

Substantive Changes		
Reference	Change	Rational
Section 5231(g)(1)	<p>The cost-adjusted Bond and State Credit Allocation shall be calculated by subtracting the product of the unadjusted Bond and State Credit Allocation request and the sum of the statewide basis delta for the county in which the project is located and the higher resource area bonus from the unadjusted Bond and State Credit Allocation request. At least ten 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 lowest 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, except that the percentage difference shall not exceed 30%. A New Construction Project that receives points as a Large Family 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 a higher resource area bonus equal to 20%. In addition, a project that receives points as a Special Needs project pursuant to Section 5230(g) and in which at least 50% of the tax credit units are designated for homeless households as defined in Section 10315(b)(1) of the CTCAC regulations at affordable rents consistent with Section 10325(g)(3) of the CTCAC regulations shall also receive a bonus equal to 20%.</p>	<p>This change is necessary to create a more inclusive competitive process in the tie-breaker methodology. By changing the threshold from the lowest to the median basis limit, it will allow projects in higher cost construction areas more opportunity of acceptance. The tie breaker is a ratio of adjusted tax-exempt bonds plus state tax credits requested over bedroom-adjusted units. The numerator adjusts the total request to reflect, to some extent, project cost differences based on regional location and bedroom size (and also incentivizes specified project types in higher resource communities or projects housing homeless populations. CTCAC altered its threshold basis limit methodology for the 2021 competitive application round. This methodology change has accentuated the differences between limits across the state. The change recalibrates the delta adjustment and calculates the threshold basis limit differential off the median threshold basis limit, as opposed to the lowest threshold basis limit.</p>
Section 5020(a)(1)(B) ELI/VLI Set-aside requirements	<p>As soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee will:</p> <p>(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</p>	<p>The first change in this section: the ELI/VLI set-aside requires an average affordability of 50% AMI to ensure that the applications in a set-aside for extremely low and very low income households are utilized by those populations. The second change clarifies that awards made directly by HCD do not include the Alternative Process County (APC) award letters.</p>

and as a percentage of the Qualified Residential Rental Project Pool shall be reserved in a New Construction 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.

(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) 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 and 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.](#) (ii) an award of public funds as defined in Section 10325(c)(9) of

The third proposed change eliminates redundant income targeting language that is captured in the Section 5230(j)(1)(A) reference.

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, ~~at least 10% of tax credit units shall be restricted at 30% of area median income and an additional 10% of tax credits units shall be restricted at 50% of area median income~~ the project shall have income restrictions that meet the requirements of 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 (Rapidly Changing), 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.

<p>Section 5022 Geographic Apportionments:</p>	<p>Section 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:</p> <p>Geographic Region Apportionment</p> <table border="1" data-bbox="489 370 1358 1198"> <tr> <td data-bbox="489 370 926 548">Coastal Region (Monterey, Orange, San Benito, San Diego San Luis Obispo, Santa Barbara, Santa Cruz, and Ventura Counties)</td> <td data-bbox="926 370 1358 548">201%</td> </tr> <tr> <td data-bbox="489 548 926 586">City of Los Angeles</td> <td data-bbox="926 548 1358 586">178%</td> </tr> <tr> <td data-bbox="489 586 926 623">Balance of Los Angeles County</td> <td data-bbox="926 586 1358 623">167%</td> </tr> <tr> <td data-bbox="489 623 926 764">Bay Area Region (Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara Counties)</td> <td data-bbox="926 623 1358 764">2117%</td> </tr> <tr> <td data-bbox="489 764 926 980">Inland Region (Fresno, Imperial, Kern, Kings, Madera, Merced, Riverside, San Bernardino, San Joaquin, Stanislaus, and Tulare Counties)</td> <td data-bbox="926 764 1358 980">1716%</td> </tr> <tr> <td data-bbox="489 980 926 1198">Northern Region (Butte, El Dorado, Marin, Napa, Placer, Sacramento, Shasta, Solano, Sonoma, Sutter, Yuba, and Yolo Counties)</td> <td data-bbox="926 980 1358 1198">10%</td> </tr> </table>	Coastal Region (Monterey, Orange, San Benito, San Diego San Luis Obispo, Santa Barbara, Santa Cruz, and Ventura Counties)	201%	City of Los Angeles	178%	Balance of Los Angeles County	167%	Bay Area Region (Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara Counties)	2117%	Inland Region (Fresno, Imperial, Kern, Kings, Madera, Merced, Riverside, San Bernardino, San Joaquin, Stanislaus, and Tulare Counties)	1716%	Northern Region (Butte, El Dorado, Marin, Napa, Placer, Sacramento, Shasta, Solano, Sonoma, Sutter, Yuba, and Yolo Counties)	10%	<p>This change is necessary to correct a disproportion created within the Bay Area Region in regard to the existing methodologies. Increasing the geographic apportionment will ensure a more proportionate opportunity for allocation amongst the regions.</p>
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<p>Section 5035. Preliminary Recommendations.</p>	<p>2. CDLAC will prepare rank ordering of the list of projects and evaluate the requested scoring based on information submitted in the application. CDLAC will only review those projects that are substantially complete, financially feasible and appear to score high enough to receive an Allocation. Within thirty (30) calendar days after the application due date <u>Prior to publishing the preliminary recommendation list on its</u></p>	<p>This change removes the requirement that CDLAC issue point letters within 30 days. This further conforms the CDLAC review process to the CTCAC process and increases flexibility for staff to manage application review and appeals workload.</p>												

