

California Tax Credit Allocation Committee
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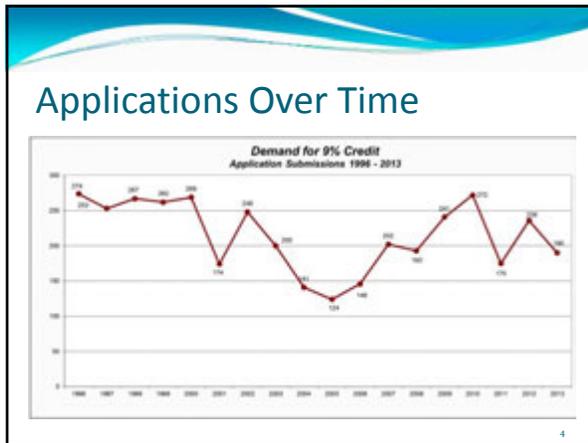


Topics

- Recap 2013 of 9% competition
- Regulation Changes for 2014
- The federal and State credit set-asides and apportionments

Recap of 2013 9% Competition

- Approximately \$86.8 million in annual federal credit awarded in 2013
 - Plus \$77.7 million in State credits (up from \$63.8)
- 190 applications received during two rounds



- ### 2013 9% Competition Results
- 84 projects awarded credits (102 in 2012)
 - Success rate of applicants: 44% (43% in 2012)
 - Will produce 5,171 units (6,393 in 2012)
 - Average project size: 62 units (63 in 2012)

Regulation Changes for 2014

Adopted by Committee on
January 29 2014

Native American Pilot Apportionment

- Federally-recognized tribes and their designated housing entities (§10302(o))
- “Tribal chairperson” listed as local notification party (§10305(f))

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Native American changes cont.

- Two-year \$1 million pilot apportionment within the rural set-aside (§10315(c)(2))
 - One dollar rule applies (§10325(d)(1)(A))
 - Unsuccessful tribal applications would cascade into the larger rural competition (§10325(c)(1)(C))

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Native American changes cont.

- Attorney’s letter in lieu of a chain of title report for trust land (§10322(h)(9)); and require an appraisal only for improvements where acquisition basis is sought (§10322(h)(9) and (25)(a))
- Reference to applicable tribal environmental review and tribal approvals (§10325(c)(8)(B) and (C))
- Tribal lands exempted from property tax assumption (§10327(g)(2))

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Native American cont.

- Reservation projects may be on Trust land or on land held in fee by the Tribe
- Tribes must obtain maximum capacity points, and may contract for experience (§10315(c)(2))
- Native American Block Grant listed as public subsidy source (§10325(c)(10)(A))

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Housing Types Shall Compete in Relevant Set-Asides

- Qualified nonprofit sponsors may still elect to compete, first, in the nonprofit set-aside (§10315)
- At-risk, special needs, and SRO housing types to compete in relevant set-asides first
- Awards from those set-asides shall count as those housing types, not senior

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Discontinued Final Reservation

- 9% credit projects affected
- No longer required in February of placed-in-service year
- TCAC will capture information in 180-day submittals (§10328(c))

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New Homeless Definition

- Incorporates HUD definition into TCAC regulations (§10315(b))
- Applies first of four categories to the nonprofit set-aside priority
 - Individuals lacking a fixed, regular, and adequate nighttime residence (§10315(b)(1))
- Broader homeless definition for Special Needs housing type (§10325(g)(4))

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State Credits

- Clarify State credit eligibility and amount per project
 - Forgone federal boost (9%) or
 - Non-DDA/non-QCT projects (4%)
- 30% of requested eligible basis (§10317(a))

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State Credits and SN Projects

- Establish State credit exception for Special Needs projects
 - May also take federal boost (§10317(d))
- 9% SN projects are DDAs (§10327(d)(2))
 - May receive federal 130% basis boost
 - Also may apply for State credits

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Rural Applicants

- May only apply within rural set-aside
 - At-risk set-aside option eliminated (§10315(c))
- RHS apportionment now includes HOME-funded applications
 - \$1 million minimum commitment
 - Sub-priorities eliminated (§10315(c)(1))

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Subsequent Project Owners

- Through extended use period
- New GPs must earn equal experience points as exiting GP, or
 - At least three projects in service more than three years
 - Two projects must be CA tax credit projects
 - Or, take TCAC-sponsored training (§10320(b))

