

PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

Chapter 1. General Provisions

Article 1. Definitions

Section 5000. Definitions. In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this division are defined as follows:

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“Placement Agent or Underwriter Statement” means the statement provided by the firm contracted to market the Bonds proposed in the Application that includes a brief paragraph on the firm’s history and principals, a summary of the firm’s non-binding initial underwriting review, an overview of proposed issuance structure including anticipated debt service coverage ratio, and a statement certifying that the proposed transaction has been initially underwritten and meets the firm’s standards for participation.

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Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5033. Minimum Application Requirements. (a) Applications for an Allocation of the State Ceiling may be submitted to the Committee at its offices in Sacramento, California.

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(C) In the event that a fully executed copy of an adopted TEFRA Resolution cannot be provided within the timeframe set forth in subdivision (b)(5) of this section, the Applicant shall provide:

1. within the timeframe set forth in subdivision (b)(5) of this section, written certification of the date, time, location, and outcome of the public hearing, the approval of the issuance of Bonds by the applicable elected representative, and that the actions comply with the provisions of 26 U.S.C. section 147(f); and
2. no less than twenty-four (24) hours prior to the scheduled commencement of the Committee meeting at which the project is seeking an allocation, a copy of the fully executed copy of the adopted TEFRA Resolution. If the Applicant is a JPA, the jurisdiction issuing the TEFRA Resolution must be a member of the Applicant at the at the time the Resolution is adopted or must have approved becoming a member of the Applicant at or prior to the time the Resolution is adopted.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(a), 8869.85(b) and 8869.90, Government Code.

Section 5035. Preliminary Recommendations. (a) At least twenty-five (25) calendar days prior to any meeting at which the Committee will award Allocations, the Executive Director will post a preliminary list of Applicants for which the Executive Director expects to recommend an Allocation (and the amount of those Allocations). During competitive rounds, the list will be in ranked order. The list will be posted on the Committee’s website as provided in section 5140. (b) For the Qualified Residential Rental Program, the list will identify the points earned by each Applicant in all categories for which points are awarded, including the Applicant’s aggregate total points.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

Section 5037. Final Recommendations. (a) At least ten (10) calendar days before the Committee meeting for which Allocations will be awarded, the final list of Applicants for which Allocations will be recommended (and the amounts of those Allocations) ~~in ranked order~~ will be posted. During competitive rounds, the list will be in ranked order. This list will reflect changes, if any, in ranking resulting from the appeals as provided in section 5036. The list shall be posted on the Committee's website as provided in section 5140.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5054. Filing Fees. Each Applicant shall submit a filing fee in an amount equal to the product of the amount of Allocation actually used to issue Bonds, or Mortgage Credit Certificates multiplied by .00035. The payment of the fee shall be in two installments as follows:

(a) Initial filing fee. A check in the amount of \$1,200 payable to the California Debt Limit Allocation Committee shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee is not refundable under any circumstances but shall be credited against the total filing fee.

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Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c) and 8869.90, Government Code.

Section 5060. Minimum Requirements. (a) Applicants, other than Applicants for a Mortgage Credit Certificate Program, shall provide evidence of a plan to privately place or publicly sell the proposed Bonds with or without Credit Enhancement for an amount no less than the amount requested in the Application. Bond sale structures that include a credit rating shall be subject to the following:

(1) Governmental Bond issues~~sd~~ with full recourse to, or guaranteed by a general obligation of a governmental entity with taxing authority or Qualified Private Activity Bonds with recourse to the corporate parent entity of the Project Sponsor via a corporate guarantee must have an investment grade credit rating for the Project or the source of the aforementioned guarantee for the Project.

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Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), 8869.85(a), and 8869.85(b), Government Code.

Section 5064. Unenhanced Bond Sales with a BBB Category Credit Rating. (a) Applications for Bonds to be issued with an unenhanced credit rating in the "BBB" category or equivalent as rated by a Nationally Recognized Statistical Rating Organization will be deemed to have satisfied the minimum Bond sale requirements required in section 5060 if the following is provided:

- (1) Placement Agent Statement.
- (2) Certifications of no current Bond Defaults by the Issuer, guarantor (if any) and the Project Sponsor (if any).
- (3) Brief summary of the marketeting plan.