	<p>website, CDLAC shall notify Applicants and the developers/sponsors of their preliminary score and the reasons for any modifications from the Applicant’s Self-Scoring Worksheet. Such notice, or a subsequent notice, may also contain completeness and/or feasibility defects determined during CDLAC’s evaluation. CDLAC will only be required to send notices for projects that may appear to score high enough to receive an Allocation. Applicants will have five (5) calendar days to appeal their scores and/or completeness/feasibility defects, which appeals must be addressed to the Executive Director in writing per the instructions contained in the notice. The Executive Director shall then 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 per the instructions in the final determination notice.</p>	
<p>Section 5036. Appeals to Preliminary Recommendations.</p>	<p>Any Applicant who wishes to appeal the 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 must set forth in reasonable detail the factual basis for the appeal. No new or additional information beyond that provided in the original Application may be provided to or considered in connection with the appeal. All appeals shall be made in writing and delivered to the CommitteeExecutive Director, no later than 5:00 p.m. (Pacific Time) on the last day specified for filing an appeal. The Executive Director will present the appeal to the Committee at the meeting for which Allocations will be awarded, prior to the Allocation approval process. An Applicant may only appeal the recommendation or ranking of its own Application(s). Each Applicant who has submitted an appeal will be notified of the decision on the appeal pursuant to section 5037.</p>	<p>This change is a clarifying statement to show that the Executive Director presents the appeal to the Committee.</p>
<p>Section 5133 Use of Carryforward (NEW)</p>	<p><u>Carryforward Pursuant to Section 5231, CDLAC shall establish a rank-order list of all projects to be allocated during a competitive round. CDLAC shall determine if the issuers for such projects that are scheduled to receive an allocation are in possession of any carry-forward allocation not otherwise reserved for a project that has received an allocation but has not issued bonds, and if such a condition exists, such carry-forward shall be subscribed to the projects in rank order which are scheduled to</u></p>	<p>This change is necessary to address how existing carryforward is used in the allocation process. Especially during times when allocation is scarce, it is important to ensure prior year carryforward are utilized before current allocation. This provision would specify the procedure by which CDLAC would apply carryforward allocation to</p>

	<p><u>be awarded an allocation in the current round, starting with the highest ranking project. The issuer’s carryforward shall be applied to all projects recommended for an allocation until exhausted. Any carry-forward amounts allocated to a project shall not be considered when determining the amount available in a pool, set-aside or geographic region. The limitations in the preceding sentence shall not apply to the waiting list procedures specified in Section 5231(e)(4).</u></p>	<p>newly funded projects in a competitive scoring system while removing the current ambiguity in the process.</p>
<p>Section 5190. Readiness</p>	<p>(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. <u>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</u> 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 report title report, final title report, or a title report. <u>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.</u></p> <p>(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 <u>the project meets the requirements of Section 10325(f)(4) of the CTCAC regulations</u>the site is zoned for the Project, as proposed, and that all applicable local land use approvals that are subject to the discretion of local elected officials have been obtained. Additionally, if any land use approval is subject to public appeal, within no less than 5 calendar days prior to the first public posting of the Committee, the applicant must provide proof that either no appeals were received, or that any appeals received during that time</p>	<p>The proposed changes align CDLAC requirements relating to site control and zoning with those of CTCAC. This will ensure consistency for developers and streamline staff application reviews.</p>

