



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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To: CDLAC Qualified Residential Rental Applicants

From: Sean Spear, CDLAC Executive Director

Date: September 23, 2014

RE: Affordability Commitment Clarification - CORRECTED

CDLAC requires that a minimum of ten percent (10%) of the units in a Qualified Residential Rental Project (QRRP) must have Proposed Gross Rents (Rents) that are affordable to households with incomes no greater than fifty percent (50%) of the Area Median Income (AMI). All of these units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants. When completing TABLE 1 and TABLE 2 of the QRRP application, AMI commitments must be consistent between the two tables. However, if Rents are currently lower than the stated AMI's maximum rent as a result of a depressed market area or an in-place subsidy, the applicant may present Rents that are lower than the stated AMI maximum rent. For example, an applicant may state a unit commitment of 10% @ 50% AMI and 90% @ 60% AMI, yet present Rents that are far below the 50% AMI affordable rent level.

Upon CDLAC's award of an allocation, the project's AMI commitment will be memorialized in the CDLAC resolution for a 55-year term and will not be changed later to increase the AMI restriction level of affordability unless a justification describing an unforeseen and uncontrollable event is presented. Except for existing CDLAC and/or TCAC restricted properties for which this requirement does not apply, Project Sponsors are strongly advised to conduct tenant income verifications prior to submitting a CDLAC application to insure that the existing tenants that will remain post-completion meet the requirements of the proposed project's AMI commitment. Should there be any question as to whether or not an existing tenant will income qualify at application or ultimate within the year following bond closing (when all tenants must income qualify for IRS purposes), the tenant's unit should be counted as a market rate unit in the application. Later, if it is determined that the tenant income qualifies or if the tenant relocates, a request for a revised resolution may be submitted to CDLAC to incorporate the unit into the restricted-unit count.

Applicants should feel free to contact CDLAC staff for guidance regarding this requirement. Please contact Misti Armstrong, CDLAC Program Manager, at (916) 653-3255 for further information.