

AB 1714

CDLAC and TCAC recommend that our issuers and sponsors be aware of changes that were implemented as part of this legislation.

The changes include, but are not limited to the following:

1. Amends the definition of “at risk of conversion” applicable to the Low-Income Housing Tax Credit Program to include projects that have received financing from the United States Department of Agriculture (USDA) and the California Department of Housing and Community Development (HCD). Rural projects that are “at risk of conversion” continue to apply through TCAC’s Rural Set-Aside. All other projects with such financing that may or will terminate their affordability covenants within five years, or for which the affordability covenants have terminated in the prior five years, are eligible to compete in TCAC’s At-Risk Set-Aside.
2. Expands the universe of “occupancy assumptions” that can be utilized when deriving income and rent limitations on projects financed after January 1, 2018 when Housing Authorities issue tax-exempt mortgage revenue bonds and when projects are funded with former redevelopment funding. Currently, affordable multifamily project developments financed with tax-exempt bonds issued by housing authorities and projects that have secured funding that is still subject to redevelopment law are required to adjust rents for household size, assuming one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom-unit. The IRS code uses a standard of 1.5 persons per unit. The new law allows housing authorities, cities and counties funding projects subject to redevelopment law “to utilize occupancy assumptions that it determines to be appropriate and commercially reasonable for financing extended pursuant to this chapter.” This will allow but not require housing authorities, cities, and counties to align their income and rent standards with TCAC. This language is consistent with the verbiage that was adopted for the California Housing Finance Agency (CalHFA) last year.
3. Includes loans from HCD’s Multifamily Housing Program in the list of loan programs eligible for the AB 1699 Loan Portfolio Restructuring Program.

Use this link for the full text:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1714