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Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), 8869.85(a), and 8869.85(b), Government Code.

Section 5101. Extensions to Expiration Dates. Excluding Recovery Zone Facility Bonds, Recovery Zone Economic Development Bonds, and Mortgage Credit Certificates, for Allocations awarded during an Open Application Process, the Executive Director may grant an additional extensions of up to ninety (90) days.

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.89, Government Code.

Section 5102. Recovery Zone Bond Extensions. The Committee may extend the expiration date for the issuance of Recovery Zone Facility Bonds or Recovery Zone Economic Development Bonds ~~to by an additional~~ thirty (30) days. The Committee may delegate this authority to the Executive Director.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

Section 5120. Transfer Requirements. (a) Except for the reversion of unused Allocation pursuant to section 5106, Allocations are not transferable unless expressly authorized in writing by the Committee. The Committee may permit transfers of Allocation as follows: (1) The Committee may permit transfers of including carry-forward Allocations to the highest scoring Application on a waiting list or, if a waiting list does not exist, the highest scoring Project in queue in a current Allocation Round. (2) The Committee may permit transfers of Allocation between Applicants for the same Project. In this instance, the new Applicant must demonstrate that both the Minimum Application Requirements outlined in Section 5033 and the specified program threshold requirements have been met prior to the Committee's approval of the transfer.

(b) Where the Applicant is administering a Single Family Housing Program for itself and other participating jurisdictions, the use of Allocation within the participating jurisdictions listed in the Committee Resolution is not considered a transfer. For purposes of this subdivision, participating jurisdictions means those entities that have provided written assignment of their rights to secure an Allocation to the Applicant. The Applicant shall submit copies of the assignments with the Application.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.85(c), 8869.85(d), and 8869.86(a)(3), Government Code.

Section 5144. Annual Applicant Public Benefits and On-Going Compliance Self Certification. (a) All Projects that receive an Allocation and are within an existing regulatory period and/or compliance period shall be monitored for compliance with the applicable terms and conditions of the Committee Resolution by the Applicant (Issuer) and CDLAC. (b) The new Issuer takes responsibility of reporting on projects that have resyndicated after Year 15. Upon request, CDLAC will review and approve a termination of the original bond regulatory agreement with the requirement that the new agreement include affordability requirements that are at least as restrictive as those in the original agreement. The self-certification must be submitted by the Applicant to CDLAC no later than March 1 of each year (or at such other time as requested by the Committee). The requirement shall be enforceable by the Committee through an action for specific performance or other available remedy affecting the Applicant including but not limited to disqualification from the program.

- (1) For Projects receiving an Allocation prior to December 31, 2016, the Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification, via the online compliance certification system annually for the longer of the period the bonds remain outstanding or the period of restriction for QRRP projects outlined in Section 5192.
- (2) For Projects receiving allocation after December 31, 2016, the Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification via the online compliance certification system every year until the completion of the project and then if the project is subject to a Regulatory Period and/or Compliance Period every three years thereafter or sooner upon a termination of the Regulatory Period and/or Compliance Period.

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**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

(d) For all QRRP projects receiving allocation after December 31, 2016, Sponsors requesting an allocation of bonds absent the receipt of a TCAC reservation will be identified at the time of application and will have the following compliance options which will be represented in the Committee Resolution:

(1) Applicants that can demonstrate to the Executive Director's satisfaction experience and current capacity to conduct on-site physical and file inspections through their Compliance Policies will be required to conduct the 20% review of the Federally Bond-Restricted units files on-site and perform a site inspection consistent with their Bond Compliance Policy every 3 years after the Qualified Project Period has commenced.