	<p>period were resolved and the project is ready to proceed. Examples of such approvals include, but are not limited to, general plan amendments, re-zonings, and conditional use permits, but do not include design review approvals. The Applicant may include a completed Verification of Zoning and Local Approvals form signed by an appropriate local government planning official of the applicable local jurisdiction for the purpose of satisfying this requirement. Those Qualified Residential Rental Pool Projects with redevelopment related project financing that is subject to the approval of the Department of Finance (DOF) are required to have obtained a Final and Conclusive Determination Letter, or other written communication from DOF stating that DOF does not issue, or concludes is unnecessary, a Final and Conclusive Determination for this form of redevelopment financing obligation, prior to submitting an application to the Committee.</p>	
<p>5190(c), (d), (e), (g), (h) Readiness.</p>	<p>(c) <u>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 .Applicant must submit CDLAC form, INFORMATION ON PROJECT SPONSOR, that provides information pertaining to the Project Sponsor identified in the Application. Applicant must submit CDLAC form, COLLECTIVE EXPERIENCE OF PROJECT SPONSOR AND ALL PARTNERS that provides information pertaining to the experience of the Project Sponsor (if different than the Developer). The Application must include CDLAC form, INFORMATION ON PROJECT DEVELOPER, that provides information pertaining to the Project Developer identified in the Application. The Application must include CDLAC form, EXPERIENCE OF PROJECT DEVELOPER that provides information pertaining to the experience of the Project Developer. The Project Developer's CTCAC Certificate of Previous Participation and a CTCAC Schedule A form may be submitted as EXPERIENCE OF PROJECT DEVELOPER in lieu of the CDLAC form. Applicant must submit a list of California projects which the Developer and Project Sponsor (if different</u></p>	<p>This change is necessary to remove several outdated application attachment references. Applicants now utilize the TCAC/CDLAC joint application, and the lettering of various application attachments is out of date. The proposed changes update these references. The proposed changes also remove section (g)(2). TCAC now requires a joint application with CDLAC, making this requirement unnecessary.</p>

~~than the Developer) has developed or rehabilitated with tax-exempt bond financing. The list shall include the cities and counties in which the projects are located. The list shall be labeled as Attachment W-5. Applicant shall submit CDLAC form, INFORMATION ON PROPOSED MANAGEMENT COMPANY that provides information pertaining to the property management company that will manage the proposed Project.~~

~~(d) Legal Status of Project Sponsor and Developer. If a separate sheet is used to respond to the following questions, the sheet shall be labeled Attachment Y. 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.

~~(e) Current Owner of Property Information. Applicants shall provide information regarding the current owner of the project property, if other than the Project Sponsor, by submitting CDLAC Attachment INFORMATION ON CURRENT OWNER OF PROPERTY.~~

~~(g) (1) Prior Tax-Exempt Allocation Award. The Application will provide answer "Yes" or "No" to the questions, Has the proposed Project received a CDLAC allocation in the past? Was the allocation used to issue the bonds for the project? Have bond proceeds been used or drawn down? If "YES", Applicant will submit a narrative explanation of the circumstances surrounding the prior allocation and why additional allocation is being requested. The narrative must include the amount of the previous allocation, the month and year it was awarded, the CDLAC resolution number, the status of the bonds, the balance of bond proceeds, and a justification for the additional allocation. The narrative must be labeled as Attachment J.~~

~~(2) Use of 4% Low Income Housing Tax Credits. If applicable, Application must include date when application will be made to the California Tax Credit Allocation Committee (TCAC).~~

(h) Project Description. Applicant shall submit a narrative description of the proposed Project, ~~labeled as Attachment K~~. 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 checklist, description of the Project Type and Characteristics, including the construction type and proposed tenant population pursuant to Section 5000 of the CDLAC Regulations.

