived Allocation. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

§ 5572. Reallocation of Waived Allocation. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

Article 3. Evaluation Criteria [Repealed]

§ 5580. Evaluation Criteria. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

Article 4. Reporting Requirements [Repealed]

§ 5590. Reports and Timeframes. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.85(b), Government Code.

Chapter 12. Beginning Farmer Program

Article 1. Definitions

§ 5600. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this division are defined as follows:

"Agricultural Improvements" means any improvements, buildings, structures or fixtures suitable for use in farming that are located on Agricultural Land. "Agricultural Improvements" do not include personal residences.

"Agricultural Land" means land located in the State of California that is:

- suitable for use in farming and that is or will be operated as a farm, as such term is defined by IRC § 147(c)(2)(D); and
- that will be acquired by a Beginning Farmer.

"Beginning Farmer" means an individual as defined by IRC § 147(c)(2)(C).

"Beginning Farmer Bond Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Beginning Farmer Bond Program" (11-30-18), which is hereby incorporated by reference.

"Beginning Farmer Bonds" means conduit revenue bonds issued as authorized by the State of California that meet the requirements of Internal Revenue Code §§ 144(a) and 147(c)-(g).

"Borrower" means a Beginning Farmer who has received Beginning Farmer Bond financing under the Program.

"Depreciable Agricultural Property" means personal property suitable for use in farming for which an income tax deduction for depreciation is allowable in computing federal income tax under the IRC, including but not limited to farm machinery and breeder livestock, but not including feeder livestock, seed, feed, fertilizer and other types of inventory or supplies.

"Federal Maximum" means the maximum amount of a loan that federal law allows to be financed under the Program. This amount may be adjusted for inflation in future calendar years as provided for in IRC § 147(c)(2)(H).

"Financed Property" means property which is financed through the Beginning Farmer Program.

"Related Person" means a person or entity other than the Borrower as defined by IRC §§ 144(a)(3) and 147(a)(2).

"Substantial Farmland" means any parcel of land as defined by IRC § 147(c)(2)(E).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 2. Evaluation Criteria

§ 5610. Minimum Requirements.

(a) The Beginning Farmer Program proposed by the Applicant must be for the purpose of providing loans to beginning farmers. The beginning farmer must:

(1) Be a California resident;

(2) Be at least 18 years of age;

(3) Be a “First Time Farmer” as defined by IRC § 147(c)(2)(C);

(4) Be the principal operator of the farm;

(5) Use loan proceeds to purchase land within California or eligible breeder livestock, equipment/machinery and/or new construction or renovations for use in farming operations solely within California;

(6) Only use the agricultural land, agricultural improvements and depreciable agricultural property for farming by the beginning farmer, his/her spouse, his/her minor children, or any combination thereof;

(7) Not use loan proceeds to procure seed, feed, feeder stock, fertilizer, personal residence (in excess of the IRC exceptions) or as otherwise prohibited and/or limited by the IRC; and

(8) Not exceed the lifetime aggregate amount of all loans for any borrower permitted by the IRC.

(b) The Issuer must certify that each participating lender will:

(1) Ensure that all of the proceeds of the Bond be used for the acquisition of farmland, construction or reconstruction of improvements or equipping of farmland, or the purchase of property of a character subject to the allowance for depreciation under IRC § 167 or other authorized costs.

(2) Verify the accuracy of all certifications of each Beginning Farmer and all other information with respect to the Project or Beginning Farmer set forth in an Application.

(3) Ensure that none of the proceeds of the Bond will be used to provide working capital or the financing of inventory, supplies or other ineligible operating expenses.

(4) Prior to the approval of the issuance of the bond, not finance or otherwise advance moneys to the Beginning Farmer or any Related Person in connection with the Project which the Beginning Farmer expects to finance with proceeds of the Bond in any manner inconsistent with applicable prohibitions and/or limitations set forth in the IRC.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5620. Scoring Criteria.