(2) Applicants that cannot demonstrate to the Executive Director's satisfaction capacity to conduct on-site physical and file inspections through their Compliance Policies will be required to enter into an agreement with a private third party compliance firm, approved by CDLAC, who must conduct the 20% review of Federally Bond-Restricted units files on-site and perform a site inspection consistent with their current policies and procedures every 3 years after the Qualified Project Period has commenced.

(3) A Sponsor can enter into contract with CDLAC or a designee to monitor the Federally Bond-Restricted units for consistency with the bond regulatory agreement and the Committee Resolution. The charge for this service will be equivalent to the compliance fee charged by TCAC at the time the project submits their application to CDLAC.

(4) The election of the option will be included in the Committee Resolution.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

Section 5170. Definitions. In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

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"Special Needs" are defined by TCAC Regulation Section 10325(g)(4).

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"Supplemental Allocation Request Letter" means the written request from the Applicant for Supplemental Allocation for Projects having been awarded Allocation within the last thirty six (36) months that may be submitted in lieu of a complete Application. The letter must be signed by the Applicant and include information about the Project including the date and amount of prior Allocation, the current status of the Project, revised sources and uses of funds, justification for the request for additional Allocation, and any additional information the Committee or Executive Director deems necessary.

~~"Table 1" means the table included in the Applications for a Qualified Residential Rental Project that itemizes the proposed number of units, square footage, rent, utility allowance, and the income restriction each unit or other characteristics deemed appropriate by the Committee for the subject Project.~~

~~"Table 2" means the table included in the Applications for a Qualified Residential Rental Project that itemizes the proposed total of all units, all restricted units, the number and percentage of units restricted for households at or below 50% of AMI, at or below 60% of AMI, or other characteristics deemed appropriate by the Committee for the subject Project.~~

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Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5190. Readiness. In its Application, the Project Sponsor must demonstrate its readiness to use the Allocation as set forth in this section.

(a) Demonstrated site control. The Applicant shall provide evidence that the Project site is at the time of Application submission within the control of the Applicant or Project Sponsor. A

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

current title report, or, for projects that will be located on Native American Trust Lands, a Land Title Status Report from the Bureau of Indian Affairs or an attorney's opinion regarding chain of title and current title status, dated no more than ninety (90) days prior to Application deadline as provided in section 5030, shall be submitted with all applications for the purposes of this requirement.

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(c) Project Sponsor, Developer, and Property Management Information. Applicants shall provide information pertaining to the following Project entities:

Project Sponsor and Developer partners, principals and the percentage of ownership of each; the Property Management Company; and the experience of the Project Sponsor, Developer and Property Manager.

(d) Legal Status of Project Sponsor and Developer. Project Sponsor and Developer entities and principals shall disclose the following:

(1) Disclose any legal or regulatory action or investigation that may have a material impact on the financial viability of the project or the Project Sponsor and Developer. The disclosure should be limited to actions or investigations in which the applicant or the applicant's parent, subsidiary, or affiliate involved in the management, operation, or development of the project has been named a party; and

(2) Disclose any legal or regulatory action or investigation involving fraud or corruption, or health and safety where there are allegations of serious harm to employees, the public, or the environment. The disclosure should be limited to actions or investigations in which the Project Sponsor and Developer or the Project Sponsor's and Developer's current board member (except for volunteer board members of non-profit entities), partner, limited liability corporation member, senior officer, or senior management personnel has been named a defendant within the past ten years.

(e) Current Owner of Project site. Applicants shall disclose the information regarding the current owner of the Project property. The information shall contain the name and address of the current owner and the anticipated escrow closing date.

(f) Legislative Districts and Census Tracts. Applicants shall provide the Federal Congressional District, State Senate District, State Assembly District, and Census Tract of the Project.

(g) Prior Tax-Exempt Allocation Award. Applicants shall provide information related to any prior allocation award and the reason for the new request.

(h) Project Description. Applicants shall provide a description of the proposed Project. The description must contain at minimum the number of acres of the site; a description of the surrounding neighborhood; the targeted population for the project; the expected start and completion dates of construction; physical features of the project; unit configuration; unit amenities; scope of work; and any unique features of the project.