(b) If the Application is submitted under a competitive process, Project Type and Characteristics documentation must be included pursuant to Sections 5000 and 5170 of the CDLAC Regulations. -with the Applicant checking as many items as are applicable to the proposed Project. (A)(i) The Project has an existing HAP contract. Please attach existing contract as Attachment L, L-1, L-2, etc. (ii) The proposed Project is an At-Risk Project as defined in Section 5170 of the CDLAC Regulations. (iii) The proposed Project is a Low Income Housing Tax Credit Resyndication Project. (B) The proposed Project is a Mixed Income Project as defined in Section 5000 of the CDLAC Regulations. (C) The proposed Project is a Rural Project as defined in Section 5000 of the CDLAC Regulations. DO NOT CHECK if item (B), above, has been checked. (D) The proposed Project is a Preservation Project. (E) The proposed Project is a New Construction Project as defined in Section 5170 of the CDLAC Regulations. DO NOT CHECK if item (C), above, has been checked. (F) The proposed Project is a single room occupancy (SRO) rental project. (G) The proposed Project is a senior citizens rental project. (H) The proposed Project is an assisted living rental project. (I) The proposed Project is a special needs housing rental project. (J) The proposed

	<p>Project is eligible for the Homeless Set Aside. (K) The proposed Project is eligible for the Extremely Low/Very Low Income Set Aside. (L) The proposed Project is a BIPOC Project.</p>	
5194(a) through (d) Project Sources & Uses and Project Costs.	<p>(a) Applications shall submit an itemized breakdown of the complete sources of construction financing, including but not limited to the following items, labeled as Attachment E-1: tax-exempt bond proceeds, taxable debt proceeds, developer equity, Low Income Housing Tax Credit (LIHTC) equity, direct and indirect public funds and seller carryback note and all liens to be included in the proposed financing, itemized; and</p> <p>(b) Applications shall include a listing of permanent sources and uses or complete and submit TCAC's Form Sources and Uses Budget or comparable documentation as Attachment E-2; and</p> <p>(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 should <u>must</u> be provided as Attachment E-3: Disposition of Current Outstanding Liens. All non-assumed liens to be paid off at closing shall separately listed including lender/loan, amount, disposition and corresponding exception number from the Title Report; and</p> <p>(d) <u>for rehabilitation projects,</u> Applicants shall submit an itemized breakdown of hard construction costs <u>on a Committee-provided template,</u> labeled as Attachment H or H-1. Hard Construction/Rehabilitation costs shall consist of structure costs only; and</p>	The change clarifies that the itemized breakdown of hard construction costs is only required for rehabilitation projects.
Section 5194(e) high cost threshold and justification requirement	<p>(e) Applications with Projects where total project costs exceed \$500,000 per unit must include an explanation for why costs are beyond these levels and demonstrate that such costs are justified. Applications with high project costs may be presented to the Committee individually from the balance of recommended Projects.</p>	Removing this section is necessary as it conflicts with limits specified in Section 5233; a limit on the allocation per unit is measured by bedroom size, making this section obsolete.
Section 5212. Capital Needs Assessment.	<p><u>Except as provided below for reapplications,</u> 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</p>	The proposed changes align CDLAC requirements relating to capital needs assessments with those of CTCAC. This will ensure consistency for

	<p>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.</p>	<p>developers and streamline staff application reviews.</p>
<p>Section 5230(b) Preservation and Other Rehabilitation Project Priorities</p>	<p>(b) Preservation and Other Rehabilitation Project Priorities (20 points maximum). Preservation and Other Rehabilitation Projects meeting the following criteria shall receive points in the highest scoring category only:</p> <p>(1) An At Risk Project, or 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 will terminate or be eligible for termination within five years of application with no other rent and income restrictions remaining, or any replacement or rehabilitation project approved by HUD pursuant to a Section 18 or 22 Demolition/Disposition authorization, or any component one project being rehabilitated under the first component of the HUD Rental Assistance Demonstration (RAD) Program shall receive 20 points.</p> <p>(2) A project that meets at least one of the following shall receive 14 points:</p> <p>(A) A replacement or rehabilitation project approved by HUD pursuant to a Section 18 or Section 22 Demolition/Disposition authorization;</p>	<p>The change deletes the inclusion of Section 18 and 22 projects in the 14 point preservation category since they are already included in the 20 point category. The change clarifies that RAD component one projects are eligible for the 20 point category and RAD component two projects are eligible for 14 points. The change clarifies that AB 1699 funded projects that have previously been syndicated are eligible for 6 preservation priority points.</p>

