



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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INTERIM EXECUTIVE DIRECTOR
MARINA WIAINT

DATE: October 9, 2026

TO: California Debt Limit Allocation Committee Stakeholders

FROM: Marina Wiant, Executive Director

RE: Proposed Regulation Changes with Initial Statement of Reasons

The California Debt Limit Allocation Committee (CDLAC) staff carefully reviewed feedback and suggestions received and present the proposed changes to the regulations for public review and comments. Attached to this memorandum are the proposed changes with initial statement of reasons. CDLAC anticipates the adoption of the regulation changes to take place at a CDLAC meeting scheduled on December 9, 2026. CDLAC staff will conduct a public hearing to explain the proposed changes, answer questions, and solicit comments specific to the changes being proposed. The notice for the public hearing will be sent out separately.

CDLAC is accepting written public comment on the proposed regulation changes until Monday, November 2, 2026 at 5:00 p.m. Interested persons may submit public comment in writing via the [Microsoft Forms page](#), mail, or hand delivery. For mailed or hand delivered public comment, please mail or deliver to CDLAC at 915 Capitol Mall, Suite 280, Sacramento, CA 95814. CDLAC encourages commenters to clear and concise with their public comments. Please explicitly indicate your agreement or disagreement with the changes to ensure CDLAC accurately captures your position. CDLAC will only consider public comments relevant to the regulation changes being proposed.

**List of Proposed Regulation Changes with Initial Statement of Reasons
October 9, 2026**

Chapter 1. General Bond Program Provisions

1. 5000. Definitions

The proposed change deletes unused definitions and adds definitions for undefined terms. (Pages 1-6)

Proposed change:

“Allocation” means the portion of the State Ceiling awarded by the Committee to an Applicant and includes an HDFC Bond Allocation, as defined in Section 5100.

“Carryforward” means an election of carryforward for unused volume cap made pursuant to Section 146(f) of the Internal Revenue Code.

“California Debt Limit Allocation Committee” or “CDLAC” or “Committee” means the administrator of the tax-exempt private activity bond program established by GC section 8869.80 et seq.

~~“Committee” means the California Debt Limit Allocation Committee established by California Government Code sections 8869.80 et seq.~~

“California Tax Credit Allocation Committee” or “CTCAC” means the administrator of the federal and state low-income housing tax credit program established pursuant to California Health and Safety Code, § 50199.4 et seq.

~~“CTCAC” means the California Tax Credit Allocation Committee.~~

~~“Draw-down Bond Issuance” means a draw-down loan as defined for purposes of 26 U.S.C. sections 103 and 141 through 150 (generally, a Bond issue in which Bonds are delivered to the Bond purchaser intermittently as funds are needed by the Bond Issuer and the Bond Issuer only owes interest based on the amount of Bonds drawn-down).~~

~~“Extra Credit Teacher Home Purchase Program” means a program offering Mortgage Credit Certificates or loans funded by Mortgage Revenue Bonds to eligible teachers, eligible administrators, eligible classified employees, and eligible staff members for the purpose of assisting them in becoming homeowners.~~

~~“Extra Credit Teacher Home Purchase Program Pool” means the reserve of the State Ceiling established by the Committee for the Extra Credit Teacher Home Purchase Program.~~

“Project Staff Report” means the staff report published by CDLAC for the Project summarizing the terms, conditions, and expectations of the Allocation as approved by the Committee at a public meeting.

~~“Standard Permanent Bonds” means Bonds issued for the purposes of providing permanent Project financing which (i) meet CDLAG's Debt Service Coverage Ratio requirement in Section 5170 or (ii) are not Cash Flow Permanent Bonds.~~

2. 5001. Annual Bond Program Announcements; Administration.

The proposed change implements budget trailer bill AB 179. (Page 7)

Proposed change:

(a) The Committee shall, as soon as practicable, give notice of deadlines to submit Applications for each Allocation Round, and after the beginning of each calendar year, and before any Applications are considered, the Committee shall determine and announce the State Ceiling and the portion of the State Ceiling that will be available for each of the State Ceiling Pools with a minimum of ninety (90) percent of the State Ceiling dedicated to QRRPs.