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Redevelopment Funding Commitments

- Reflect CDLAC's requirements
- Final and Conclusive Determination letter from DOF, if appropriate
- Written communication from DOF indicating former redevelopment resources are not contested by DOF (§10322(h)(16))

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Experience Scoring

- Projects in service less than three years no longer counted competitively
- Competitive sponsors or property management entities with fewer than
 - two projects in service (GPs) or managed (mgt. entities) three years
 - must contract with a minimally experienced property management entity

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Sustainable Building Scoring

- Added reference to Sustainable Building Workbook (§10325(c)(6)(H)(1) - (5))
- Established LEED, GreenPoint Rated, and Enterprise Green Communities as rehabilitation scoring options (§10325(c)(6)(D) - (F))
- Property owner must assure that efficiency will be maintained over time when features are replaced (§10325(f)(7))

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California Building Code Title 24, Part 6, Calibration

- Title 24 changing to 2013 standard on July 1, 2014
- TCAC will continue to calibrate against the current Title 24 standard (2008 standard)
- For second round applications, an additional 15% improvement over the 2008 standard will be reflected in scoring (§10325(c)(6)(B))
- After July 1, threshold also increased by 15% (§10325(f)(7)(A))

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Title 24 Rule

	2013 (over 2008)	2014 (over 2008)	2014 (over 2013)
Min. Const. Standard	15.0%	30.0%	7.0%
2 Points	17.5%	32.5%	9.5%
3 Points	20.0%	35.0%	12.0%
5 Points	25.0%	40.0%	17.0%

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- ### Misc. Federal and State Policies
- Universal design option changed and increased to two points. (§10325(c)(9)(B))
 - Smoke free option increased to two points (§10325(c)(9)(C))
- 23

- ### Single Jurisdiction Region Initial Tiebreaker
- Applies to City of Los Angeles projects and City/County of San Francisco projects (§10325(c)(10))
 - Formal letter of support from:
 - Los Angeles Housing + Community Investment Department, or
 - San Francisco Mayor's Office of Housing
- 24

Senior Housing Type

- For 2014, either 55+ or 62+ standard in conformance with fair housing laws is permitted
- In 2015, 62+ standard for Senior Housing Type
- 55+ may be used for other housing types (Special Needs, SRO, At-risk) or in 4% projects (§10325(g)(2))

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Senior Housing Type cont.

- Effective in 2015, 50 percent of all senior units on an accessible path must be developed to California Building Code Chapter 11(B) standards

Example:

- Two story non-elevator property:
- 50% of ground floor units accessible (25% of property)

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Accessibility Thresholds

- CBC Chapter 11(B) applicable in 2014, and increased in 2015 (§10325(f)(7)(M))
 - 5% with mobility features, 2% with sensory features
 - 10% and 4% respectively in 2015
- Lease up priority for accessible units to households who need them (§10337(b)(2))
- Applies to both mobility accessible and sensory accessible units

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Special Needs Housing Type

- Now includes persons with physical or sensory disabilities (§10325(g)(4))
 - Transitioning from hospitals, nursing homes, development centers, or other care facilities
- Homeless reference now to larger Hearth Act definition (§10315(b) reference)
 - Also, homeless youth as defined in State code

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Other Changes

- Rural: Alternative to on-site service may be within 1½ miles rather than ½ mile (§10325(c)(5)(B))
- TCAC Executive Director may waive 3- and 4-bedroom unit size minimums for Large Family housing types (§10325(g)(1))
- TE Bond – 4% Projects: Minimum GP and property management experience may not be demonstrated by training exam (§10326(g)(5))

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Other Changes cont.

- 9% credits: Minimum rehabilitation hard costs = \$40,000 per unit (§10325(f)(10))
- 4%-plus-State credit applications acceptable from Section 236 and Section 202 projects with over-income residents (§10317(g)(1))
- Acknowledgement that lost subsidies may require transition from a special needs population to a more general population (§10337(a)(2))

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	Per Capita	Population*	
New Population Based Credits	\$2.30	38,204,597	\$87,870,573
Forward Committed 2014 Credit			(\$365,173)
Available Returned Credit			\$322,466
	Total Federal Credit Ceiling		\$87,827,866