	<p>(B) A component two project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program; or</p> <p>(C) A project with a pre-1999 HCD loan that is being restructured pursuant to Section 50560 of the Health and Safety Code (AB 1699) that has not previously received an allocation of Low-Income Housing Tax Credits.</p> <p>(3) A project that receives governmental assistance on at least 50 percent of the units pursuant to any of the following and that has not previously received an allocation of Low-Income Housing Tax Credits shall receive 6 points:</p> <p>(A) Project-Based Section 8 or Rent Supplement, (B) USDA Rent Supplement, (C) Section 236 Financing, (D) Section 221(d)(3) Financing, <u>or</u> (E) USDA 514 or 515 Financing, or (F) Department of Housing and Community Development Financing (including AB 1699 projects that have previously received an allocation of Low Income Housing Tax Credits).</p> <p>(4) A project that receives governmental assistance on at least 50 percent of the units including AB 1699 funding that has previously been syndicated is eligible for 6 points.</p>	
Section 5230(i) Readiness to Proceed	<p>(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 commit to commence construction within 180 days of the bond allocation. Projects that receive the maximum number of points pursuant to this subdivision shall submit within that time period, evidence of the issuance of building permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design-build project in which the city or county does not issue building permits until</p>	<p>The proposed change aligns CDLAC’s readiness documentation with the requirements for CTCAC’s state tax credit readiness documentation rather than the 9% program document requirements. This aligns CDLAC’s requirement with a trusted CTCAC process.</p>

	<p>designs are fully complete, the city or county shall have approved construction to begin), or the applicable tribal documents, and notice to proceed delivered to the contractor that meets the requirements of Section 10325(c)(7) of the CTCAC regulations. Failure to meet the 180-day due date shall result in rescission of the bond allocation or negative points.</p>	
<p>Section 5230(m). Negative Points</p>	<p>(m)(1)(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.</p>	<p>This section is to moderate recent federal legislation that allows for the tax credit percentage to be no lower than 4%, providing an example of how changes in federal or state law may impact project financing after a bond allocation is made. The proposed change would allow a negative points exemption for projects impacted by the 4% rate fix as well as similar future circumstances.</p>
<p>Section 5231 Ranking</p>	<p>(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, such overages will 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. In no case will the last project to be allocated in a Pool, Set Aside or geographic region receive an Allocation unless at least 80% of the requested Allocation for that project is remaining in that Pool, Set Aside or geographic region for that round. No project that is unable to satisfy this condition shall be skipped in favor of awarding a project that meets this condition. Notwithstanding the foregoing, when the first or next highest-ranking project does not meet the 80% rule above, that project, as well as any subsequent projects in rank order that also do not meet the 80% rule, may be skipped over to the next highest-ranking project that meets the 80% rule. If bonds within a Pool, Set Aside or geographic region remain unallocated at the end of an allocation round, they will be added to the subsequent round amounts in the same Pool, Set Aside or geographic region. In the final allocation</p>	<p>The proposed change allows applicants to access a pool, set-aside, or geographic region’s bond apportionment if the next highest ranked application requests more than is available for a round of funding. The current regulations do not allow skipping of the next highest ranked project. The result is that the remaining allocation in the pool/set-aside/region is unavailable to all remaining applicants during that round. Staff proposes to allow skipping for this reason.</p>

	<p>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.</p>	
<p>Sections 5000, 5020, 5100 Qualified Public Educational Facility Bond</p>	<p>“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 or Qualified Public Educational Facility 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.</p> <p>“Qualified Public Educational Facility Bond Pool” means the reserve of Qualified Public Educational Facility Bonds established by the Committee for Qualified Public Educational Facilities pursuant to IRC section 142(k).</p> <p>“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), the amount of Qualified Public Educational Facility Bonds that can be issued in California for each calendar year specified by 26 U.S.C. section 142(k), 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.</p> <p>Section 5020 (j) Determine and announce what amount, expressed both as a percentage and as a dollar amount, of the Qualified Public Educational Facility Bonds State Ceiling that shall be available for allocation during the year and in each Allocation Round to the Qualified Public Educational Facility Bond Program.</p> <p>Section 5100(b) Notwithstanding extensions as provided in sections 5101, 5102 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</p>	<p>There is Qualified Public Educational Facility Bond (QPEFB) allocating authority within CDLAC regulations and the CSFA Act, Section 17199.6 of the Education Code. The change eliminates the QPEFB allocating authority within the CDLAC regulations, as this allocating authority resides with California School Finance Authority pursuant to the CSFA Act.</p>