3. 5005. Application Deficiencies and Appeals

The proposed change makes a technical clarification. (Page 10)

Proposed change:

(3) Application appeals procedure. The following procedure applies to subdivisions (1)(A) through (C):

(A) Applicants must submit written appeals to CDLAG within five (5) calendar days of the transmittal of the point or disqualification letter. Staff will respond in writing within five (5) calendar days of receiving the appeal.

4. 5010. Committee Resolutions; Use of State Ceiling Allocations; Allocation Expiration.

The proposed change sets the bond issuance deadline for Exempt Facility Bond Program and the Small-Issue Industrial Development Program. Since these programs are relatively small, it is challenging to manage carryforward. This change would prevent allocation being carried forward for these purposes. Additionally, the proposed change provides technical clean-up to better capture current allocation procedures. (Pages 13-14)

Proposed change:

(a) The granting of an Allocation by the Committee shall be memorialized in a written resolution adopted by the Committee.

(1) The Committee Resolution shall specify the ~~bond issuance deadline in conformance with applicable law, in addition to the following: the~~ Applicant, the ~~use amount~~ of the Allocation, the project or program name for which the Allocation has been provided, the amount of volume cap transferred to the Applicant, applicable authorization for use of carryforward volume cap, the bond issuance deadline ~~Project Sponsor using the Bond proceeds where applicable, the location of the project or program,~~ and any additional terms, conditions or expectations- ~~restrictions~~ imposed on the Allocation by the Committee.

(2) The bond issuance deadline established in the Committee Resolution shall be no later than December 31 of the year following year of the Allocation. For the Small-Issue Industrial Development Bond Program and the Exempt Facility Bond Program, the deadline shall be no later than December 31 of the year of the Allocation.

(b) ~~Use of an~~ Allocation shall be used ~~limited by the provisions of the Committee Resolution. Any changes to the consistent with the terms, conditions, and expectations of the approved Application memorialized specifications contained in the Committee Resolution and, if applicable, the Project Staff Report. Any changes to the terms, conditions, or expectations of the Project prior to Bond issuance~~ the issuance of Bonds, including, but not limited to, changes to the Bond sale structure, the direct purchaser of the Bonds if a private placement of Bonds is indicated, the entity selling Bonds, or the identity of the Applicant, must be approved by the Committee, except the prior to the Bond issuance. The Committee may delegate the authority to approve these changes to the Committee Chair or to the Executive Director. The Executive Director may administratively approve ~~routine and non-substantive~~ changes that do not require additional Allocation and do not materially change the use of Allocation as approved by the Committee.

5. 5011. Carryforward Allocations.

The proposed change makes a minor technical change. (Page 14)

Proposed change:

(b) The Committee will specify the expiration date of the carryforward Allocation in the Committee Resolution memorializing the grant of the Allocation. If any amount of the carryforward Allocation has not been used to issue Bonds or convert Bonds to Mortgage Credit Certificate Authority on or before the expiration date, the performance deposit will be forfeited to the Committee and the Committee may require the Issuer to transfer the carryforward Allocation to another approved Project by the same Issuer in accordance with section ~~5010(c)420~~. If the Committee does not require a transfer of the carryforward Allocation, the expiration date may be extended with the approval of the Executive Director until the Allocation expires pursuant to 26 U.S.C. section 146(f)(3) or to each subsequent deadline for submitting Applications to the Committee. At that time, the Committee may

require the Issuer to transfer the carryforward Allocation to another approved Project by the same Issuer.