CALIFORNIA STATE TREASURER
Bill Lockyer

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Meet ETAC

- ETAC MEMBERS
- ETAC CHAIRMAN
- ETAC VICE CHAIRMAN
- ETAC MEMBERS

Fast Facts

2013 Revenue and Expenditure

2013 Revenue: \$1.1 billion

2013 Expenditure: \$1.1 billion

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2014 9% LIHTC Application
Basic Threshold & Feasibility

Checklist Items 1-9

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Application **Deadlines**

First Round
Wednesday, March 5

Second Round
Tuesday, July 1



Electronic Submissions

Submit **2** copies

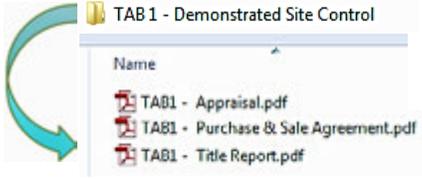


Go Green!



- 1000 - Unemployment Tax Control
- 1001 - Personal Funding
- 1002 - Tax Credit Application
- 1003 - Tax Credit Application - 2014
- 1004 - Housing Tax - Additional Taxpayer Responsibilities
- 1005 - Application for Employment Tax
- 1006 - Application for Tax Incentives
- 1007 - Application for Credit Application
- 1008 - Application for Credit Application
- 1009 - Application for Credit Application
- 1010 - Project Loan, Building & Cost Information
- 1011 - Project Description
- 1012 - Site and Project Information
- 1013 - Project Budget
- 1014 - General Information
- 1015 - Informational Planning Considerations
- 1016 - Application
- 1017 - Collection of Evidence
- 1018 - Technical Review and Review and Certifications
- 1019 - Single Area Certification
- 1020 - Project Description
- 1021 - General Review of Management Company Characteristics
- 1022 - Management Company Profile
- 1023 - Site Location
- 1024 - Project Description
- 1025 - Applicant's Budget Method
- 1026 - Applicant's Profile
- 1027 - Other Part of Application
- 1028 - Financial Application
- 1029 - Project Description - 2014 Tax Credit Application.pdf
- 1030 - Project Description

Organizing Folders



Excel Application Changes

Main Application

- Page 5: SPN with 130% basis increase & state credits dropdown added
- Page 5: Set-Aside dropdown updated

Subsidy Contract Calculation (NEW in 2014)

- Enter in Subsidy Contract Rents into new "Subsidy Contract Calculation" worksheet



Excel Application Changes

Subsidy Contract Calculation (NEW in 2014)



Excel Application Changes

Basis and Credits
Underwriting applicable percentages

- Construction-related – 7.70%
- Acquisition – 3.36%

Tax Credit Factor Range

- Federal \$0.90 to \$1.10
- State \$0.60 to \$0.75



Demonstrate Site Control

TAB 1



Current Title Report Within 90 Days

AND

If do not yet hold fee title:

- Executed Lease Agreement or Option
- Executed DDA with Public Agency
- Executed Purchase & Sale or Option Agreement

Section 10325(f)(2)

Demonstrate Property Value

TAB 1



All applicants must demonstrate the land value for the tie breaker analysis of total development cost

Include under **Tab 1**

Refer to the 2013 “Application Underwriting and Scoring Guidance” memo on the TCAC website

Section 10325(c)(10), 10325(f)(2)

Demonstrate Property Value

TAB 1

Appraisals



Required for all competitive applications except new construction projects that have third party purchase contracts or evidence of a third party purchase

California certified general appraiser having no identity of interest with development's partner(s) or general contractor

Section 10322(h)(9)

Demonstrate Property Value

TAB 1

Appraisals



Acquisition-Rehabilitation: An "as-is" appraisal prepared within **120 days** before or after the execution of purchase contract

New Construction: When required, an "as-is" appraisal prepared within **one year** of tax credit application due date

Section 10322(h)(9)

Demonstrate Property Value

What is required and when?