	<p>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, Qualified Public Educational Facility Bonds and the conversion of Bonds to Mortgage Credit Certificate authority.</p>	
<p>Sections 5700-5731 Qualified Public Educational Facility Bond</p>	<p>Section 5700 Definitions. To the extent any of these definitions conflict with definitions set forth in Government Code section 8869.82 and Chapter 1 of these regulations, the definitions contained in this section 5700 shall apply to this Chapter 13:</p> <p>“Chartering Authority” means a State educational agency, local education agency, or other public entity that has the authority pursuant to State law to authorize or approve a Charter School.</p> <p>“Public elementary school” means a nonprofit institutional day or residential school, including a public elementary charter school, which provides elementary education, as determined under State law.</p> <p>“Public secondary school” means a nonprofit institutional day or residential school, including a public secondary charter school, which provides secondary education, as determined under State law, except that such term does not include any education beyond grade 12.</p> <p>“Qualified Public Educational Facility” means any school facility which is part of a Public Elementary School or Public Secondary School, and owned by a private, for profit corporation pursuant to a public-private partnership agreement with a State or local education agency pursuant to Internal Revenue Code § 142(k)(2).</p> <p>“Qualified Public Educational Facility Bond Application” (hereafter “Application”) means the “Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Public Educational Facility Bond Project” (QPEFB Revised 3-15-2018), which is hereby incorporated by reference.</p> <p>“Qualified Public Educational Facility Bonds” (QPEFB’s) are tax-exempt private activity bonds issued to finance the construction, rehabilitation, refurbishment, or equipping of a Qualified Public Education Facility.</p> <p>“Qualified Public Educational Facility Project Sponsor” (hereafter “Project Sponsor”) means a private, for profit corporation that undertakes the financing or refinancing of a qualified public education</p>	<p>There is Qualified Public Educational Facility Bond (QPEFB) allocating authority within CDLAC regulations and the CSFA Act, Section 17199.6 of the Education Code. The change eliminates the QPEFB allocating authority within the CDLAC regulations, as this allocating authority resides with California School Finance Authority pursuant to the CSFA Act.</p>

facility in conjunction with a school district, charter school, county office of education, or community college district in compliance with IRC section 142(k). "School Facility" means any school building; any functionally related and subordinate facility and land with respect to such building, including any stadium or other facility primarily used for school events; and any property to which Internal Revenue Code § 168 applies or would apply but for section 179, for use in such a facility.

Section 5710. Application Process. Applications for an Allocation of the Qualified Public Educational Facility Bond Pool shall be considered in accordance with the provisions of Chapters 1 and 13 the submission of an Application.

Section 5711. Allocations. (a) The Committee may award a Qualified Public Educational Facility Bond Allocation to the California School Finance Authority ("CSFA") for the purposes of: (1) administering the Qualified Public Educational Facility Bond Pool. In awarding the Allocation to CSFA, the Committee will authorize CSFA to allocate portions of the award to Project Sponsors for purposes of issuing Bonds; or (2) sub-awarding Qualified Public Educational Facility Bond Allocation to Applicants on behalf of the Committee. In awarding the Allocation to CSFA, the Committee will authorize CSFA to transfer portions of the Allocation to Local Issuers and the CIEDB for purposes of issuing bonds under the Qualified Public Educational Facility Bond Program. (b) The Committee may also directly award a Qualified Public Educational Facility Bond Allocation to Applicants for purposes of issuing bonds in connection with a specific project in compliance with this Chapter.

Section 5720. Project Readiness. The Applicant must provide evidence of Project readiness to the satisfaction of CSFA. The Applicant must provide the following readiness information as applicable:

- (a) A description of the Project(s) that will be financed with the bond proceeds;
- (b) Estimated beginning and ending date of Project construction;
- (c) Evidence of site control as described in section 5190;
- (d) For Projects involving charter schools, a copy of the charter or other evidence that a charter is in place, and evidence that the school is in good standing with its Chartering Authority; and
- (e) Evidence of a public-

private partnership agreement for the Project that complies with the requirements of Internal Revenue Code section 142(k)(2).

Section 5721. Permits. The Applicant must provide documentation of the applicable discretionary use permits and approvals from local planning agencies, as described in section 5190(b), for the proposed Project at the time of application.

Section 5722. Eligibility Requirement. Projects financed with an allocation of Qualified Public Education Facilities Bonds shall comply with the Political Reform Act and Government Code section 1090 at the time of application and throughout the life of the bonds.