Chapter 2. Qualified Residential Rental Projects

6. 5100. Definitions

The proposed definitions implement budget trailer bill AB 179 and replace the definition of BIPOC Entity and BIPOC Project with Emerging Developer and Community-Based Development Project, which will create more alignment across the state's funding programs. (Pages 19-23)

Proposed change:

"At Risk Project" means a property that is at risk of conversion as defined by Revenue and Taxation Code section 17058(c)(6) and by section 10325(g) of ~~the Title 4 of the California Code of Regulations~~ CTCAC regulations; or a property that otherwise meets all requirements of Revenue and Taxation Code section 17058(c)(4) and section 10325(g) of ~~the CTCAC regulations Title 4 of the California Code of Regulations~~, except that the federal assistance due to expire within five (5) calendar years of application to the Committee may include a tax-exempt private activity Bond regulatory agreement.

~~"BIPOC Entity" means an entity that is at least 51% owned, managed, and controlled by one or more Black, Indigenous, or Other People of Color or by a non-profit organization with a Black, Indigenous, or Other Person of Color executive director/Chief Executive Officer (CEO) and board membership that is comprised of at least 51% Black, Indigenous, and Other People of Color. For purposes of this paragraph, Black, Indigenous, or Other People of Color means a person who checked the Black or African American, American Indian and Alaska Native, Asian, or Native Hawaiian and Other Pacific Islanders race category or who answered yes to the Hispanic Origin question on the 2020 most current United States Census.~~

~~"BIPOC Project" means a Qualified Residential Rental Project for which the sponsor is a Qualified BIPOC Entity. A BIPOC Project may be a New Construction Project, Rural Project, Acquisition/Rehabilitation Project. The partnership agreement of a BIPOC Project must allocate at least 51% developer fee, cash flow, and net sale proceeds to the BIPOC Entity and provide the BIPOC Entity an option to purchase the development. A BIPOC Project does not include a project for which any principal, partner, affiliate, parent organization, or member of the sponsor entity is eligible to receive maximum General Partner Experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations unless (a) those points are awarded to a principal of the BIPOC Entity who no longer is employed by the developer of, or has an ownership interest in, the project(s) which form the basis of the experience points, or (b) those points are available to a nonprofit managing general partner that is (1) eligible under 501(c)(3) of the Internal Revenue Code and (2) not receiving more than 10% of the economic interests of the Project, which include developer~~

~~fee, cash flow, and net sale proceeds and (3) the BIPOC Entity receives General Partner experience points pursuant to Section 5105(f)(1)(C). All BIPOC Projects shall be prequalified under Section 5106(c) and the BIPOC Entity must remain in the BIPOC Project ownership for a minimum of three years from the date the BIPOC Project is placed into service.~~

“Capital Needs Assessment” means the physical needs assessment required for all acquisition/rehabilitation projects as defined in Section 10302(k) of the CTCAC Regulations.

“Community-Based Development Project” means a QRRP project for which the Project Sponsor is a Community-Based Developer, as defined by the Housing Development and Finance Committee Regulations.

“CTCAC/HCD Opportunity Area Map” shall have the same meaning as in Section 10302(eee) of the CTCAC regulations. An applicant may choose to utilize the census tract or census block group resource designation, as applicable, from the CTCAC/HCD Opportunity Maps in effect when the initial site control was obtained up to seven calendar years prior to the application. Projects located in map areas designated as “Missing/Insufficient Data” or similar designation with site control prior to December 11, 2024, shall be considered to be in the resource area that most frequently surrounds the perimeter of the Project’s map area.

“CTCAC regulations” means the regulations promulgated by CTCAC in division 17 of title 4 of the California Code of Regulations to administer the federal and state low-income housing tax credit program.

“Emerging Developer” means a Project Sponsor that

(1) has no principal, partner, affiliate, parent organization, or member eligible to receive maximum General Partner Experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations unless those points are awarded to a person who no longer is employed by the developer of, or has an ownership interest in, the project(s) which form the basis of the experience points;

(2) does not hold an ownership interest in two (2) or more QRRP Projects that have been awarded bonds that have not yet been issued; and,

(3) does not hold an ownership interest in five (5) or more QRRP Projects that have not placed in service in accordance with Section 10322(i) of the CTCAC Regulations.