	Related Party Purchase Agreement	3rd Party Purchase Agreement	Appraisal
Unrelated Parties	N/A	YES	Acquisition-Rehab Only
Related Parties	YES	N/A	All projects
Public Entity Donation/Lease	N/A	YES	Acquisition-Rehab & New Construction with donated public land

Sections 10322(h)(9), 10325(c)(1)(C), 10325(c)(10)

Financial Feasibility

TAB 2

Financing Plan

- Narrative of Financing
- Final and Conclusive Determination Letter from DOF (**NEW in 2014**)

Cash Flow Projections

- Residential 15 year proforma in TCAC Excel Application.
- Commercial may not support residential



Section 10322(h)(15), (16), (21), (23), 10325(f)(5)

Financial Feasibility

TAB 2

Utility Allowance Estimates

- CUAC questions contact: Ammer Singh - Asingh@sto.ca.gov

See Section 10327 for TCAC's regulatory requirements on Financial Feasibility and Determination of Credit Amounts



Section 10322(h)(15), (16), (21), (23), 10325(f)(5)

Financial Feasibility

TAB 2

TCAC Underwriting Requirements

- DCR at/above 1.15
- DCR at/below the higher of 1.25 OR 8% Gross Income in first 3 years
- Positive 15 year cash-flow



Section 10327

Set-Aside Designation
TAB 3
Nonprofit

- Qualified under IRC Section 42(h)(5)
- Homeless assistance priority

NEW in 2014

- Non-rural applicants must apply in corresponding Set-Aside if Housing Type election is At-Risk, Special Needs or SRO
- May elect to apply in Nonprofit Set-Aside

Section 10315(a)-(b),10322(h)(50)

Set-Aside Designation
TAB 3
Rural

- Must have rural status per 2014 TCAC Methodology
- RHS (514, 515) and HOME priority – NC

NEW in 2014

- RHS and HOME Program Apportionment
- Native American Pilot Apportionment (\$1M)

Rural-related questions?
 Contact **Daniel Tran** (dtran@sto.ca.gov)

Section 10315(c)-(e),10322(f)(31), (32)

Set-Aside Designation
TAB 3
At-Risk

- Rural projects not eligible in Set-Aside (**NEW in 2014**)
- Qualify for all housing type requirements

Special Needs/SRO

- Qualify for all housing type requirements

Section 10315(d)-(e),10325(g)(3)-(5)

Housing Type Thresholds
TAB 4

Large Family
 Senior
 SRO
 Special Needs
 At-Risk



Section 10325(g)(1)-(5)

Development Team
TAB 5

Current Financial Statements

Organizational Documents Identity of Interest

Legal Status Questionnaire

Section 10322(h)(3),(6), 10325(f)(6), 10326(g)(5)(A)

Development Team
TAB 6

Identify Project Participants
 Copies of Contracts

- Executed contracts
- Accurately dated
- With the correct project referenced



Section 10322(h)(5), 10325(f)(6), 10326(g)(5)

Acquisition Credit
TAB 7
 Chain of title report
 • For tribal trust land, Attorney Opinion
 (NEW in 2014)
 10 year rule – 3rd Party Tax Professional’s
 Opinion (refer to IRC Section 42(d)(2)(B)(ii))



Section 10322(h)(25)(A)-(C)

Rehabilitation Credit
TAB 8
 “As Is” appraisal
 – Includes land value “as if vacant”
 – Done 120 days before or after purchase
 agreement execution or transfer of
 ownership
Underwriting
 – “As is” appraised value
 – Purchase price



Section 10322(h)(9), (26)

**Acquisition & Rehabilitation
 Credit – TAB 8**
Capital Needs Assessment (CNA)
 – Within 180 days of the application deadline
Rehabilitation Summary – Attachment 8
 – Address immediate rehabilitation needs and
 any planned long term replacements
**Greater of \$40,000 in hard costs/unit (NEW in
 2014) or 20% of adjusted basis**



Section 10322(h)(26)(B), 10325(f)(10)

Rehabilitation Credit

TAB 9

Tenant-Occupied Housing

- Income, rent and family size information for existing tenants
- Tenant Relocation Plan
- Detailed Budget with Identified Funding Sources
- When required, compliance with Uniform Relocation Assistance and Real Property Acquisition Policy Act



Section 10322(h)(27)-(29)

TABS 10 & 11

Minimum Construction Standards & Project Size Limitations

ATTACHMENT 10

TCAC Executive Director must approve waiver requests **BEFORE** the deadline date.

Please submit all waiver requests in a timely manner.



Section 10325(7), (9)

Site & Project Information

TAB 12

Physical Description

- Current use, adjacent property
- Unique features
- Site, parcel map, color photos
- Description of Off-Site Costs

Project description

- Architectural drawings – project and unit square footage, bedroom count, laundry facilities, play area, commercial space, etc.

