

CDLAC 2020 ALLOCATION OF PRIVATE ACTIVITY BONDS WHAT YOU NEED TO KNOW



Background

- CDLAC does not expect the 2020 State Ceiling to be significantly different than 2019
- Little to no carryforward allocation will be available in 2020
- 2020 Volume Cap will be limited and therefore competitive rounds will be required
- Program pools will be set with the apportionment in January, with available 2020 Volume Cap set on a round by round basis.

Things to Know About Allocation Rounds for 2020

- 2020 allocation rounds will be competitive (including the recommendation for the February round)
- No attachments or replaced attachments will be accepted after the application deadline.
- Incomplete applications will be eliminated from the round.
- Staff will not defer applications to a later round.
- Supplemental requests to existing projects must be prepared and treated as a new competitive application.
- CDLAC will not recommend any extensions to bond issuance deadlines.
- Exempt Facility Bond applications for allocation will be ranked on business tier and regulatory mandate.
- Industrial Development Bond applications for allocation are score ranked.

2020 Allocation Rounds - Multifamily

- The total allocation limit per project is \$50,000,000.
- The term goes from 55 years to now 30 years from the point of reaching 50% occupancy.
- You may earn more points for forgoing a portion of developer fees.
- Any point award items must be fully and sufficiently documented.
- Projects will be rank ordered and assigned to an analyst from the highest to lowest score until such time that allocation for the round runs out.
- DDA's (both expiring and current) will be subject to competitive rules.
- The minimum point score threshold will be set at **80** for 2020 multifamily project (upon ratification at the December 11th board meeting). Projects scoring below this threshold would not be included in the round.

Competitive Application Process

1 point will be awarded for each one percent (1%) of foregone eligible developer fee, as determined by the California Tax Credit Allocation Committee (TCAC)

- Eligible Developer Fee
- Amount of Forgone Fee
- Percent of Forgone Fee

Maximum is 10 points

Example

Total Developer Fee	\$3,500,000
Eligible Developer Fee (TCAC)	\$2,000,000
Amount forgone	\$200,000 (\$1,800,000 remaining)
% Forgone	10%
Points earned	10

Competitive Application Process (Continued)

Projects that maintain the Qualified Project Period for longer than 30 years will be awarded **2 points** for every 5 years of affordability beyond 30 years, up to 55 years.

Total Minimum Term Points

- 35 yrs. (5 addtl.) = 2 pts.
- 40 yrs. (10 addtl) = 4 pts
- 45 yrs. (15 addtl) = 6 pts
- 50 yrs. (20 addtl) = 8 pts
- 55+ yrs. (25 addtl) = 10 pts

Maximum is 10 points

Preservation Projects

A. Project is subject to a local, state, or federal rental or operating assistance contract.

or

10 pts

Project continues the rental structure prescribed by an expired residential rental agreement.

B. Rents for each Restricted Rental Unit type are 20% below average of market comparable rents.

or

10 pts

Rents are limited in at least 50% of the tenant units to no more than 30% of each such unit's tenants' income as a result of the Project's receipt of state or federal rental assistance or a state, federal, or local operating subsidy.

20 pts

Total Max

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Important To Provide Evidence.

**CDLAC Regulations
§ 5230 (b)(1-3): Evaluation Criteria**

Exceeding the Minimum Income Restrictions

Mixed Income Project (15 pt. Max)

- 3 pts. for each 10% increment of restriction @ 50% AMI
- ½ pts. for each 10% increment of restriction @ 60% AMI

Non-Mixed Income Project (35 pt. Max)

- 7 pts. for each 10% increment of restriction @ 50% AMI
- 2 pts. for each 10% increment of restriction @ 60% AMI

Exceeding the Minimum Income Restrictions (contd.)

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EXAMPLE #1:

Project has 100 total units and is 20% affordable. 10 of the affordable units are at 50% AMI and 10 of them are at 60% AMI.

Use 1 to 2 decimal places in the calculations below, rounding only the final score.

Number of Total Units (excluding manager units): 100

of Units @ 50% AMI: 10 = 10.00% of total units.

of Units @ 60% AMI: 10 = 10.00 % of total units.

Total Units @ 50% & 60% AMI: 20 = 20.00 % of Total Units

1. Mixed Income Projects (15 points maximum)

3 points (x) 1 each 10% increment of restriction @ 50% AMI = 3 points.

0.5 point (x) 1 each 10% increment of restriction @ 60% AMI = .5 points.