“Extremely Low/Very Low-Income (ELI/VLI) Set-Aside” means a New Construction Project that has an average AMI of 50% or below and has received ~~either:~~

~~(a) an award of funding from the California Department of Housing and Community Development (HCD), including from the Multifamily Housing Program, the Affordable~~

~~Housing and Sustainable Communities Program, the Transit Oriented Development Program, the Joe Serna Jr. Farmworker Housing Grant Program, the No Place Like Home Program, Housing for a Healthy California and the Veterans Housing and Homelessness Prevention Program. The income restrictions shall be at least as restrictive as those for which the applicant received an award from HCD. Awards made directly by the department do not include Alternative County Process awards; or~~

~~(b)~~ an award of public funds, as defined in Section 10325(c)(9)(A)(i) of the CTCAC regulations, equivalent to 15% or more of the Project's total development cost, provided that the project meets the following criteria, as applicable:

(1) If the project receives points as a Large Family project pursuant to Section 5105(g) and is located in a High Segregation and Poverty Area as specified on CTCAC/HCD Opportunity Area Map, the project shall have income restrictions with a range of at least 30% AMI between the highest and lowest 10% of income- restricted units.

(2) If the project receives points as a Large Family project pursuant to Section 5105(g) and is located in a High or Highest Resource Area as specified on CTCAC/HCD Opportunity Area Map, the project shall have income restrictions that meet the requirements of Section 5105(i)(1)(A).

(3) If the project does not receive points as a Large Family project pursuant to Section 5105(g) or is located in a Moderate, or Low Resource Area as specified on CTCAC/HCD Opportunity Area Map, the project receives maximum points for exceeding minimum income restrictions pursuant to Section 5105(d).

~~“FHA Financed Project” means a project financed under 221(d)3, 221(d)4, 223(f) Federal Housing Administration insurance program, or the Section 202 or 811 Capital Advance program, or any HUD sponsored capital financing pilot program.~~

~~“Final and Conclusive Determination Letter” means a written confirmation from the Department of Finance (DOF) that its determination of an enforceable obligation as approved in a recognized obligation payment schedule is final and conclusive, and reflects DOF’s approval of subsequent payments made pursuant to the enforceable obligation.~~

“Housing Development and Finance Committee” or “HDFC” means the multifamily housing finance committee established pursuant to Section 54925 et seq. of the Health and Safety Code.

“HDFC Bond Allocation” means the portion of the State Ceiling allocated by the Committee for an HDFC Project from the HDFC Pool.

“HDFC Pool” means the portion of the State Ceiling reserved for HDFC Projects.

“HDFC Project” means a proposed QRRP (1) for which the HDFC approved an application

for a multifamily affordable housing program award and transmitted the approved application to the Committee for an HDFC Bond Allocation; (2) that is funded by a program administered by HDFC pursuant to HDFC regulations; or (3) with an existing California Department of Housing and Community Development (“HCD”) loan or grant.

“Homeless Set-Aside Project” means a New Construction Project in which the greater of 15 units or 25% of the tax credit units are designated for homeless households as defined in Section 10302(kk) of the CTCAC regulations at affordable rents consistent with Section 10325(g)(3) of the CTCAC regulations.

~~“HUD Development Acknowledgement Letter” means HUD correspondence outlining that a project has submitted an application for FHA financing, that the application has been deemed complete, and that HUD is committed to providing the project with a Firm Commitment Letter prior to the issuance expiration date of the project’s Allocation.~~

~~“HUD Firm Commitment Letter” means a HUD loan commitment for FHA financing.~~

~~“MAP Lender” means a HUD-qualified lender that prepares FHA forms and performs preliminary underwriting for certain FHA loan applications.~~

“Rent Comparability Matrix” means the form by which the third party that has completed the Market Study required under Section 5102(b)(1) provides information comparing the Project to comparable properties in the Project’s market area and evidences that each of the Project’s unit types has met the requirements of Section 5102(b)(7)7(a)(2).