Architect Certification



Section 10322(h)(8), (11), (12)

Market Study
TAB 13

Market Study Guidelines:
<http://www.treasurer.ca.gov/ctcac/mktstudy/2014.pdf>

Analysis should be unbiased, objective, and supported with clear data and explanation when needed.

Section 10322(h)(10), 10325(f)(1)

Goal: Is there **NEED** and **DEMAND** for the project in the area?

Must meet the requirements of Sections 10322(h)(10) & 10325(f)(1)(B) of TCAC Regulations



Tenant Rents
10%+ Below
Market



Value Ratio
(\$/Sq. Ft.)
≤ Market



Absorption Rate
& Stabilized
Occupancy

Market Study Components

- 1) Cover Letter
- 2) Executive Summary & Conclusions
- 3) Project Description
- 4) Delineation of Market Area
- 5) Market Area Economy and Population



Market Study Components

Need and Demand

- 6) Demand Estimate
- 7) Absorption Rate
- 8) Competitive Rental Market
 - Existing and Planned Affordable Housing Comparables
 - Matrices in Excel Format
 - Comparables beyond 1 Mile
- 9) Appendices



Local Approvals

TAB 14

Verification of Zoning

- Attachment 14
- Current
- Zoned for intended use
- Within maximum density



Section 10325(f)(4)

Financing Commitments

TAB 15

Grants/Subsidies Committed

Permanent = 15 Year Term

50% Construction or Permanent Committed

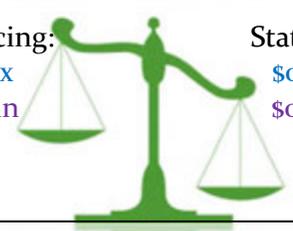
Provide Executed Documentation



Section 10325(f)(3),(8), 10327(c)(8)

Syndication
TAB 16

Federal Pricing: **\$1.10 Max**
\$0.90 Min

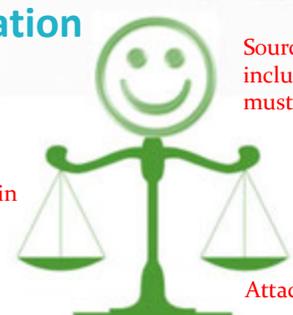


State Pricing: **\$0.75 Max**
\$0.60 Min

Section 10322(h)(18)-(20)

Syndication
TAB 16

Net proceeds must match equity listed in your TCAC application



Sources, including equity, must match uses.

Attachment 16

Section 10322(h)(18)-(20)

Evidence of Subsidies
TAB 17

- Commitments showing the funds are secured or have been renewed
- Source of the subsidy
- Annual amount
- Term
- Number of units
- Expiration date

REMEMBER
Accurately complete the table on Page 19 of TCAC Application and the new "Subsidy Contract Calculation" worksheet

Section 10322(h)(22)

Threshold Basis Limit Boosts
TAB 18

- Prevailing Wages Required by Public Awarding Body (20%)
- Parking Beneath Residential Units (7%)
- Day Care Center (2%)
- 100% Special Needs (2%)
- 95% Upper Floors - Elevators (10%)
- 1+ Energy efficiencies - 10% max
- Seismic upgrading - 15% max
- Toxic or other environmental - 15% max
- Local Development Impact Fees



Section 10327(c)(5)

Eligible Basis Certification
TAB 19

- Meets requirements of IRC Section 42(h)(1)(E)
- If rehabilitation of existing structures is involved, meets minimum requirements.
- 130% high cost limit



Section 10322(h)(17), 10325(d), 10325(f)(10)

**2014 9% LIHTC Application
 Point Section &
 Final Tiebreaker**

Checklist Items 20-27

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Point Spread

	Maximum	Minimum
■ 9% applications	148	123
■ 4% + State Credit applications	126	112

Section 10305(h)

Leveraging

- Maximum 20 points
 - Cost Efficiency
 - Credit Reduction
 - Public Funds



Section 10325(c)(1)(A)-(C)

Leveraging – Cost Efficiency

- Maximum 20 points
 - New Construction
 - At-Risk
 - Substantial Rehabilitation



Section 10325(c)(1)(A)

Leveraging – Credit Reduction



- Example: 10%
 - Qualified Basis X 10% = Reduction
 - Qualified Basis – Reduction = Adjusted Qualified Basis
- One point (1 point) for each one percent (1%)

Section 10325(c)(1)(B)