(i) Detailed Unit Affordability Information. Applicants shall provide a breakdown of Project unit types, size, number of units, proposed tenant-paid rent, monthly utility allowances (if any), subsidies (if any) and unit percentage of Area Median Income (AMI) level based on monthly Gross Rent.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), and 8869.85(b), Government Code.

Section 5191. Income and Rent Restrictions. All Qualified Residential Rental Projects must meet the following minimum income and rent restrictions, which will be included in the Committee Resolution.

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(c) Utility Allowance Evidence. All projects subject to the use of Gross Rent as defined by Section 5170 shall provide evidence in one of the following forms:

(1) A letter from the local public housing authority that includes a current utility allowance schedule, certifies that the proposed Project is located within its jurisdiction and itemizes which components of the utility allowance schedule applies to the Project. Projects that are subject to a Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments Program do not require a housing authority certification and may rely

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

solely on the utility allowance included in a HUD rent schedule provided the schedule specifically identifies the name of the Project.

(2) If a Project is to be substantially retrofitted for energy conservation or will be newly constructed with substantial energy conservation, the Applicant may submit revised utility allowances based on the projected reduction in utility costs after construction or retrofit. The revised utility allowances shall be validated by either of the following:

(A) A letter from the public utility or housing authority having jurisdiction over the Project that validates the revised utility allowances based on the proposed use of energy conservation materials, or

(B) A current utility allowance estimate consistent with 26 CFR section 1.42-10. The Applicant must indicate which components of the utility allowance schedule apply to the Project. For buildings that are using an energy consumption model utility allowance estimate, the estimate shall be calculated using the most recent version of the California Utility Allowance Calculator (CUAC) developed by the California Energy Commission; and in accordance with the California Tax Credit Allocation Committee's minimum requirements for utility allowance estimates, Title 4, Division 17, Chapter 1, Section 10322(h)(21).

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5193. Debt Service Coverage Ratio. (a) For Qualified Residential Rental Projects, a minimum debt service coverage ratio (the ratio of the net operating income from the Project divided by the required debt service on the debt associated with the Project) shall be no less than 1.15 except for FHA/HUD projects, RHS projects or projects financed by the California Housing Finance Agency. (b) At minimum, Applicants shall provide the following annualized pro-forma figures:

(1) Potential gross income less the applicable vacancy rate, and

(2) net operating income (less effective gross income and operating expenses), and

(3) principal plus interest (debt service), and

(4) the debt service coverage ratio (net operating income divided by principal plus interest).

(c) The market area or appraised vacancy rate shall be used, but shall be no less than 5%. If a rate of less than 5% is being used, a written explanation must accompany the Application.

(d) The Applicant shall also provide an itemized breakdown of the operating expenses including but not limited to general administrative expenses, management fees, payroll/payroll taxes, maintenance fees, service amenities fees, annual residential operating expenses, total real estate taxes, total reserves, annual commercial operating expenses (if applicable), and commercial space expenses (if applicable).

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), and 8869.85(b), Government Code.

Section 5194. Project Sources & Uses and Project Costs. (a) Applications shall include an itemized breakdown of the complete sources of construction financing, including tax-exempt bond proceeds, taxable debt proceeds, developer equity, Low Income Housing Tax Credit (LIHTC) equity, direct and indirect public funds and seller carryback notes; and (b) Applications shall include an itemized breakdown of the permanent sources and uses budget; and (c) All non-assumed liens to be paid off at closing shall separately listed; and (d) Applications shall include an itemized breakdown of hard construction costs. Hard Construction/Rehabilitation costs shall consist of structure costs only; and (e) Applications with Projects where total project costs exceed \$500,000 per unit must include an explanation for why costs are beyond these levels and demonstrate that such costs are justified. Applications with high project costs may be presented to the Committee individually from the balance of recommended Projects.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