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

7. 5101. Announcement of Qualified Residential Rental Project Pools, Set-Asides, and Minimum Points.

The proposed change implements budget trailer bill AB 179 and replaces the BIPOC Pool with an Emerging Developer Pool, to provide more consistency across the state’s programs. (Pages 25-26)

Proposed change:

(a) There shall exist within the Qualified Residential Rental Project Pool the following pools and set-asides:

- (1) New Construction Pool for New Construction Projects that are not Rural Projects:
 - (A) Homeless Set-Aside ~~Projects~~ within the New Construction Pool
 - (B) ELI/VLI Set-Aside within the New Construction Pool
 - (C) Mixed-Income Set-Aside within the New Construction

- (2) Rural Project Pool for Rural Projects, not to exceed ten percent (10%) of the total

Qualified Residential Rental Project Pool

(3) Acquisition/Rehabilitation Pool

(4) BIPOC Emerging Developer Pool for BIPOC Projects

(5) HDFC Pool

(6) Supplemental Allocation Pool ~~for Supplemental Allocation Requests~~

(b) As soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee shall determine and announce what amount of the ~~QRRP~~Qualified Residential Rental Project Pool shall be available in each Allocation Round to each of the ~~QRRP~~Qualified Residential Rental Project Pool pools and set-asides. Until July 1, 2029, the HDFC Pool shall be allocated at least one-half of the amount of state ceiling dedicated to QRRP.

(c) The Committee shall establish a minimum point threshold for the New Construction, Rural, Acquisition/Rehabilitation and BIPOC Emerging Developer Pools

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

8. 5102. QRRP Application Procedures and Requirements.

The proposed change consolidates requirements from Section 5107 to 5102 and cross references CTCAC regulation sections in lieu of copying the language.
(Pages 25-28)

Proposed change:

(b) No application is complete without meeting the ~~All applications shall include the following threshold requirements~~ at the time the application is filed and to the Executive Director's satisfaction:

(1) The housing need and demand requirements of Section 10325(f)(1) of the CTCAC regulations.

~~(1) (2) Demonstrated site control. The Applicant shall provide evidence that the Project site control requirements of site is and will remain within the control of the Applicant or Project Sponsor at the time of Application submission as set forth in Section 10325(f)(2) of the CTCAC regulations. within the control of the Applicant or Project Sponsor. Applicants shall provide information regarding the current owner of the project property, if other than the Project Sponsor. Except as provided below for reapplications, a current preliminary or final 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, all of which shall be dated no more than ninety (90) days prior to Application deadline, shall be submitted with all applications for the purposes of this requirement. A commitment for the title insurance or a title insurance document are not acceptable substitutions for a preliminary title report, final title report, or a title report. The Committee may permit the site control title report of an unsuccessful application to be submitted, only once, in the reapplication cycle immediately following the unsuccessful application.~~

~~(A) Site control may be evidenced by any of the following:~~

~~(i) The Applicant or Project Sponsor holds fee title as evidenced by the current (within 90 days prior to the Application date) preliminary or final title report;~~

~~(ii) An executed lease agreement or lease option for the length of time the Project will be regulated under this program between the Applicant or Project Sponsor and the owner of the subject property;~~

~~(iii) An executed disposition and development agreement for the length of time the Project will be regulated under this program between the Project Sponsor and a public agency; or~~

~~(iv) A valid, current, and enforceable contingent purchase and sale agreement or option agreement between the Project Sponsor and the owner of the subject property. Evidence must be provided at the time of the application that all extensions and other conditions necessary to keep the agreement current through the application filing deadline have been executed.~~

~~(v) Valid, current and enforceable purchase and sale agreements, contingent purchase sale or option agreements in combination between the Project Sponsor, a third party and the owner of the subject property such that the Committee can determine that upon a grant of Allocation the Project Sponsor has a right to acquire the subject property.~~

~~(vi) The Executive Director may determine that site control has been demonstrated where a local agency has documented its intention to acquire the site, or portion of the site, through eminent domain proceedings as evidenced by order(s) of possession.~~