Leveraging – Credit Reduction

	70% PVC for New Construction/Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	\$13,258,000	
Ineligible Amounts		
Subtract All Grant Proceeds Used to Finance Basis:		
Subtract BMR Federal Finance:		
Subtract Non-Qualified Non-Residential:		
Subtract Non-Qualifying Construction:		
Subtract Historic Credit:		
Total Ineligible Amounts:		
Adjusted Eligible Basis:	\$13,258,000	
Applicable Fraction:	100%	100%
Qualified Basis:	\$13,258,000	
Total Credit Reduction:	\$1,325,800	
Total Adjusted Qualified Basis:	\$11,932,200	

Section 10325(c)(1)(B)

Leveraging - Public Funds

Tab 20

Total Committed Public Funds, Fee Waivers, or Value of Donated Land
 Total Development Costs



- One point (1 point) for each one percent (1%)

Section 10325(c)(1)(C)

Leveraging - Public Funds
Tab 20

- Local Community Foundation Funds
- “Tranche B” loans
- Public contributions of eligible off-site costs
- Assumed loans



Section 10325(c)(1)(C)

General Partner Experience
Tab 21

- Maximum 6 points (7 projects, >3 yrs.)
- Nonprofit/Special Needs Set Aside and Special Needs Housing Type (4 Special Needs projects, >3 yrs.)
- Attachment 21
- CPA Certification - positive cash flow, funded reserves

Section 10325(c)(2)(A)

General Partner Experience
Tab 21

- No Points for Projects < 3 years (**NEW in 2014**)
- < two (2) active California Low Income Housing Tax Credit Projects



Section 10325(c)(2)(A)

Management Experience
Tab 22

- Maximum 3 points (11 projects, >3 yrs.)
- Nonprofit/Special Needs Set Aside and Special Needs Housing Type (4 Special Needs projects, >3 yrs.)
- Attachment 22, Management Agreement
- Nationally Recognized Housing Tax Credit Compliance Entity (2 points)

Section 10325(c)(2)(B)

Management Experience
Tab 22

- No Points for Projects <3 years (**NEW in 2013**)
- < two (2) active California Low Income Housing Tax Credit Projects
 - TCAC-approved training



Section 10325(c)(2)(B)

Housing Needs
Tab 22

- 10 Points and Additional Threshold
- 9% Projects must meet a Housing Type
- Document how requirements are met
 - Attachment 4(A)-(E)
 - Architectural Drawings



Section 10325(c)(4), 10325(g)(1)-(5)

Site Amenities
Tab 23

- Maximum 15 points
- Requirements:
 - Map with distance measurements
 - Point of reference for bus stop photo
 - Clear color photos
 - Contact person & contact information



Section 10325(c)(5)(A)

Site Amenities
Tab 23

- Transit Amenities (up to 7 points)
 - Transit station, rail station, Commuter rail station, bus Station, or public bus stop



Section 10325(c)(5)(A)(i)

Site Amenities
Tab 23

- Public Park/Community Center (up to 3 points)
- Book-Lending Public Library (up to 3 points)
 - Inter-branch lending



Section 10325(c)(5)(A)(2)-(3)

Site Amenities
Tab 23

- Grocery Store Amenities (up to 5 points)
 - Square Footage Certification
 - Large Multi-purpose stores

Measure "Grocery Section"




Section 10325(c)(5)(A)(4)

Site Amenities
Tab 23

- Public School (up to 3 points)
 - Attendance Boundary
- Senior Center (up to 3 points)
- Special Needs or SRO Facilities (up to 3 points)




Section 10325(c)(5)(A)(5)-(7)

Site Amenities
Tab 23

- Medical Clinic (up to 3 points)
 - Medi-Cal/Medicare/Health Care for the Homeless
- Pharmacy (up to 2 points)
- High Speed Internet Service (up to 2 points, 3 points for Rural)



Section 10325(c)(5)(A)(8)-(10)

Service Amenities
Tab 24

- Large Family, Senior, At-Risk:
 - Service coordinator
 - Services specialist
 - Adult classes: educational, health/wellness, skill building
 - Health & wellness services programs
 - Licensed childcare
 - After school program



Section 10325(c)(5)(B)

Service Amenities
Tab 24

- Special Needs, SRO:
 - Case manager
 - Service coordinator, Services specialist
 - Adult classes: educational, health/wellness, skill building
 - Health or behavioral health services provided by licensed organization or individual
 - Licensed childcare
 - After school program



Section 10325(c)(5)(B)

Service Amenities
Tab 24

- Application Components:
 - Evidence of services to be provided and description (MOU)
 - Evidence of physical space
 - Services sources and uses budget
 - Position descriptions
 - Service Provider Experience Chart (Attachment 24)



Section 10325(c)(5)(B)

Service Amenities

Tab 24

- Budget reflect level of service.