Section 5730. Specific Reports. CSFA will report each transfer of Allocation to the Executive Director of the Committee. Applicants receiving Allocation, including CSFA where it serves as the issuer, under the Program shall comply with the reporting requirements contained in article 11 of chapter 1.

Section 5731. Regulatory Compliance. An Applicant that receives an allocation of Qualified Public Educational Facility Bonds must enter into a regulatory agreement with the Project Sponsor that requires the Project to be used for public school purposes for the life of the bonds. At a minimum, the regulatory agreement shall be recorded against the property and include the following: (a) Language incorporating by reference the CDLAC allocation resolution and all of its terms and conditions; (b) A term consistent with the CDLAC allocation resolution and, at a minimum, be no less than the term of the bonds; (c) Include all applicable requirements contained in 26 U.S.C. section 142 and Education Code section 17170, et seq.; (d) A requirement that the Project be maintained for public school purposes during the life of the bonds; (e) Designate CDLAC to receive notice of changes in ownership, issuer, school that utilizes the Project, and Project name; and (f) Designate CDLAC to receive all notices regarding defaults associated with the bonds; and (g) Language reflecting that Projects financed with an allocation of Qualified Public Education Facilities Bonds shall comply with the Political Reform Act and Government Code section 1090 throughout the life of the bonds.

Non-Substantive Changes

<p>Section 5037. Final Recommendations.</p>	<p>(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 50356. The list shall be posted on the Committee’s website as provided in section 5140.</p>	<p>This change is necessary to correct a typographical error.</p>
<p>5062(a)(6) Private Placement Sales.</p>	<p>Section 5062. Private Placement Sales. (a) Subject to Section (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:</p> <ol style="list-style-type: none"> (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. <p>(6) — Acceptance of the terms and conditions of the commitment letter by the purchaser and Project Sponsor.</p> <p>(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:</p>	<p>The change eliminates a duplicative requirement. This information, when available is already collected within the application process. The project sponsor acceptance of the commitment terms is not a requirement of the lender at the time of application, therefore not always available.</p>

	<p>(1) submit a Traveling Investment Representation Letter from a Qualified Institutional Buyer or Sophisticated Investor due three (3) days prior to Bond issuance; or</p> <p>(2) ensure a minimum Bond denomination of \$100,000.</p>	
Section 5100 Program Expiration Dates.	(b) Notwithstanding extensions as provided in sections 5101, 5102 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:	The change removes a reference to Section 5102, since section 5102 was removed from the regulations in 2020.
5103. Five Day Hardship Extensions.	The Committee may grant an extension to the expiration dates provided in sections 5100 and , 5101 and 5102 up to five (5) additional business days for extreme hardship cases. The Committee may delegate this authority to the Executive Director.	The change removes a reference to Section 5102, since section 5102 was removed from the regulations in 2020.
Section 5170 Definitions	<p>“BIPOC <u>entity</u>” 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% a person who is Black, Indigenous, or Other Person of Color or refers to Black, Indigenous, and Other People of Color. and aims to emphasize the historic oppression of black and indigenous people. To be considered a qualifying BIPOC non-profit organization requires having a BIPOC ED/CEO and 51% of the organization’s board must be BIPOC. For purposes of this paragraph, <u>Black, Indigenous, or Other</u> 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 <u>or the most current publication of the</u> or, if that data is not yet publicly available, the 2010 United States Census.”</p>	The proposed changes clarify the ownership requirements of for-profit and nonprofit BIPOC entities. The changes clarify that a nonprofit BIPOC entity must have both a 51% ownership interest in the sponsor as well as a BIPOC Executive Director or CEO and 51% BIPOC board membership.
Section 5170 Definitions	“BIPOC Project” means a Qualified Residential Rental Project for which the sponsor entity is a BIPOC <u>entity</u> . 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	The changes clarify that to qualify for the BIPOC Pool all partners are ineligible for maximum General Partner Experience points. The BIPOC Pool is an allocation of the state ceiling provided