~~(32) The local approvals and zoning requirements of Section 10325(f)(4) of the CTCAC regulations.~~

~~(4) The financial feasibility requirements of Section 10325(f)(5) of the CTCAC regulations.~~

~~(5) Utility Allowance. The Project Sponsor shall provide uThe utility allowance estimateestimates as described in requirements of Section 10322(h)(21) of the CTCAC regulations.~~

~~(23) Local Approvals and Zoning. The Project Sponsor shall provide evidence, no later than the application due date for the allocation round in which the Project is seeking an allocation, that the project meets the requirements of Section 10325(f)(4) of the CTCAG regulations.~~

(6) Minimum Income Restrictions. A minimum of ten percent (10%) of the units in a QRRP must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the AMI. The rent restricted units that meet this requirement, with the exception of Mixed Income Projects, acquisition rehabilitation projects already subject to a Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement, and units located on the upper level floors of high-rise developments, shall be generally distributed in terms of location and number of bedrooms throughout the Project. All projects shall offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants.

(7) Minimum Rent Restrictions. Except for projects subject to an existing Residential Rental Regulatory Agreement that propose tenant paid rents and income targeting not exceeding one hundred-five percent (105%) of the current rents and targeting and operate with a vacancy rate of no more than five percent (5%), for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%) as demonstrated by a market study completed pursuant to 26 U.S.C. Section 42(m)(1)(A)(iii) and subdivision (b)(1); the proposed tenant paid rents for each Restricted Rental Unit type (defined by bedroom count) in the proposed development shall be at least ten percent (10%) below the weighted average rent for comparable market rate units and each Restricted Rental Unit's value ratio (dollars per square foot) shall be at or below the weighted average unit value ratio for comparable market rate units as demonstrated in a Rent Comparability Matrix required pursuant to subdivision (b)(1).

~~(38) Project Sponsor and Project Developer. If not requesting experience points pursuant to Section 5105(f), the application must provide evidence that the development team possesses the knowledge, skills, experience and financial capacity to successfully develop, own and operate the proposed project include a summary of the Project Sponsor and Project Developer experience developing or rehabilitating housing with tax-exempt bond financing. A list of projects must be included. The list may take the form of the CTCAG Experience Attachment.~~

~~(49) Legal Status of development team members.~~

(iii) Disclosures required under (i) and (ii) should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome. For a publicly-traded company, the relevant sections of the company's 10K, 8K, and 10Q most recently filed with the Securities and Exchange Commission may be attached in response subparagraph (i) to question #1. With respect to subparagraph

~~(ii) a response for question #2~~, previous 10K, 8K, and 10Q filings of the company may be attached if applicable.

(B) Applicants shall disclose the following information for the Project Sponsor, Developer, General Contractor, and Property Manager:

(i) Fair Housing, Anti-Discrimination, and Labor Laws. Disclose any regulatory or investigative proceeding related to affordable housing development or management by a local, state, or federal agency relating to an alleged, pending, or closed violation of fair housing, anti-discrimination, or labor laws and the status of the proceeding, as applicable. Only report closed matters with an adverse punitive or financial outcome.

~~(510)~~ Enforceable Financing Commitments.

~~(611)~~ Legislative Districts and Census Tracts. Applicants shall provide the following: Federal Congressional District in which the proposed Project is located, State Senate District in which the proposed Project is located, State Assembly District in which the proposed Project is located, Census Tract in which the proposed Project is located.

~~(712)~~ Prior Tax-Exempt Allocation Award. The Application will provide a narrative explanation of the circumstances surrounding the prior allocation and why additional allocation is being requested.