Section 5212. Capital Needs Assessment. The Applicant shall submit a Capital Needs Assessment with report and inspection dates performed within 180 days prior to the Application deadline that details the condition and remaining useful life of the building's major structural components, all necessary work to be undertaken and its associated costs, as well as the nature of the work, and distinguishing between immediate and long term repairs. ~~If more than twelve (12) months has passed since the earliest inspection date, then a new Capital Needs Assessment is required.~~ The Capital Needs Assessment shall also include a fifteen (15) year reserve study, indicating anticipated dates and costs of future replacements of all major building components that are not being replaced immediately and the reserve contributions needed to fund those replacements. The Capital Needs Assessment shall be prepared by the Project's architect, as long as the architect has no identity of interest with the Project Sponsor or other member of the development team; or by a qualified independent third party who has no identity of interest with any of the members of the development team. The Capital Needs Assessment is not required if the Project, within the immediately preceding three (3) years, received an Allocation and this requirement was satisfied in the original Application. ~~For existing tax credit projects applying for a new reservation of tax credits for acquisition and/or rehabilitation (i.e., resyndication), the pre-rehabilitation reserve study in the CNA shall demonstrate a rehabilitation need of at least \$5,000 per unit over the first three years. Projects for which the TCAC Executive Director has waived the requirements of Title 4, Division 17, Chapter 1, Section 10320(b)(4) and projects with ten years or less remaining on the CTCAC regulatory agreement are exempt from this requirement.~~

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), and 8869.85(b), Government Code.

Section 5220. Regulatory Compliance. (a) All QRRP allocation recipients are required to execute a Bond Regulatory Agreement (the "Regulatory Agreement"), as a condition to the Committee's making an allocation, which will be recorded against the property for which the allocation is used, and will reflect all commitments outlined in exhibit A of the Committee's resolution.

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(d) Where a Project is receiving renewable project-based rental assistance or operating subsidy:

- (1) the Sponsor shall in good faith apply for and accept all available renewals; and
- (2) if the project-based rental assistance or operating subsidy is terminated through no fault of the owner, the property owner shall immediately notify CDLAC in writing and shall make every effort to find alternative subsidies or financing structures that would maintain the deeper income targeting contained in the CDLAC resolution. Upon documenting to CDLAC's satisfaction unsuccessful efforts to identify and obtain alternative resources, the owner may increase rents and income targeting for rent restricted units above the levels allowed by the CDLAC resolution up to the federally and state-permitted maximums. Rents shall be raised only to the extent required for financial feasibility, as determined by CDLAC. Where possible, remedies shall include skewing rents higher on portions of the project in order to preserve affordability for units regulated by CDLAC at extremely low income targeting. Any necessary rent increases shall be phased in as gradually as possible, consistent with maintaining the project's financial feasibility. If housing ~~s~~Special ~~n~~Needs populations, the property owner shall attempt to minimize disruption to existing households, and transition to non-~~s~~Special ~~n~~Needs households only as necessary and upon vacancy whenever possible.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5230. Evaluation Criteria.

(a) The following criteria will be used to evaluate and rank all Applications whether for Mixed Income Projects, Rural Projects or other Qualified Residential Rental Projects. Any points awarded in this section shall be rounded to the nearest one-tenth decimal place unless

PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

otherwise stated in this section. Each of the items in this section shall be memorialized in the Committee Resolution.

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(d) Gross Rents (5 points).

(1) Five (5) points will be awarded to Projects that are not subject to the use of Gross Rents but voluntarily do so which utilize Gross Rents to define Restricted Rental Units as evidenced by one of the following:

(A) A letter from the local public housing authority that includes a current utility allowance schedule, certifies that the proposed Project is located within its jurisdiction and itemizes which components of the utility allowance schedule applies to the Project. Projects that are subject to a Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments Program do not require a housing authority certification and may rely solely on the utility allowance included in a HUD rent schedule provided the schedule specifically identifies the name of the Project.

