

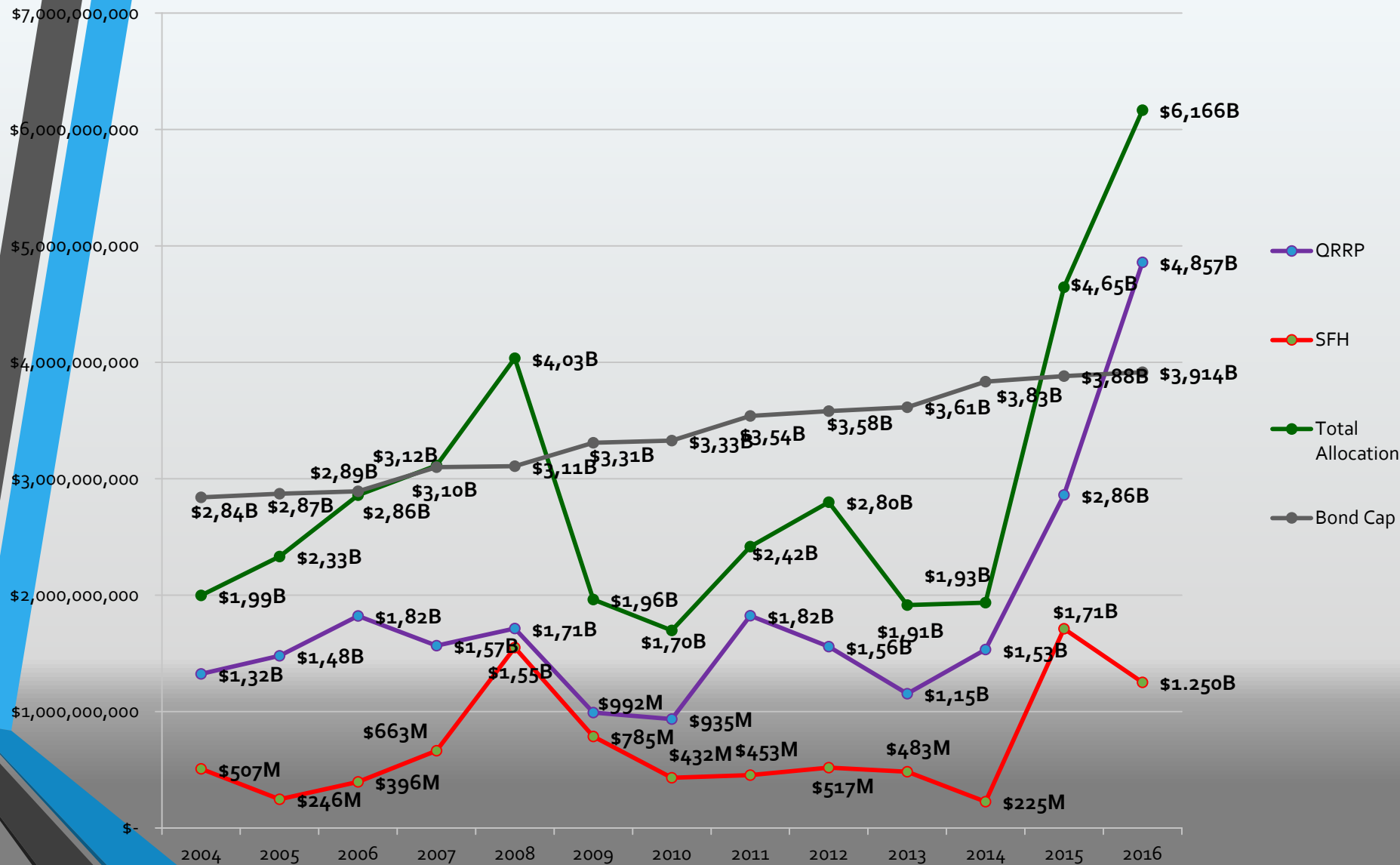
# California Debt Limit Allocation Committee (CDLAC) Update

**Jeree Glasser-Hedrick, Executive Director**





# All Allocation Dollars by Program w/cap





# Qualified Residential Rental Program Point Threshold

- Threshold Score for 2017
  - 45 points for General and Rural Pools
  - 20 points for Mixed Income Deals



# Regulation Changes: Issuer Accountability

- Require all active Issuers to have issuance and compliance policies and procedures in place as of January 2018.
- 1- year Waiver available for all non-active 2017 Issuances.



# Regulation Changes: Issuer Accountability

- Require QRRP Issuers to audit 20% of files associated with initial lease-up and 20% of the files every three years thereafter.
- Clarify the expectations of information a sponsor is submitting to the Issuer on an ongoing basis by creating updated Certification of Compliance forms for all program pools.



# Regulation Changes: High Cost Projects

- Studio and SRO: \$402,000
  - One-bedroom: \$420,000
  - Two-bedroom: \$447,500
  - Three-bedroom: \$492,500
  - Four or more bedroom: \$517,500
- Because bonds must finance at least 50% of aggregate basis (land plus depreciable assets), the effective limit on costs would be twice the figures listed above.



# Regulation Changes: Cash Flow Permanent Bonds

- Cash Flow Bonds repaid based on cash flow availability
  - Denomination limits or a traveling investment letter.
  - A foreclosure of a cash flow bond will not terminate the Bond Regulatory Agreement.