~~(813)~~ Project Description. Applicant shall submit a narrative description of the proposed Project. The description must contain, at a minimum, the following details: 1) the number of acres of the site (include topography and special features), 2) a description of the surrounding neighborhood, 3) the targeted population for the project (i.e., large families, seniors, etc.), 4) the expected start and completion date of construction/rehabilitation, 5) physical features of the project (i.e., description of buildings, grounds, project amenities, etc.), 6) unit configuration, 7) unit amenities, 8) scope of rehabilitation work, and 9) if applicable, a description of other unique features of the project. ~~(10)(a)~~ If the Application is submitted under a non-competitive process, the Application must include a description of the Project Type and Characteristics, including the construction type and proposed tenant population pursuant to Section 5000. (b) If the Application is submitted under a competitive process, Project Type and Characteristics documentation must be included pursuant to Sections 5000 and 5100.

~~(10) Housing need and demand. Applicants shall provide evidence that the type of housing proposed, including proposed rent levels, is needed and affordable to the targeted population within the community in which it is located as set forth in Section 10325(f)(1).~~

~~(914)~~ Detailed Unit Affordability Information.

~~(1015)~~(A) Applications that contain Recycled Bonds as a source of financing must include a commitment letter from an Issuer that:

9. 5103. Additional Requirements for Pool Eligibility~~Acquisition/Rehabilitation Projects~~.

The proposed change makes technical changes and adds the requirements for eligibility for the Emerging Developer Pool. These requirements will help ensure experienced partners in Emerging Developer projects are truly helping build the capacity of Emerging Developers. (Page 29)

Proposed change:

(a) Acquisition/Rehabilitation ~~Projects~~ Pool.

- (1) Acquisition/Rehabilitation Projects must complete a minimum of \$15,000 in hard construction costs per unit, except At Risk Projects that receive only an award of Bond authority and do not receive low income housing tax credits must spend the minimum amount required by 26 U.S.C. section 147(d)(2).

~~(2) (b)~~ In a Competitive Application Process, Acquisition/Rehabilitation Projects shall ~~meet all of the following criteria:~~

~~(1) Shall (1)~~ complete at least \$60,000 in hard construction costs per tax credit unit; and

~~(2)~~ At least 60% of hard construction costs shall be expended only on immediate health and safety improvements, seismic and accessibility improvements, and/or the replacement of major systems with a remaining useful life of less than ten years, as evidenced by a CTCAC Capital Needs Assessment and a CA-licensed general contractor's estimate of each cost.

~~(3) (c)~~ Applicants proposing rehabilitation or demolition of occupied housing shall comply with Section 10322(h)(28) of the CTCAC regulations.

~~(4) (d)~~ Except as provided below for reapplications, the Applicant shall submit a Capital Needs Assessment with report and inspection dates 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. 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. The Committee

may permit the Capital Needs Assessment of an unsuccessful application to be submitted, only once, in the reapplication cycle immediately following the unsuccessful application.

(b) Emerging Developer Pool. To apply under the Emerging Developer pool:

(1) The Project Sponsor must meet the definition of an Emerging Developer.

(2) No partner, member, shareholder, affiliate, or other entity of the Project may hold an ownership interest in five (5) or more QRRP Projects that were awarded from the Emerging Developer Pool and have not placed in service in accordance with Section 10322(i) of the CTCAC Regulations.

(3) The Project Sponsor must commit to maintaining a material ownership interest in the Project for a minimum of five (5) years following the date the project is placed in service.

(4) The Project Sponsor must commit to providing project guarantees to the investor and construction lender for loan repayment, project completion, tax credit recapture, and operating deficits.

10. 5104. Additional Requirements for Scattered Site Applications.

The proposed change makes minor technical changes and updates language to reflect CTCAC requirements. (Page 30)

Proposed change:

~~(a)(3) 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 5107(b)(1) and 5104(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: For acquisition/rehabilitation projects meeting all of the following criteria, a comprehensive market study as outlined in IRS Section 42(m)(1)(A)(iii) shall mean a written statement by a third-party market analyst certifying that the project meets these criteria:-~~

~~(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 special needs housing a vacancy rate of no more than ten percent (10%); or All of the buildings in the project are subject to existing federal or state rental assistance or operating subsidies, an existing CTCAC Regulatory Agreement, or an existing regulatory agreement with a federal, state, or local public~~

entity.