Section 10325(c)(5)(B)

Sustainable Building Methods

Tab 25

- New Construction/Adaptive Reuse:
 - LEED, Green Communities, GreenPoint Rated Multifamily Guidelines (5 points)
 - Beyond minimum requirements (up to 5 points)
 - LEED (Silver, Gold), GreenPoint Rated (100, 125)

Section 10325(c)(6)(A), (C)

Sustainable Building Methods

Tab 25

- New Construction/Adaptive Reuse:
 - Energy Efficiency beyond 2008 Title 24 (up to 5 points)
 - Round 1 (17.5%, 20%, 25%)
 - Round 2 (32.5%, 35%, 40%) (**NEW in 2014**)

Section 10325(c)(6)(B)

Sustainable Building Methods
Tab 25

- Rehabilitation:
 - LEED, GreenPoint Rated Existing Home Multifamily Program, 2011 Enterprise Green Communities (up to 5 pts.) **(NEW in 2014)**
 - Beyond minimum requirements (up to 5 pts.) **(NEW in 2014)**
 - LEED (Silver, Gold), GreenPoint Rated (65, 95, 120), 2011 Enterprise Green Communities (Moderate, Substantial)

Section 10325(c)(6)(D), (F)

Sustainable Building Methods
Tab 25

- Rehabilitation:
 - Improvement over current (up to 10 pts.)
 - 15%, 20%, 25%, 30%
 - Additional project measures (3 pts. each)
 - Sustainable building management practices (3 points)
 - Individual metering (3 points)

Section 10325(c)(6)(E), (G)

Lowest Income

- Maximum 52 points
 - Points Table
 - Additional 2 points for 10% @ or below 30% AMI
 - Spread 30% units across the various bedroom-count units

Section 10325(c)(7)

Lowest Income

- Example:
 - 67 units
 - 41 three-bedroom units = **5 units**
 - 19 two-bedroom units = **2 units**
 - 7 one-bedroom units = 0 units

Units at 30% AMI = **7 units**

Section 10325(c)(7)(B)

Readiness to Proceed

Tab 26



- Maximum 20 points
- Enforceable commitment for all construction financing
- Environmental Review Clearance
 - HUD form 7015.15 and 7015.16
- All necessary public **or tribal** approvals except for building permits
- Design review approval

Section 10325(c)(8)

Readiness to Proceed

Tab 26



- Appeal Period
 - 30 days beyond application deadline
- 90-day Letter of Intent (LOI) deadline
 - Required if any points are received
- 180-day deadline
 - Required if maximum points are received

Section 10325(c)(8)

Misc. Federal and State Policies
Tab 27

- Maximum 2 points
 - State credit substitution (2 points)
 - **Enhanced Accessibility and Visitability (2 points)***
 - Smoke free residence (2 points)
 - Historic tax credits (1 point)*
 - QCT with revitalization plan (2 points)*
 - Eventual Tenant Ownership (1 point)*

Section 10325(c)(9)

Final Tie Breaker

- Calculation of self score
- Includes space for additional explanatory information

$$\frac{\text{Committed permanent public funds defraying residential costs}}{\text{Total residential project development costs}}$$

+

$$\left(1 - \frac{\text{Requested unadjusted eligible basis}}{\text{Total residential project development costs}} \right) / 3$$

Section 10325(c)(10)

Final Tie Breaker

- First Ratio (Public Funds)
 - Community Foundation/Charitable Foundation
 - Value of land & improvements contributed from an unrelated 501(c) organization
 - Numerator increased by 25% of the percentage of subsidy-assisted tax credit units

Section 10325(c)(10)

Final Tie Breaker

- Second Ratio
 - 1 minus ratio of requested unadjusted eligible basis to total residential project development costs
 - Divide by 3

Section 10325(c)(10)

Final Tie Breaker

- Mixed-Use Projects
 - Commercial Cost Pro-ration
- Tranche B
 - Underwriting Interest Rate
 - Contract Rents
- Exclude Ineligible Off-Site Costs
 - Numerator and Denominator
 - Tab 12 – Summary of Off-Site Costs

Section 10325(c)(10)

Final Tie Breaker

This section is included in the application for self-rating. We advise that TCMC will use self-rating to determine which projects undergo further review in the competition, including the verification of self-rating. For possible interpretation of tax credits, TCMC will not verify or evaluate every project's self-rating. Project's that self-rating has not been independently completed by a representative of the project will get average self-rating score by TCMC.