(B) If a Project is to be substantially retrofitted for energy conservation or will be newly constructed with substantial energy conservation, the Applicant may submit revised utility allowances based on the projected reduction in utility costs after construction or retrofit. The revised utility allowances shall be validated by either of the following:

1. A letter from the public utility or housing authority having jurisdiction over the Project that validates the revised utility allowances based on the proposed use of energy conservation materials, or

2. A current utility allowance estimate consistent with 26 CFR section 1.42-10. The Applicant must indicate which components of the utility allowance schedule apply to the Project. For buildings that are using an energy consumption model utility allowance estimate, the estimate shall be calculated using the most recent version of the California Utility Allowance Calculator (CUAC) developed by the California Energy Commission; and in accordance with the California Tax Credit Allocation Committee's minimum requirements for utility allowance estimates, Title 4, Division 17, Chapter 1, Section 10322(h)(21). ~~The CUAC estimate shall be signed by a California Association of Building Energy Consultants (CABEC) Certified Energy Analyst (CEA). Measures that are used in the CUAC that require field verification shall be verified by a certified HERS Rater, in accordance with current HERS regulations. Use of the CUAC is limited to new construction projects and existing tax credit projects with Multifamily Affordable Solar Housing (MASH) program awards that offset tenant area electrical load.~~

(e) Exceeding the Minimum Rent Restrictions (10 points maximum). One (1) point will be awarded for each percentage point the highest rental rate of each Restricted Rental Unit type (defined by bedroom count) is more than twenty percent (20%) below the average adjusted rental rates of comparable units as demonstrated by each applicable Rent Comparability Matrix.

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(k) Sustainable Methods (10 points maximum).

(1) Points will be awarded provided that the Project Sponsor and the licensed Project architect each submit a certification indicating which items, commencing with subdivision (k)(3) of this section, will be included in the Project's design and any relevant specifications. Certification by the Project architect shall be defined by Section 5536.26 of the Business and Professions Code.

(2) The Project Sponsor shall submit a certification at Project completion from the Project's licensed architect that the design elements that formed the basis for any award of points pursuant to subdivision (k) have been met or exceeded. Certification by the Project architect shall be defined by Section 5536.26 of the Business and Professions Code. A Project Sponsor may be subject to monitoring for compliance with this certification. A Project Sponsor receiving points under subdivision (k) who fails to meet this requirement will be subject to negative points under subdivision (n) of this section.

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(6) New Construction and Adaptive Reuse Projects: Up to five (5) points will be awarded to projects that commit to developing the project in accordance with the California Tax Credit Allocation Committee's minimum requirements for energy efficient programs, Title 4, Division 17, Chapter 1, Section 10325 (c)(~~65~~)(A).

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

(7) New Construction and Adaptive Reuse Projects: Points shall be awarded according to the California Tax Credit Allocation Committee's minimum requirements for energy efficiency programs, Title 4, Division 17, Chapter 1, Section 10325 (c)(~~65~~)(B).

(8) Rehabilitation Projects: Points are awarded based on the energy efficiency criteria described for Rehabilitation Projects in The California Tax Credit Allocation Committee regulations, Title 4, Division 17, Chapter 1, Section 10325(c)(~~65~~)(C), (D) and (E).

(9) Compliance and Verification. The form of evidence shall follow that described in Title 4, Division 17, Chapter 1, Section 10325(c)(~~65~~)(G). Projects that receive an award of low income housing tax credits (LIHTC) shall submit evidence of compliance to TCAC with the Placed in Service Application. Projects that receive a Qualified Residential Rental Bond allocation, and do not receive a LIHTC award, shall submit Evidence of Compliance to CDLAC.

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Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code

Section 5233. Allocation Limits. (a) Limit CDLAC bond allocation on a per unit basis (adjusted by the number of bedrooms) in the General and Rural Multifamily Pools as follows:

Studio and SRO:	\$402,500
One-bedroom:	\$420,000
Two-bedroom:	\$447,500
Three-bedroom:	\$492,500
Four or more bedroom:	\$517,500

(b) In addition to the limits described in subsection (a) of this section, beginning January 1, 2018, CDLAC bond allocation per project shall be limited to 65% of the Project's total aggregate basis as determined by a 3rd party certification prepared in accordance with Title 4, Division 17, Chapter 1, Section 10322(e)(2).

