



# CDLAC Regulations

Office of State Controller's Recommendation for CDLAC's  
2022 Regulations Updates

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CDLAC Board Meeting  
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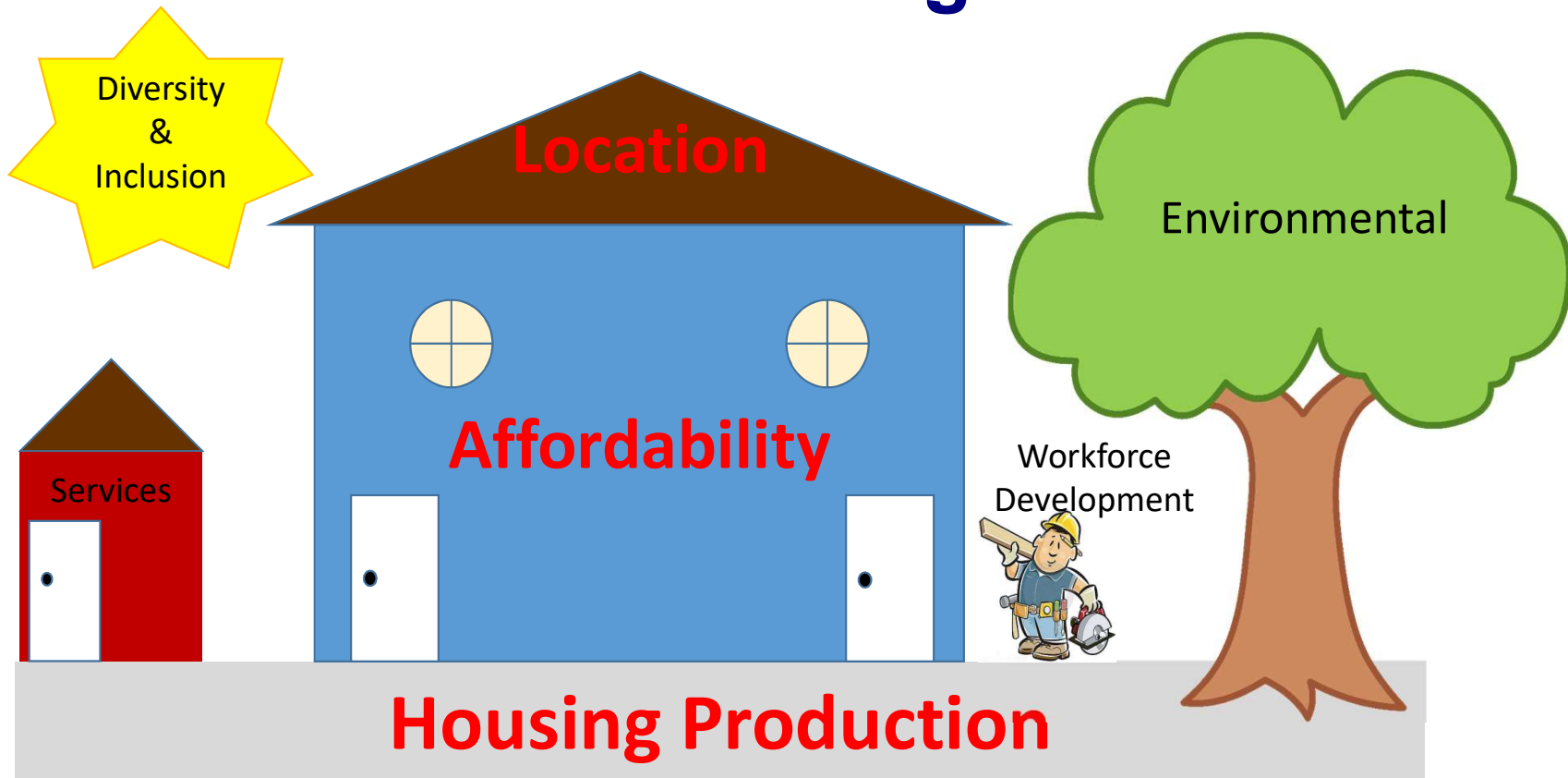