Total Mixed Income Project Points rounded to whole number = 3

= 3 Total points (15 points maximum)

EXAMPLE #2:

Project has 100 total units and is 100% affordable. 60 of the units are at 50% AMI and 40 of them are at 60% AMI.

Use 1 to 2 decimal places in the calculations below, rounding only the final score.

2. Non-Mixed Income Projects (35 points maximum)

7 points (x) 6.00 each 10% increment of restriction @ 50% AMI = 42.00 points.

2 points (x) 4.00 each 10% increment of restriction @ 60% AMI = 8.00 points.

Total Non-Mixed Income Project Points rounded to whole number = 50.0

= 35.00 Total points (35 points maximum)

Gross Rents

5 points will be awarded to Projects that are not subject to the use of Gross Rents but voluntarily do so 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; certifying that the proposed Project is located within its jurisdiction; itemizes and clearly identifies which components of the utility allowance schedule applies to the Project; and provide the total allowance for each unit type.
- 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.

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**CDLAC Regulations
§ 5230 (d): Evaluation Criteria**

**5 pts
Total Max**

Gross Rents (contd.)

Utility Allowance Schedule

Housing Authority
of the City of
ABC

EXAMPLE

**Allowances for
Tenant-Furnished Utilities
and Other Services**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Locality		Green Discount		Unit Type		Date (mm/dd/yyyy)	
City of ABC		None		Apartment Buildings		4/1/2019	
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$12	\$15	\$16	\$17	\$19	\$21
	Electric Heat	\$18	\$22	\$26	\$29	\$31	\$34
Cooking	Natural Gas	\$6	\$6	\$8	\$9	\$11	\$13
	Electric	\$6	\$7	\$11	\$22	\$30	\$36
Other Electric		\$23	\$27	\$38	\$48	\$65	\$84
Water Heating	Natural Gas	\$7	\$8	\$11	\$15	\$19	\$23
	Electric	\$14	\$17	\$34	\$45	\$53	\$61
Water		\$74	\$79	\$120	\$202	\$253	\$253
Sewer		\$61	\$61	\$61	\$61	\$61	\$61
Range/Microwave		\$5	\$5	\$5	\$5	\$5	\$5
Refrigerator		\$6	\$6	\$6	\$6	\$6	\$6

Projected Family Allowances. Sample to be used to compute specific family allowances.

Unit size: 2 BR

Utility or Service	Fuel Source	Monthly Allowance
Space Heating	Electric Heat Pump	\$26
Cooking	Natural Gas	\$8
Other Electric	Electric	\$38
Water Heating	Natural Gas	\$11
Total		\$83

Previous editions are obsolete

Exceeding Minimum Rent Restrictions

1 point will be awarded for each percentage point the highest rental rate of each Restricted Rental Unit type is more than twenty percent (20%) below the average adjusted rental rates of comparable units as demonstrated by each applicable Rent Comparability Matrix.

Applications receiving points under subdivision (b) of this section shall be ineligible to receive points under this subdivision.

10 pts
Total Max

Exceeding Minimum Rent Restrictions (contd.)

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Comparison of Restricted and Market Rents

Each Unit Type within the project **must** meet the 20% below market criterion in order to receive points. Example: If only one of the unit types out of three unit types within the project is not 20% below market, the project does not receive points.

Market Study Data

UNIT TYPE	PROJECT RENTS	MARKET RENTS	% BELOW MARKET
	(data from Attachment 13-B1)		
SRO			
1BR	500	1575	31.75%
2BR	675	1750	38.75%
3BR	800	1925	41.56%
4BR			
AVERAGE OF PROJECT = 37.35% (31.75+38.75+41.56 = 112.06 / 3)			

$$37.35 - 20 = 17.35$$

- 1 point (x) 17.35 the % that the average rental rate is below 20%.
- **10 Total points** (10 points maximum-round to one-tenth decimal place)

Large Family Units

5 points will be awarded to those Projects where at least twenty-five percent (**25%**) of the Restricted Rental Units are three-bedroom or larger units.

5 pts
Total Max

Leveraging

Applications that include Public Funds as a **permanent funding source** are eligible for points. If seeking these points, the Public Funds must be committed by a public entity at the time of Application. Evidence provided shall signify the form of the commitment, the amount of the loan, grant or subsidy, the length of the term of the commitment, conditions of participation, express authorization from the governing body or an official expressly authorized to act on behalf of said governing body, committing the funds, and the Project Sponsor's acceptance. **1 point** will be awarded for every dollar of Public Funds committed as a percentage of total development costs (*minus developer fees*).

