

FINDING OF EMERGENCY
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC)

Evidence of Substantial Progress

Pursuant to Title 1 CCR section 52(b), the California Debt Limit Allocation Committee (the “Committee”) hereby asserts that it has made substantial progress and has proceeded with diligence to comply with Government Code §11346.1(e) by undertaking these readopting activities.

Finding of Emergency

Pursuant to Section 8869.94 of the California Government Code (the “Code”), the regulations being amended by the California Debt Limit Allocation Committee (the “Committee”) as emergency regulations (the “Emergency Regulations”) are, by legislative mandate, necessary for the immediate preservation of the public peace, health and safety, and general welfare.

The California Debt Limit Allocation Committee has complied with the requirements to provide notice of proposed rulemaking action pursuant to Government code section 11346.1(a) (2).

Authority and Reference

Authority: Section 8869.94, California Government Code. Section 8869.94 of the Code authorizes the Committee to adopt regulations relating to an allocation system to administer the state unified volume ceiling as emergency regulations and instructs the Office of Administrative Law to consider such regulations to be “necessary for the immediate preservation of the public peace, health and safety or general welfare.”

Reference: Sections 8869.82, 8869.84, 8869.84(c), 8869.85(a), and 8869.85(b), California Government Code. These Emergency Regulations implement, interpret and make specific Sections 8869.82, 8869.84, 8869.85, 8869.86, 8869.88, 8869.89 and 8869.90 of the Code.

Statement of Reasons

List of regulations to be re-adopted:

- Title 4, Section 5000, Definitions – Mixed Income Project
- Title 4, Sections 5100 (b) (3) (i) (ii) (iii) - Program Expiration Dates
- Title 4, Section 5233 (b) – Allocation Limits

The Committee is authorized to re-adopt regulations relating to an allocation system to administer the state unified volume ceiling as emergency regulations (California Government Code 8869.94).

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CDLAC's proposed re-adoption of regulation changes to Section 5000 (Definitions) provides a more clear definition of "Mixed-Income Project" which support the Qualified Residential Rental Project (QRRP) Program and aligns with the California Tax Credit Allocation Committee (TCAC) regulations as it relates to joint applications. Amending this regulation will eliminate joint application ambiguity while allowing for more applications to be completed without rejection or modification by the applicants.

CDLAC's proposed re-adoption of regulation changes to Section 5100 (a)(3)(i)(ii) (Program Expiration Dates) provides uniformity in expiration dates for projects receiving an allocation. Amending this section aligns expiration dates during a Competitive Application process with Non-Competitive Application process. Thus all expiration dates will be the same no matter if the application submitted is involved in a Competitive Application process or Non-Competitive Application process. It's been noted in the past that the bond issuance has taken longer than 90 days. Therefore to accommodate for larger allocation demands due to priorities of the current administration amending this sections aid is more successful projects being place into service.

CDLAC's proposed re-adoption of regulation changes to Section 5233 (b) (Allocation Limits) provides clarity as to the Private Activity Bond allocation as it relates to the aggregate depreciable basis plus land basis. Amending this section specifically states CDLAC allocation limits cannot exceed 60% of the aggregate depreciable basis plus land basis. This is different from California Tax Credit Allocation Committee (TCAC) regulations which stipulates their limit is 80%. Amending this regulation will eliminate joint application confusion while allowing for more successful projects being place into service. This amendment aids in preserving allocations for project request that may be additional allocation throughout the year.

CDLAC has conducted an evaluation of existing state regulations and has determined that the Proposed Regulations are not inconsistent or incompatible with existing state regulations. (California Government Code 11346.5(a)(3)(D).

**Other Matters Prescribed by Statutes Applicable to the Specific State Agency
or to any Specific Regulation or Class of Regulations**

No other matters are prescribed by statute applicable to the Committee or to any specific regulation or class of regulation pursuant to Section 11346.1(b) or 11346.5(a)(4) of the California Government Code pertaining to the Emergency Regulations or to the Committee.

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Mandate on Local Agencies or School Districts

The Executive Director of the Committee has determined that the Emergency Regulations do not impose a mandate on local agencies or school districts.

Fiscal Impact

The Executive Director of the Committee has determined that the Emergency Regulations do not impose any additional cost or savings requiring reimbursement under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the California Government Code, any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Section 6680, a Fiscal Impact Statement (Form 399) is submitted.

Application for and participation in CDLAC's Programs is discretionary and the proposed revisions pertain to program eligibility, compliance and administration issues. Neither the proposed revisions nor the CDLAC Regulations as a whole require any person or entity to take any action, make any monetary expenditure, or refrain from taking any action or making any expenditure. The proposed revisions will not have an effect on the creation or elimination of jobs within the State of California, the creation of new businesses or the elimination of existing business within the State of California, the expansion of businesses currently doing business within the State of California, or on small businesses.

Creation or Elimination of Jobs within the State of California

The proposed revisions will not have an effect on the creation or elimination of jobs within the State of California. Application for and participation in CDLAC's Programs is discretionary and the proposed revisions pertain to program eligibility, compliance and administration issues. Neither the proposed revisions nor the CDLAC Regulations as a whole require any person or entity to take any action, make any monetary expenditure, or refrain from taking any action or making any expenditure.

Creation of New or Elimination of Existing Businesses Within the State of California

The proposed revisions will not have an effect on the creation of new businesses or the elimination of existing business within the State of California, the expansion of businesses currently doing business within the State of California, or on small businesses. The California School Financing Authority maintains that its facility funding programs do not have any private sector cost impacts.

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Benefits of the Regulations

The benefits derived by these proposed regulations include the fair, efficient and equitable administration of the Qualified Residential Rental Project (QRRP) Program in compliance with state and federal law.

Fiscal Impact Estimates

Cost or savings to any State agency: **None**

Cost to any local agency or school district that is required to be reimbursed Part 7 (commencing with Section 17500) of Division 4: **None**

Other nondiscretionary cost or savings imposed on local agencies: **None**

Cost or savings in federal funding to the State: **None**