



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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JEREE GLASSER-HEDRICK

To: Qualified Residential Rental Program (QRRP) Applicants

From: Jeree Glasser-Hedrick, Executive Director

Date: April 8, 2016

Re: Expiring 2015 Difficult Development Area (“DDA”)/Qualified Census Tract (“QCT”) Applications

The purpose of this memo is to provide clarity on the California Debt Limit Allocation Committee’s (“CDLAC”) review and approval process of 2015 Expiring DDA/QCT applications in the 2016 calendar year.

- 1) Applications for 2015 Expiring DDA/QCT projects are due to CDLAC, **June 14, 2016**. CDLAC will review the applications and issue letters of completion on or before June 30, 2016. From the date of submission to CDLAC, applicants will have 730 days (until June 13, 2018 or earlier depending on CDLAC’s application submission date) to issue bonds or place a project in-service and still benefit from the 2015 DDA or QCT status.
- 2) Within each application, applicants must identify in which CDLAC round they plan to request a bond allocation. For expiring 2015 projects, CDLAC will allow applicants and sponsors to request allocation in any of the 2016 and 2017 CDLAC rounds. The 2017 calendar will mirror the 2016 calendar and will be posted by the end of May 2016.
- 3) At the time of submission, all application materials pursuant to CDLAC regulations must be submitted. This includes posting of the required performance deposit and the Inducement Resolution. 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 during the two-week period from June 14-30, 2016. Please note that currently CDLAC’s regulations **do not** tie the Tax Equity and Fiscal Responsibility Act (“TEFRA”) submittal or the local approval documentation to the date an application is submitted. Rather, the proof of

TEFRA is due four (4) days prior to the first posting date for the round in which allocation is requested (“the Specified Round”) and the submission of local approval documentation is tied to the application deadline for the Specified Round. Accordingly, CDLAC **will deem** 2015 Expiring DDA/QCT applications submitted on or before June 14, 2016 **complete** absent the inclusion of the TEFRA documentation and the local approval documentation at the time of submission.

- 4) CDLAC will review 2015 Expiring DDA/QCT applications in a manner consistent with the HUD Forward Commitment applications. As soon as practical after submission and prior to the application deadline for the Specified Round, CDLAC will review each application for the purpose of meeting threshold requirements. This will ensure timely review of market studies, Capital Needs Assessment reports and site control documentation. These documents will not need to be updated for the Specified Round unless changes in the project require an update. Then, pursuant to the Specified Round, applications will be reviewed to ensure the project meets the threshold point score. Additionally, during the Specified Round, the applications will undergo legal review, evidence of local approvals will be confirmed and TEFRA documentation will be collected.
- 5) CDLAC will provide flexibility in updating documentation originally submitted in June of 2016 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 June 14, 2016, 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 the original Inducement Resolution would no longer be valid.**
- 6) 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 June 14, 2016 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, construction costs escalating, and expansion of the scope of work (excluding additional units or sites). To be considered to receive a bond amount 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 an application where bonds are ultimately issued in excess of the bond amount listed in the initial application to be complete if the initial application is accompanied by a letter requesting the ability to increase the bond amount by up to 20%, subject to the parameters described above.
- 7) If there is a change in CDLAC’s threshold scoring in 2016 or 2017, 2015 Expiring DDA/QCT applications will be grandfathered in under the current 2016 threshold scores of 45 points for General and Rural Pool applications and 20 points for Mixed Income Pool applications.
- 8) In the event that CDLAC must declare a Competitive Application Process in 2017, a recommendation will be made to the Committee to prioritize remaining 2015 Expiring DDA/QCT applications over 2017 applications regardless of score or tiebreaker.

Furthermore, if in 2017 CDLAC's application process becomes competitive, a recommendation will be made to the Committee to hold harmless any 2015 Expiring DDA/QCT application funded with Carryforward Allocation from the requirement to meet a threshold score in excess of the 2016 standards.

- 9) In keeping with CDLAC's current policies, no penalty aside from the non-refundable \$600 initial CDLAC fee will be assessed if projects do not proceed, but a formal withdrawal request will be required in advance of June 13, 2018. Additionally, if a project does not proceed, the performance deposit will be released without penalty upon CDLAC's receipt of a formal withdrawal request.
- 10) 2015 Expiring DDA/QCT projects may have a pending application with TCAC under the 9% Program at the time of the **June 14, 2016** 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 Round .

If you have any questions or comments regarding this memo, please provide those comments to CDLAC immediately. Comments can be submitted to: CDLAC Program Manager Misti Armstrong at marmstrong@treasurer.ca.gov.

You are advised to visit CDLAC's website and/or subscribe to CDLAC's e-mail distribution list to receive additional information as it becomes available. Should you still have questions regarding the information, please do not hesitate to contact CDLAC's office at (916) 653-3255.