Applications that include Taxable Debt as a **permanent funding source**, in addition to tax-exempt Bond financing, are eligible for points based on the degree that the Taxable Debt supplants the use of tax-exempt Bond financing. **1/2 of a point** will be awarded for every dollar of Taxable Debt committed as a percentage of total development costs (*minus developer fees*).

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10 pts
Total Max

CDLAC Regulations
§ 5230 (h)(1-2): Evaluation Criteria

Community Revitalization Area Criteria

If seeking these points, the Project must be in at least one of the following areas to receive **5 pts**:
Any Qualified Census Tract or equivalent geographic area defined by the Census Bureau in which at least fifty percent (50%) of the households have an income of less than sixty percent (60%) AMI.

or

A Federal Promise Zone (*as defined by CDLAC Regulations § 5170*) **and**

A letter from a local government official. The letter must delineate the community revitalization efforts, including but not limited to:

(A) community enhancement services (*i.e. job training, after school programs*) **and**

(B) Funds expended/committed to improve community infrastructure (*i.e. parks, storm water systems, sewer systems, or street improvements of the overall area*) **and**

(C) Projects completed within the past three (3) years, are underway or are committed to be completed that contribute to community revitalization.

5 pts
Total Max

Site Amenities (part1)

Transit Proximity (2.5 pts)

1. Within $\frac{1}{3}$ mile of a public transit corridor or project is a rural project & is using van or dial-a-ride service.
2. Within $\frac{1}{2}$ mile of a high quality transit stop or station

Transit Amenities (3 pts) [Yes to only 1]

1. At least 1 pass per rent-restricted unit (3 pts)
2. At least 1 pass for each 2 rent restricted units (1.5)

Recreational Amenities (2.5 pts)

1. Within $\frac{1}{2}$ mile of a park or recreational facility (*school grounds, college campuses & golf courses are not eligible*). Other facilities may qualify as long as there is no cost to the tenant.

Please Provide a Scaled Map of all Amenities locations

Site Amenities (part 2)

Grocery Amenities (2.5 pts)

1. Within ½ mile of a full scale grocery store/supermarket of at least 25,000 gross interior sq. ft. (Rural projects within 1 mile).
2. Within ¼ mile of a neighborhood market of at least 5,000 gross interior sq. ft. (Rural projects within ½ mile).
 - *Signed letter of evidence needed for the above, from the manager or owner of the store.*
 - *Grocery means a full service store or supermarket that provides food staples, fresh meats, poultry, dairy products and produce as well as household products. Convenience stores & mini-marts/markets are not eligible.*

Site Amenities (part 3)

Public School Amenities (2.5 pts) [grades K-12]

1. Within ¼ mile of a public elementary school; ½ mile of public middle school or 1 mile of a public high school that children living in the development may attend and the site is within attendance area of the schools.
2. For rural projects, an additional ½ mile for each public school type that children living in the development may attend and the site is within attendance area of the schools.
 - *Signed letter of evidence from the school district is needed for the above, from the school district. School Finder print out is also acceptable.*
 - *Proposed projects that are restricted to residents 55 years are not eligible for points.*

Site Amenities (part 4)

Medical Amenities (2.5 pts) [Yes to only 1]

1. Within ½ mile (1 mile for rural projects) of a medical clinic with a physician's assistant, or nurse practitioner onsite for a minimum of 40 hrs. each week.
2. Within 1 mile (1.5 mile for rural projects) of a hospital (*not merely a private doctor's office*).
3. Within ½ mile (1 mile for rural projects) of a pharmacy

Site Amenities (part 5)

Library Amenities (2.5 pts)

- Within ½ mile of a public library

Internet Amenities (2.5 pts)

- High Speed internet or wireless Wi-Fi service connection to each unit for a minimum of 15 years.

10 pts
**Total Max for
Site Amenities**

Service Amenities

After School Programs (5 pts)

1. Provide after school programs (family projects only) of an on-going nature (tutoring, mentoring, homework clubs, and art/recreation activities). To be provided weekdays throughout the school year for at least 10 hours per week.
2. Agreement outlining the above services is needed.

