



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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TO: Qualified Residential Rental Program (QRRP) Applicants

FROM: Ricki Hammett, Deputy Executive Director

DATE: November 17, 2023

RE: 2023 Expiring Difficult Development Area and Qualified Census Tract Status

On September 21, 2023, the U.S. Department of Housing and Urban Development (HUD) published the 2024 Difficult Development Areas (DDAs) and Qualified Census Tracts (QCT) that are eligible for the 30 percent basis boost under the Housing Credit program. The methodology for determining the 2024 metropolitan DDAs relies on new Small Area Fair Market Rents.

New DDAs and QCTs will become effective on January 1, 2024. This means that bond projects located in an area that was a DDA in 2023, but will lose its DDA status in 2024, are still eligible for the basis boost as long as the bond allocating agency receives a complete application for the project by the required deadline.

QRRP applicants should be advised that **December 15, 2023** is the DDA and QCT application submittal due date to preserve the DDA and QCT eligibility as identified in Section 5258(a) of the California Debt Limit Allocation Committee (CDLAC) regulations. Applications will be submitted to CDLAC by the CDLAC applicant (i.e. bond issuer) via CDLAC Online Portal at:
<https://cdlaonline.treasurer.ca.gov/Account/Login.aspx?ReturnUrl=%2f>.

When submitting via CDLAC Online Portal, please choose “New Joint QRRP / 4% Tax Credit Application” and select December 15, 2023 as the proposed meeting date. Staff will remove the meeting date after it is submitted, as this does not require an approval at a meeting.

Upon receipt of applications, CDLAC will issue determinations regarding whether applications are complete prior to the expiration of the current year’s DDA status by December 31, 2023. Within each application, applicants must identify in which CDLAC round they plan to request a bond allocation. **In addition, the bonds must be issued or the project must be placed in service within 730 days from the date the complete application is submitted.**

At the time of submission, **all** application materials, except an inducement resolution, pursuant to CDLAC regulations must be submitted. If the attachments referenced in the joint application is required and is applicable to the project (local approvals and zoning, site control, market study, financing commitments, etc.), applicant must include the material. Absent the inclusion of all CDLAC required application

materials, an application will not be deemed complete. CDLAC will not allow applicants to provide additional information or make corrections to the application from December 16-31, 2023.

CDLAC will provide flexibility in updating documentation originally submitted December 15, 2023 prior to the application deadline of the Specified Round. **Please note: All revised materials must be submitted prior to the application deadline of the Specified Round. After December 15, 2023, it will not be possible to add additional units or sites, propose income targeting that is at higher levels than originally submitted, introduce new unit sizes not already included in the project, or to alter the project in such a manner that would no longer be valid after the application deadline.**

To preserve the opportunity to apply for bond proceeds in excess of the amount specified at the time of submittal, a letter must accompany the December 15, 2023 application requesting the ability to apply for up to a 20% increase in the bond amount as a result of events, either unforeseen or not quantifiable, at the time of submission including, but not limited to, increases in income and rent limits, escalating construction costs and expansion of the scope of work (excluding additional units or sites). To be considered to receive a bond allocation in excess of the original requested amount, documentation including updated application materials, commitment letter and an explanation for the increase must be submitted prior to the application deadline for the Specified Round. CDLAC considers that applications for projects where bonds are ultimately issued in excess of the bond amount listed in the initial bond application are complete at the time of the initial application if the application contains an initial bond request amount and is accompanied by a letter requesting the ability to increase the bond amount by up to 20%, subject to the parameters described above.

In keeping with CDLAC's current policies, no penalty aside from the non-refundable \$1,200 initial CDLAC fee will be assessed if projects do not proceed.

2023 Expiring DDA/QCT projects **may** have a pending application with California Tax Credit Allocation Committee (TCAC) under the 9% Program at the time of the **December 15, 2023** submission to CDLAC. However, if an applicant opts to pursue a CDLAC award of allocation, any 9% application must be withdrawn pursuant to CDLAC Regulation 5182 or no longer pending by the application deadline for the Specified Competitive Round.

You are advised to visit the CDLAC website and/or subscribe to the CDLAC e-mail distribution list to receive additional information as it becomes available. Should you have questions regarding the information, please do not hesitate to contact us via email: cdlac@treasurer.ca.gov.