	<p>which the qualifying sponsor or 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 principle principal 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.</p>	<p>for BIPOC entities that do not have the minimum level of experience required in the competitive application process.</p>
<p>Section 5170 Definitions</p>	<p>Section 5170 "Preservation Project" - 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 Section 50560 of the Health and Safety Code (AB 1699 projects) and has not previously received an allocation of Low Income Housing Tax Credits; (2) any replacement or rehabilitation project approved by HUD pursuant to a Section 18 or <u>Section 22</u> Demolition/Disposition authorization; (3) 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; (4) any project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program, or (5); a project that meets all of the following: (a) the project (or projects, if more than one) is not currently encumbered with an existing CDLAC (via bond issuer), CTCAC, or other affordability regulatory agreement, with the exception of a regulatory agreement associated with a HUD Project-Based Section 8 or USDA Rental Assistance contract; (Bb) the project (or projects, if more than one) is subject to an existing project-based contract under Section 8 of the United States Housing Act of 1937 or any comparable rental assistance program that provides rental assistance to at least 50% of the units; and (Cc) the project (<u>or projects, if more than one</u>) shall be required to complete rehabilitation work at a minimum of \$60,000 in hard construction costs per unit, as defined in CTCAC Regulation Section 10302(u), subject to the provisions of IRC Section 42(e)(3)(A)(ii)(I).</p>	<p>The first proposed change further specifies that pre-1999 HCD loan restructuring may include projects with a previous tax credit allocation. The second proposed change adds HUD Section 22 Demolition/Disposition projects to the Preservation Project definition consistent with the inclusion of Section 22 projects in the preservation priority point category. The remainder of changes are corrections of typographical errors.</p>

<p>Section 5211. Tenant Relocation.</p>	<p>Tenant Relocation. Applicants proposing rehabilitation or demolition of occupied housing shall comply with Section 10322(h)(28) of the CTCAC regulations provide a detailed description of the relocation plan with the costs included in the Project's budget. Where existing low income tenants will receive a rent increase exceeding five percent (5%) of their current rent, Applicants shall provide a relocation plan addressing economic displacement. Where applicable, the Applicant shall provide evidence that the relocation plan is consistent with the Uniform Relocation Assistance and Real Property Acquisition Policy Act (42 U.S.C. chapter 61) and has been submitted to the appropriate local agency.</p>	<p>The proposed change aligns tenant relocation requirements with those of TCAC, which were revised in 2020 to require compliance with California relocation law unless federal relocation law applies. This change will ensure these relocation standards are also available to tenants of housing developments that are being rehabilitated with tax-exempt bond financing, and aligns CDLAC and TCAC requirements.</p>
<p>Section 5230(j)(1)(A),(B) Affirmatively Furthering Fair Housing</p>	<p>(1) A project shall receive points in only one of the following manners: (A) 20 points if the project receives points as a Large Family project or Special Needs project pursuant to Section 5230(g) (except the Special Needs project shall have at least 50% of its units set aside as permanent supportive housing for the homeless), 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 <u>or below</u> 30% of area median income and an additional 10% of tax credits units shall be restricted at <u>or below</u> 50% of area median income (except Special Needs projects shall be exempt from this 50% AMI requirement). (B) 9 points if the project receives points as a Large Family project pursuant to Section 5230(g), is located in a Moderate (Rapidly Changing) or Moderate Resource Area as specified on the CTCAC/HCD Opportunity Area Map, and at least 10% of tax credit units shall be restricted at <u>or below</u> 30% of area median income and an additional 10% of tax credits units shall be restricted at <u>or below</u> 50% of area median income. In addition, the 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.</p>	<p>The change clarifies that targeting below a specified AMI in this section also meets that requirement. Various sections of the regulations and competitive scoring system require specified levels of affordability. Targeting below these levels also meets the requirement. For example, 30% area median income (AMI) is the lowest affordability restriction in the regulations. However, a 20% AMI unit should also meet the requirement of a 30% AMI unit.</p>
<p>Section 5230(j)(1)(D) Affirmatively Furthering Fair Housing</p>	<p>(D) 9 points if the project does not receive points as a Large Family project pursuant to Section 5230 (g)-(j)(1)(A) through (C) and receives the maximum points for exceeding minimum income restrictions</p>	<p>The proposed change aligns this section and Sections 5230(j)(1)(A) through (C). The regulation changes made in December 2020 included the</p>

	<p>pursuant to subdivision (d). In addition, the 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.</p>	<p>addition of Special Needs housing with at least 50% units set aside as housing for the homeless to Section 5230(j)(1)(A). This change incorporates that language into this section and aligns the two sections.</p>
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