Instructor Lead Classes (5 pts)

1. Projects with instructor-led educational classes, health and wellness, or skill building classes, including but not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation. Instruction is to be provided a minimum of 84 hours per year (*drop-in computer labs, monitoring or technical assistance shall not qualify*).
2. Agreement outlining the above is needed

Service Amenities (contd.)

Licensed Childcare (5 pts)

1. Licensed childcare providing 20 or more hours per week (Monday-Friday).
2. Agreement outlining the above is needed.

Health and Wellness Classes (5 pts)

1. Health and Wellness services and programs for individualized support for tenants (not group classes) or organizations such as visiting nurses, intergenerational visiting, and senior companion programs for a minimum of 100 hours per year.
2. Agreement outlining the above is needed.

Service Coordinator (5 pts)

1. Bona fide service coordinator/social worker available (experience and duties of the coordinator and a budget to pay coordinator must be included in the application)
2. Agreement outlining the above. Please list hours and FTE.

10 pts
Total Max for
Service Amenities

New Construction and Substantial Renovation Projects

10 points maximum will be awarded to new construction, substantial renovation or adaptive re-use Projects with Restricted Rental Units.

Sustainable Building Methods (part 1)

Points will be awarded provided that the Project Sponsor and the licensed Project architect submit a certificate of intent that the following meet minimum specifications:

- No irrigation, or to irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) provided that the offset of potable water equals or exceeds 10,000 gallons annually (**5 pts**)
- Commit to having at least one (1) nonsmoking building (**2 pts**)
- Commit to a parking ratio equivalent to or less than 1 parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit. (**2 pts**)

Sustainable Building Methods (part 2)

New Construction and Adaptive Reuse where the project will meet the minimum requirements of any one of Leadership In Energy & Environmental Design (LEED) (**5 pts maximum**):

- Green Communities
- Passive House Institute US (PHIUS)
- Living Building Challenge
- National Green Building Standard ICC/ASRAE – 700 silver or higher rating
- Green Point Rated Program
- Architect Certification outlining items needed.

Rehabilitation Projects will be awarded points for committing improved energy efficiency above the modeled (**5 pts maximum**) [*Yes to only 1*]:

- 15%
- 20%

25

Additional points in the Rehab subsequent categories will only be awarded when one of two (15% or 20%) is committed.

**CDLAC Regulations
§ 5230 (K)(6-8): Evaluation Criteria**

CDLAC Tie-Breaker (QRRP)

- ▶ **Section 5034. Ranking.** Applications submitted under a Competitive Application Process will be ranked according to the number of points awarded by the Committee pursuant to the evaluation criteria specific to the State Ceiling Pool or program to which the Application is addressed.
- ▶ If there is a QRRP project or projects that score the same number of points, CDLAC will determine the order in which this/these project(s) will be awarded allocation based on the CDLAC tie-breaker for QRRPs.
- ▶ The CDLAC tie-breaker for QRRPs is based on the following calculation:
$$\text{Requested Allocation} / \# \text{ of restricted units in the project} = \text{CDLAC Tie-breaker}$$
- ▶ Whichever project has the lowest CDLAC tie-breaker will be recommended for a QRRP allocation first and then the next, and so on.

CDLAC Regulations
§ 5034: Ranking

Negative Points (part 1)

Points will be deducted for an Application involving a Project Sponsor that has been or is a Related Party to a Project Sponsor (*i.e. in the ownership structure*) for which an Allocation has been awarded as follows:

1. Failure to fully utilize the committed public subsidies or Taxable Debt for which points were awarded in connection with the prior Allocation, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control or the amount not utilized is not material.
2. Failure to issue Bonds that results in the full amount of the Allocation reverting back to the Committee, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control.
3. Failure to spend the proceeds of Bonds issued pursuant to an Allocation in full, or in accordance with the terms and conditions of the Committee Resolution, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control, the amount not spent is not material, or the deviation from the terms and conditions of the Committee Resolution is not material.

Negative Points (part 2)

Points will be deducted for an Application involving a Project Sponsor that has been or is a Related Party to a Project Sponsor (*i.e. in the ownership structure*) for which an Allocation has been awarded as follows:

4. Failure to comply with any provision of the Committee Resolution, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control.
5. TCAC Negative Points
6. Multiple or repeated failures

Feel free to contact us with questions

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Remember to sign up for our List Serv to receive important updates at www.treasurer.ca.gov/cdlac

Did You Know?

CDLAC's programs have resulted in the allocation of more than \$65 billion of private activity tax-exempt bonds to over 220 municipal, state, and joint powers authority issuers.

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