

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**May 20, 2020**

**Proposed CDLAC Emergency Regulation Change Regarding TEFRA**  
**(Agenda Item No. 4)**

**ACTION:**

Approve a revision to Section 5033 of CDLAC regulations regarding TEFRA initiating the OAL emergency rulemaking process.

**DISCUSSION:**

The global pandemic of coronavirus has led to complexities in meeting the demand for affordable housing in California. The current administration has housing production goals that must continue to be addressed during this pandemic and therefore, adjustments to existing CDLAC procedure and regulations are necessary.

TEFRA refers to the Tax Equity and Fiscal Responsibility Act of 1982 mandated by the IRS to provide a reasonable opportunity for interested parties to express their views on the issuance of bonds for a project. A TEFRA hearing is usually conducted in a local government office and must be completed before closing a bond transaction. CDLAC has been requiring that this TEFRA process already be completed (from meeting noticing through executed resolution) as part of minimum application requirements. This is a redundant requirement and during COVID 19 has acted as an impediment to the application process because many local government offices are closed and unable to conduct TEFRA hearings at this time.

As with other processes, the TEFRA process has been encumbered with challenges due to the pandemic and therefore a modification of minimum application requirements is being recommended so that CDLAC can continue to address the administrations goals.

**RECOMMENDATION:**

Staff recommends amendment to Section 5033 of CDLAC regulations as proposed in the attachment.