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 9. Supplemental Allocation

Section 5240. Supplemental Allocation Process. (a) Requests for Supplemental Allocations may be submitted electronically during any Allocation Round. Staff shall review each request for Supplemental Allocation and make a recommendation to the Committee regarding any possible award of additional Allocation. Awards of Supplemental Allocations shall be memorialized in a Committee Resolution. Notwithstanding section 5241, all requirements imposed on the initial Allocation, including, but not limited to, expiration of Allocation, Bond issuance deadlines, extensions, transfers of Allocation, carry-forward elections and reporting will be equally applicable to Supplemental Allocations.

(b) Requests for Supplemental Allocation submitted during Allocation Rounds conducted under an Open Application Process may be made with a Supplemental Allocation Request Letter if the Project has received Allocation within the past thirty six (36) months. Supplemental Allocation Request Letters must be submitted by the Applicant and accompanied with the following requirements:

- (1) Posting of a performance deposit pursuant to section 5050.
- (2) Payment of a filing fee pursuant to section 5054.
- (3) Evidence of the Bond sale structure pursuant to article 6 of chapter 1.
- (4) An inducement resolution pursuant to section 5033(b)(4).
- (5) A TEFRA Resolution pursuant to section 5033(b)(5).
- (6) Updated sources and uses sections of pages 7-9 with associated attachments E, G, and H of the CDLAC Non-Competitive Application For An Allocation Of The State Ceiling On Qualified Private Activity Bonds For A Qualified Residential Rental Project (ORRP)(revised ~~11-25-14~~12-13-17).

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

~~(7) An original and copy of the material noted in sub-section (b)(1) through (b)(6) must be submitted in a three ring binder no later than the applicable application deadline.~~

~~(7) Verification of Zoning and Local Approvals pursuant to section 5190(b)~~

~~(8) An updated Attachment Y of the Standard QRRP Open Application or Standard QRRP Competitive Application~~

~~(9) An original and copy of the material noted in sub-section (b)(1) through (b)(8) must be submitted electronically to cdlac@treasurer.ca.gov no later than the applicable application deadline.~~

(c) Supplemental Allocation requests for Projects that have received Allocation more than thirty six (36) months prior or are submitted during a Competitive Application Process must comply with the process for filing a new complete Application pursuant to article 4 of chapter 1 and the appropriate provisions of this chapter.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5250. Application Requirements. (a) Applications for Scattered Site Projects shall provide all information required for each site. Additional stipulations are as follows:

~~(1) Data in Table 1 or low income units table and Table 2, as defined in section 5170, shall be provided for each site and as a combined total. Each site must independently meet the Committee's income and rent restriction requirements as required in section 5191.~~

~~(2)~~ A Capital Needs Assessment report may combine information for all Project sites in one report.

~~(3)~~ A Market Study may combine information for all Project sites in one report; however the Market Study shall have separate Rent Comparability Matrices for each site.

~~(4)~~ Acquisition/Rehabilitation Projects where each location is subject to an existing Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement may provide, as an alternative to providing a market study and affordability matrices consistent with Sections 5200(a) and 5250(a)(3), a comprehensive market study consistent with 26 U.S.C. Section 42(m)(1)(A)(iii). The study must be a written statement certified by a third party market analyst and the project must meet at least one of the following requirements:

(A) as certified by a third-party market analyst, the proposed tenant paid rents and income targeting will not exceed one hundred-five percent (105%) of the current rents and targeting and a vacancy rate of no more than five percent (5%); for single room occupancy and ~~s~~Special ~~n~~Needs housing a vacancy rate of no more than ten percent (10%); or

(B) as evidenced by copies of executed contracts, the project has been receiving federal, state, or local operating or rental assistance and will continue to receive such assistance for at least five (5) additional years. If a contract demonstrating operating or rental assistance for an additional five (5) years is not available, a letter signed by the contractor's senior official may be submitted that describes the efforts undertaken to effectuate an operating or rental assistance contract, the expected duration of the contract, and the expected contract execution date.