Projects with residential percentage greater than 50% in Tab 10 and inclusion of public facilities, if any, in Tab 11

Projects with commercial/residential ratio will have residential public funds determined by the percentage of the project proposed to be commercial or non-residential.

Ratio of total value is required per Tab 10. The value of the land per TCMC regulations must be included in "Total residential project development cost" based on instructions Tab 1 of the application. Standard land value must be included in Total Project Cost and the Revenue and Cost Budget.

Final Tie Breaker Formula

$$\frac{\text{Requested project public funds (adjusted for off-site costs)}}{\text{Total residential project development costs}} + \left(\left(1 - \frac{\text{Requested residential eligible basis}}{\text{Total residential project development cost}} \right) / 3 \right)$$

Self-Rating Calculation

Requested project public funds (adjusted for off-site costs)	10
Total residential project development costs	100
Requested residential eligible basis	80
Total residential project development cost	100

The final number may include the following permitted funding level that are eligible for public funds under the Section 10325(c)(10): (1) funding contributed by a California foundation or other public body, (2) a portion of the total project cost, and (3) land and improvements contributed by a third party organization to help in the development of the project for an amount per TCMC Reg. Section 10325(c)(10)

Section 10325(c)(10)

Final Tie Breaker

For mixed use projects, the permanent public fund numerator must be adjusted (per 10325(c)(10)) the mixed use ratio below:

Final Formula: Total commercial cost / Total mixed cost \times [10325(c)(10)]

THE PROHIBITED COMMERCIAL COST DEDUCTION TO PUBLIC FUNDS MUST BE CALCULATED FIRST, BEFORE APPLYING ANY SUBSIDY ADJUSTMENT/INCREASE PROPORTION DEDUCTION TO THE NUMERATOR. TUNG MUST MAKE THIS INFO AN APPROPRIATE APPROPRIATION.

Sample formula (commercial cost) for numerator: Commercial permanent public funds defraying residential costs \times [10325(c)(10)]

For projects with public operating or rental subsidies listed in Reg. Section 10325(c)(10)(b), calculate the percentage increase below and increase the permanent public funds numerator by the adjustment percentage:

ADJUSTED PERMANENT PUBLIC FUNDS: % of residential units 100% 100% Subsidy adjustment increase to permanent public funds numerator (This adjustment is calculated in the numerator 10325(c)(10) and adjustment)

The number of rental subsidy units and the number of operating subsidy units are non-transferable, up to 100%.

Sample formula (subsidies) for numerator: Commercial permanent public funds defraying residential costs \times [10325(c)(10)]

Sample formula (subsidies and commercial cost) for numerator: Commercial permanent public funds defraying residential costs \times [10325(c)(10)] \times [1+ADJ]

Section 10325(c)(10)

Final Tie Breaker

Details & calculation:

The portion of the public funds priority section and the final tie breaker, a Tiebreaker II loan is the lesser of the actual commitment amount or the following. Please note, an application must include a priority Tiebreaker II loan supported by a public agency to utilize this calculation.

Master source information:

Loan Type	# of Units	Public Subsidy	Commercial Actual
DCU	100	100	100
DCU	100	100	100
DCU	100	100	100
DCU	100	100	100
DCU	100	100	100
Total			

Market Source Differential

- Loan Interest: 50
- Net Market Income: 50
- Subsidies for rent services: 50
- 1.10 DCU rate: 50

Loan term (years): 75

Market rate (annual): 6.75%

DCU rate: 7.16%

Loan amount per DCU: 50

underwriting standards: 50

Actual Tiebreaker II loan amount: 50

Comments on additional information as necessary:

Section 10325(c)(10)

Additional Questions?

Contact Your Regional Analyst

<http://www.treasurer.ca.gov/ctcac/assignments.pdf>