Upon a determination that an Application meets the minimum requirements pursuant to Section 5610, Applications will be scored based on the following criteria:

(a) Past Program Performance. For each allocation round, programs will be evaluated based on the percentage of the previous year's allocation used by each applicant in comparison to the percentage of the previous year's allocation used by the other applicants in the allocation round.

(b) Actual Versus Proposed Average Interest Rate and Loan Amount. For each allocation round, programs will be evaluated and ranked based on each applicant's deviation between the currently proposed and previous year's actual average interest rates, as well as the currently proposed and previous year's actual average loan amount, in comparison to the allocation round's other applicants' proposed and previous year's actual average interest rates and currently proposed and previous year's actual average loan amount.

(c) Additional Points. In a competitive application round, additional points will be awarded to Applicants that commit to the goal of providing allocation to Beginning Farmers that provide the following public benefits:

(1) Job Creation. A maximum of 20 points will be awarded to programs that use a substantial portion of allocation for programs that will add jobs to local economy (one point per job with a maximum of 20 points). Points will be awarded in the following manner:

(A) one (1) point will be awarded for each full time job;

(B) part time jobs will receive a tenth of a point, rounded to the nearest tenth of a point, based on the job's full time equivalency.

(2) Borrower Preparation. A maximum of 15 points will be awarded to programs that provide a technical assistance component for the following areas:

(A) Five (5) points will be awarded to Applicants that make available financial management education and/or training;

(B) Five (5) points will be awarded to Applicants that make available land management education and/or training; and/or

(C) Five (5) points will be awarded to Applicants that make available resource conservation education and/or training.

(D) Evidence of the aforementioned technical assistance program(s) shall be submitted with the application and shall include, but is not limited to, third-party contracts or agreements for the provision of training, training schedules, program curricula and narratives describing the training programs and written assurance of the education/training provider that beginning farmers will be eligible for the education/training for a minimum period of twenty-four (24) months after the beginning farmer's financing is approved by the Applicant.

(3) Farm to Fork. Nine (9) points will be awarded to Applicants that use a substantial portion of allocation for programs that establish or enhance farming operations producing edible agricultural commodities for sale and consumption within 200 miles of the farming operations financed by proceeds from a beginning farmer bond. Evidence of the program shall be submitted with the application and shall include, but is not limited to, a description of the program identifying how the program will operate, proposed buyers and sales contracts.

(4) Family Farms. Three (3) points will be awarded to Applicants that use a substantial portion of allocation for programs to acquire family farms by beginning farmers (land, breeding livestock and/or equipment/machinery).

(5) Under-Represented Borrowers. Three (3) points will be awarded to Applicants that use a substantial portion of allocation for programs designed to facilitate acquisition of farmland, breeding livestock equipment and/or equipment/machinery by veterans, women and/or under-represented populations.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5630. Allocation Distribution.

The Committee will determine the amount allocated to each Applicant based upon the evaluation criteria set forth in section 5620, the number of Applicants applying in the Allocation Round, the amount requested by each Applicant and the amount of allocation available in the Beginning Farmer Program Pool. In a competitive Application year, the maximum requested amount of Allocation per Application shall not exceed twenty million dollars ($20,000,000). The Committee may waive this cap on a case-by-case basis in its sole and absolute discretion.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8859.85(b), Government Code.

Article 3. Reporting Requirements

§ 5640. Specific Reports.

Applicants receiving an allocation shall comply with the reporting requirements contained in Article 11 of Chapter 1.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Chapter 13. Qualified Public Educational Facility Bond (Qpefb) Program [Repealed]

Article 1. Definitions [Repealed]

§ 5700. Definitions. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 2. Applications [Repealed]

§ 5710. Application Process. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5711. Allocations. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84, Government Code.

Article 3. Eligibility [Repealed]

§ 5720. Project Readiness. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5721. Permits. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5722. Eligibility Requirement. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 4. Reporting and Regulatory Requirements [Repealed]

§ 5730. Specific Reports. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

§ 5731. Regulatory Compliance. [Repealed]

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.