~~(5)~~ Evidence of site control shall be required for each site.

~~(6)~~ Any maps provided shall include each site.

(b) An Applicant may seek a waiver of the Scattered Site five (5) location limit. A written request describing how the project will benefit from waiver of the location limit must be submitted no later than the application due date for the allocation round in which the Project is seeking an allocation.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 13. Qualified Residential Rental Project Allocation Request Process for December 2017

Section 5259. Allocation Request Requirements. (a) Notwithstanding any other provision of these regulations, between the effective date of this section and January, 1 2018, requests for Qualified Residential Rental Project Allocation shall be made by submitting a written request not

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

less than 14 days prior to the meeting at which the request for allocation will be considered. The letter must be submitted and signed by the Issuer and Project Sponsor and include the following information:

- (1) The Project's physical address;
- (2) Satisfactory evidence of site control;
- (3) A statement of sources and uses for the Project;
- (4) The total amount of allocation requested;
- (5) An adopted TEFRA resolution, evidence that a TEFRA hearing was held, or evidence that TEFRA has been scheduled and is noticed to occur prior to January 1, 2018;
- (6) Whether the Project is for acquisition/rehabilitation or New Construction;
- (7) Name of the Issuer;
- (8) Name of the proposed property manager for the Project;
- (9) Signed term sheet from lender/underwriter;
- (10) Name of subject property's current owner;
- (11) Project Inducement resolution;
- (12) Payment of \$1,200 initial CDLAC fee;
- (13) Performance Deposit Certification Form;
- (14) Signed CDLAC Certification;
- (15) Total number of units, number of units at 50% AMI and 60% AMI, number of market rate units, and number of manager's units; and
- (16) Whether the Project is a Rural, Mixed Income, or General Pool request.

(b) The completed request from the Issuer must be accompanied by a performance deposit consistent with Section 5050 of the CDLAC regulations.

(c) Requests shall be submitted electronically by the Issuer via PDF to the following email address cdlac@treasurer.ca.gov. Upon receipt of the Allocation request, initial CDLAC fee, and Performance Deposit Certification, CDLAC will review the Allocation request for completeness and forward a recommendation to the Committee for consideration at the next meeting for which the Project can be properly noticed.

(d) In the event Allocation requests are received for an amount greater than the amount of state ceiling available, Allocation requests will be considered pursuant to the 2017 Qualified Residential Rental Project Reservation Pools, and among those pools, recommendations will be made in the order in which the Allocation requests were received.

(e) Allocations made subject to this section will remain in effect through December 31, 2017 and will expire thereafter if bonds are not issued.

(f) This section shall remain in effect until January 1, 2018 and as of that date is repealed.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5540. Evaluation Criteria. CDLAC staff will perform all calculations for confirmation of eligibility based on the census tract(s) provided by the Applicant.

(a) Community Economic Need (25 points maximum). Applications will be awarded points for Projects that are located in communities according to the following:

...

(f) Land Use/Energy Efficiency (20 points maximum)

(1) Six (6) points will be awarded to Projects that reuse the following:

(A) Vacant or abandoned buildings; or

(B) Vacant or abandoned land with developed infrastructure (excluding land whose immediate prior use was agricultural, open space, or other similar use).

**PROPOSED
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS**

(2) Seven (7) points will be awarded to Applications with Projects located within one-quarter (¼) mile of a Public Transit Corridor evidenced by a scaled-for-distance map showing the location of the Project is within a one-quarter (¼) mile radius of a Public Transportation Corridor. In areas where there is no public transportation system, seven (7) points will be awarded to Applications where the Applicant has an adopted transportation system management plan.

(3) Seven (7) points will be awarded to Projects that 1) utilize designs, materials or techniques to reduce energy usage by at least fifteen percent (15%) or 2) generate at least fifteen percent (15%) of the Project's total usage through ~~R~~Renewable ~~E~~Energy sources.

...

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82(a)(11)(B) and 8869.84(c), Government Code.