## CDLAC Regulation Changes

- CDLAC and TCAC are backbone of state's affordable multifamily housing finance system
- Affordable housing need is greater than resources available
- Efficient use of resources must be focus of any scoring system
- State priorities should be measured as a value to the state
- A transparent, public process must be conducted to create a better allocation system



# Affordable Housing Benefits





## Scoring System Goals

- Maximize Total Public Benefit of Program
- Directly Measure Public Benefits
  - Ensure that measurements lead to incentivizing chosen policies
- Include Only Necessary Measures
  - Simplify requirements by removing any that do not further policy
- System Must Lead to Desired Outcomes
  - Any allocation system should be continually reviewed for efficacy



## Current CDLAC Scoring Priorities

- 1) High Opportunity - Extra point for large family projects in high resource areas
- 2) Cost Efficiency – Tiebreaker incentivizes lower bond requests
- 3) Other policies required for maximum points:
  - 1) Density
  - 2) Lower income targeting
  - 3) Below market rate rents
  - 4) Experience
  - 5) Leverage
  - 6) Readiness
  - 7) Services
  - 8) Cost Containment



# Public Benefit Efficiency System

- Public Benefit Efficiency scoring can lead to a more effective allocation process:
  - Multiple priorities are incentivized through public benefit value
    - Measures must be scaled properly
  - All priorities are not required for all projects
    - The current system effectively requires projects to maximize all point scoring categories
  - Current system limits scoring on projects with specific focus
  - Public benefit is offset by the state investment to ensure funds are awarded to the most efficient projects
  - The system does not rely on point scores, instead it awards the projects that provide the most public benefit per state dollar invested



# 2022 Regulation Changes

- Implement public benefit efficiency tiebreaker:

Public Benefit

(Rent Savings + Adjustments)

State Investment

- Simplify scoring points system
- Clarify pool definitions

**See the following pages for details on recommended changes**





## Recommended Tiebreaker Changes

- Ensure Public Benefit tiebreaker incentivizes significant public benefits of affordable housing:
  - Units added
  - Rent Savings (Adjusts for Geography and AMI Targeting)
  - Location adjustments for Opportunity, Transit, and Jobs
  - Services provided
  - Diversity & Inclusion adjustments
  - Environmental impact
  - Workforce Development
- Priorities should be as directly measured as possible





# Recommended Tiebreaker Changes

- State Investment should be fully measured
  - Includes selected state housing funds to ensure maximum efficiency of state housing programs:
    - Bonds/Federal Tax Credits
    - State Tax Credits
    - HCD multifamily funding programs (MHP, VHHP, NPLH, AHSC, etc.)
    - CalHFA multifamily subsidy loans (MIP, etc.)
- Local and private funds excluded to encourage non-state funding sources



## Recommended Scoring Changes

- Remove extra point for High Resource Areas
- Remove unnecessary scoring categories:
  - Density
  - Lower income targeting
  - Below market rate rents
  - Housing Types
  - Leverage
  - Cost Containment

Each of these priorities should be measured in the tiebreaker to allow for a more balanced system without unnecessary requirements.



## Recommended Pool Changes

- Determine method for geographic apportionment
  - Percentages should be updated with new census data
- Better define “at-risk” for the Preservation pool
  - Projects most at-risk should be highest priority
- Make set-asides to flow through to geographic pools
  - Will ensure that geographic distribution is equitable in total allocation



# Planning for 2023

- Review scoring is leading to desired outcomes
- Adjust public benefit values as necessary
- Ensure pool allocations are equitable
- Revamp 9% tax credit scoring at TCAC
  - Should be similar to CDLAC Public Benefit Efficiency measurement