# Top “10” Application Pitfalls

FHA Forward Commitments: If the project is seeking a “Forward Commitment,” the application must be accurately identified as such by checking the Forward Commitment selection on the first page of the Application.

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC)**

**NON-COMPETITIVE  
APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED  
PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT  
(QRRP)**

ISSUER (Applicant): \_\_\_\_\_

PROJECT SPONSOR: \_\_\_\_\_

PROJECT NAME: \_\_\_\_\_

PROPOSED MEETING DATE: \_\_\_\_\_

FHA Forward Commitment Request  Yes  No

Scattered Site  Yes  No

We, the undersigned, hereby make an Application to the California Debt Limit Allocation Committee (“CDLAC”) for the purpose of providing rental housing as described herein.

We agree it is our responsibility to provide CDLAC with one original and one duplicate copy of a complete Application, accompanied by a check made payable to the Committee in the amount of \$1,200 and a completed Performance Deposit Certification form. We understand that succinct answers providing the requested information are required. We understand that if additional space is required, each additional page will be clearly labeled. We agree that it is also our responsibility to provide all information that is deemed by CDLAC to be necessary to evaluate our Application. We understand that CDLAC may verify the information provided and analyze materials submitted as well as conduct its own investigation to evaluate the Application. We recognize that we have a duty to inform CDLAC when any information in the Application or supplemental materials is no longer true and to supply CDLAC with accurate information.



# Top “10” Application Pitfalls

## Attachment B (TEFRA Resolution):

- Correct project and address
- CDLAC is now requesting a copy of the proof of publication. Please ensure it is included.

# Top "10" Application Pitfalls

## Attachment D – Lender Commitment Letters

- For all lenders include fee structure, rate, term, security, collateral, guarantee, recourse of commitment.
- Evidence the lender is committed to move forward,
- And signatures of lender and sponsor.

5. Name of Private Placement Agent Firm (if applicable): [REDACTED]

Name of Agent:: [REDACTED] Telephone #: ([REDACTED]) [REDACTED]  
Mailing Address: [REDACTED] Fax #: ([REDACTED]) [REDACTED]  
City, State, Zip Code: [REDACTED] E-mail: [REDACTED]

6. Name of Private Placement Purchaser #1 (if applicable): [REDACTED]

Name of Agent:: [REDACTED] Telephone #: ([REDACTED]) [REDACTED]  
Mailing Address: [REDACTED] Fax #: ([REDACTED]) [REDACTED]  
City, State, Zip Code: [REDACTED] E-mail: [REDACTED]

3 Non-Competitive QRRP Revised 11-16-16

Name of Private Placement Purchaser #2 (if applicable): [REDACTED]

Name of Agent:: [REDACTED] Telephone #: ([REDACTED]) [REDACTED]  
Mailing Address: [REDACTED] Fax #: ([REDACTED]) [REDACTED]  
City, State, Zip Code: [REDACTED] E-mail: [REDACTED]

7. Name of Credit Enhancement Provider (if applicable): [REDACTED]

# Top “10” Application Pitfalls

## Application Summary information and Attachments:

- Consistency of financial information:
- Including Hard Construction Costs (H-1), Construction Sources (E-1), Operating Expense (Attachment I), Sources & Uses (E-2), and the Debt Service Ratio calculation in the Project Financing section Item #10.

# Top “10” Application Pitfalls

## Attachment W-1 (Proposed Ownership):

- The partnership breakdown should reflect the proposed final post-closing ownership.
- Principals and their titles should be provided for each partner entity.
- When listing the partners, please include the Limited Partner by name or as TBD.
- The combined ownership percentages should always equal 100%.

# Top “10” Application Pitfalls

Attachment R and Table 1: The “Proposed Tenant Paid Rents” and “Unit Sizes” listed on Table 1 of the Application should be consistent with the Subject Property “Base Rent” and “Unit Size in SF” represented on the rent comparability matrices for each unit type.

# Top “10” Application Pitfalls

## Attachment M-1 (Title Report):

- Liens on the property that will be paid off at close should each be identified under Attachment E-3.
- If existing liens are not being paid off at closing, please ensure they are reflected in Attachment E-2 as a source.

# Top “10” Application Pitfalls

Attachment O (Utility Allowances): Utility components applicable to the project must be clearly identified and whenever possible corresponding dollar figures should be totaled by unit type.

# Top “10” Application Pitfalls

Attachment U: When seeking points for a Bona Fide Service Coordinator/Social Worker, please confirm that the following evidence is provided:

- A contract, including experience and duties,
- The number of hours to be provided per year, and
- The budget to pay for the services.



# Top “10” Application Pitfalls

Table 1 General Distribution Rule: The 10% of the units restricted at 50% AMI must be generally distributed on a prorata amount by bedroom type in the Table 1.

# Top “10” Application Pitfalls

In Attachment T, required maps must include a scale and radii must be clearly labeled ( $\frac{1}{4}$  mi,  $\frac{1}{2}$  mi, etc.).

# Top “10” Application Pitfalls

“N/A” is generally not an acceptable response in the application, except where specified.

# Resources

## CDLAC

- Homepage:  
<http://www.treasurer.ca.gov/cdlac/index.asp>
- Regulations:  
<http://www.treasurer.ca.gov/cdlac/procedures.asp>

