TCAC Summary of Proposed Regulation Changes for 2021

Public Hearing
November 10, 2020
REVISED (Slides 16 and 17)
State Tax Credits

• 15% of annual amount for 4% projects
• Limited to acquisition and/or rehabilitation only projects
• Accepted beginning with 1st application review period of calendar year
• CDLAC ranking system
State Tax Credits (AB 83)

- $500 million in state credits for 4% projects
  - Up to $200 million for CalHFA MIP funded projects
- Limited to new construction projects only
- Accepted beginning with 1st application review period of calendar year
- CDLAC ranking system
- May establish waiting list
Regulation Language Clarification

• Resyndication
  • Outstanding non-compliance issues
  • Demolition of existing structures
  • Sell portion of vacant or unused land

• Appraisals
  • Reorganization
  • Added adaptive reuse
  • Rental subsidies
  • Appraisal review
Regulation Language Clarification cont.

• Local Approvals and Zoning
  • Requirement to provide local approval process, applicable approvals, and whether each required approval is “by right,” ministerial, or discretionary
  • Acknowledgment of zoning or land use approvals pursuant to a state streamlined approval requirement
Application Efficiencies

- Organizational documents
- Eliminate “Build and Fill” requirement
- Reaplication documents
  - Site control and CNA for reaplication projects
  - CPA certification for GP Experience (9% projects)
  - Only accepted for reaplication cycle immediately following cycle of unsuccessful application
Application Efficiencies cont.

- 4% application shall use CDLAC-TCAC Joint Application and apply to simultaneously to CDLAC
- 4% applications not expected to receive bond allocation may not be fully evaluated by TCAC
  - Increased application review period (90 days)
Placed in Service

- Request for Form 8609/Placed in Service package
  - Submitted within 9 months of completing construction or rehabilitation of project
- Final Cost Certification
  - Final equity payment and reduction of principal balance
- Shared space and costs
- Incomplete or inaccurate PIS applications will require $1,000 application fee
Scoring Changes

• GP Experience
  • Point total to align with CDLAC
• Management Experience
  • Eliminate tax credit certification experience option
Scoring Changes cont.

• Site Amenities
  • Timing of transit passes
  • School option for SPN projects with Large Family units
  • High speed internet service
  • High/Highest Resource (Large Family housing type)

• Service Amenities
  • Eliminated lower point options
  • Proportionate scoring for SPN/non-SPN units
  • Align with CDLAC
Scoring Changes cont.

- Sustainable Building Methods
  - Remove point category, align with CDLAC
  - Meet building code requirements
- Readiness to Proceed point category
  - Commitment of all construction financing
  - Commitment to close construction within 180/194 days
  - Approvals will be captured in Local Approvals and Zoning
First Tiebreaker

• Housing Type Goal Tiebreaker
  • Will not skip highest ranked project in set aside or geographic region
Final Tiebreaker Score

• Leveraged Soft Resources First Ratio
  • Exclude outstanding principal balances for existing TCAC projects under specific cases
  • Clarify ineligible off-site costs
  • Committed rental subsidies
  • Remove soft loan minimum term
  • For 4% applications, include recycled PABs
Final Tiebreaker Score cont.

• Second Ratio
  • Eliminate 1/3 discount
• High/Highest Resource
  • Clarify tiebreaker percentage point increases are specific to Large Family Housing Type projects only
Minimum Construction Standards

• Energy Efficiency
  • Meet building code requirement
  • Require Sustainable Building Methods Workbook at placed in service

• Appliances
  • Clarify cooktop and oven for non-SRO low income units
Minimum Construction Standards cont.

• Manager Unit
  • Clarification if considered a low income unit
  • Tenant cannot be evicted upon employment termination

• Accessibility – New Construction (REVISED)
  • Increased to 15% for mobility features
  • Increased to 10% for communication features
Housing Type Requirements

• **All** housing types: Washer and dryer requirement reduced by 25% if units include hook-ups

• Large Family
  • Dishwashers exempt for studio and SRO units

• Senior *(REVISED)*
  • Expand minimum age per CA Civil Code Section 51.3
Housing Type Requirements

• Special Needs
  • Eliminate some document requirements
  • Clarify requirement for projects with no public rental or operating subsidy committed

• At Risk
  • Clarify loss of any affordability restrictions resulting in an increase to tenant rent of more than 10%
  • Add reference to other programs consistent with state statute
Developer Fee

• Simplify language
• Remove high cost factor to developer fee
• Increase cash out fee for units over 100 to $20,000
• For 4% projects, require any increase to developer fee to be deferred or contributed as equity
Developer Fee cont.

• Increase per unit construction hard cost requirement for 15% acquisition basis to $50,000
  • Exclude re-syndication projects from 15% acquisition basis

• Simultaneous phasing
  • Construction start/completion dates are within 12 months
Developer Fee cont.

• Deferred developer fee notes/agreements included in placed in service package
  • Interest shall not exceed 8%

• Persons of Color / Women owned Business Enterprise (PCWBE) projects
  • Increase to 20% of project’s unadjusted eligible basis
Threshold Basis Limit Increases

• TCAC basis limit increase for podium parking (10%)
• TCAC basis limit increase for Type 1 (15%) and Type III (10%) construction
Other Proposed Changes

• Related party fee and loan limits
• Scattered site applications and re-syndication applications require $1,500 application fee
• Property Management Company changes require equal capacity points for incoming company
QUESTIONS?