~~(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. The proposed tenant-paid rents and income targeting levels shall not increase by more than five percent (5%) (except that proposed rents and income targeting levels for units subject to a continuing state or federal project-based rental assistance contract may increase more and proposed rents and income targeting levels for resyndication projects shall be consistent with Section 10325(f)(11) or Section 10326(g)(8) of the CTCAC regulations).~~

(C) The project shall have a vacancy rate of no more than ten percent (10%) for special needs units and non-special needs SRO units without a significant project-based public rental subsidy and five percent (5%) for all other units at the time of the tax credit application.

11. 5105. Application Evaluation and Points.

The proposed change implements budget trailer bill AB 179 and makes conforming changes related to replacing BIPOC Developer with Emerging Developer. The proposed change also limits site amenity points to new construction projects, as acquisition/rehabilitation projects cannot control where they are located. (Pages 31-35)

Proposed change:

(a) The following criteria will be used to evaluate and rank all ~~QRRP~~Qualified Residential Rental Project applications, other than HDFC Project applications. Each of the items in this section shall be memorialized in the Committee Resolution.

(b) Acquisition/Rehabilitation Project Priorities (20 points maximum).

(1) A project meeting all of the following criteria shall receive 10 points:

(A) The project does not result in a distribution of net project equity, as that term is defined in Section 10302~~(gg)~~ of the CTCAC ~~R~~regulations, to a general partner or a related party to the general partner. For purposes of this subparagraph, there may be a buyout of a limited partner or equity distributed to a third party seller;

(B) There is no partial or full repayment of existing soft financing, except for loans less than or equal to the greater of \$500,000 or 1.5% of the project's total development costs or for temporary repayments that will be restored in the permanent financing; and

(C) The application's developer fee limit pursuant to Section 10327(c)(2) of the CTCAC Regulations is further limited to a cash-out developer fee no greater than 80% of the CTCAC cash-out developer fee limit.

(2) (A) An At-Risk Project shall receive 20 points.

(B) A project that meets at least one of the following shall receive 9 points:

(i) A replacement or rehabilitation project approved by HUD pursuant to a Section 18 or 22 Demolition/Disposition authorization; ~~or~~

(ii) A project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program, or a rehabilitation project that has received a new Section 515 loan from the United States Department of Agriculture; ~~or~~

~~(iii) A project that received an award from HCD's Portfolio Reinvestment Program~~

~~(iv) A project with a pre-1999 HCD loan.~~

[...]

(f) General Partner and Management Company Experience (10 points maximum).

(1) A project shall receive general partner experience points in one of the following manners:

(A) The number of general partner experience points for which it is eligible pursuant to Section 10325(c)(1)(A) of the CTCAC regulations.

(B) 7 points if the project is a joint venture between an entity that receives maximum general experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations and ~~an Emerging Developer-BIPOC Entity, provided that the partnership agreement allocates at least 51% of the developer fee, cash flow, and net sale proceeds to the BIPOC Entity and provides the BIPOC Entity an option to purchase the development.~~

(C) 7 points if the sponsor is ~~an Emerging Developer-BIPOC Entity~~ that (i) is a general partner in at least one California Low-Income Housing Tax Credit development that has received a certificate of occupancy, or if a rehabilitation

project, completed rehabilitation, within ten years of the date of application, (ii) submits the certification from a third-party certified public accountant referred to in Section 10325(c)(1)(A)(i) of the CTCAC regulations for that development, and (iii) completes training ~~as prescribed by~~ CTCAC ownership/management, project operations, on-site certification, federal Fair Housing Law, and manager certification in IRS Section 42 program requirements from a CTCAC-approved, nationally recognized entity prior to application submission ~~a project's placing in service.~~

(2) A project shall receive management company experience points in one of the following manners:

(A) The number of management company points for which it is eligible pursuant to Section 10325(c)(1)(B)(i) of the CTCAC regulations.

(B) 3 points if the management company will be the Emerging Developer ~~BIPOC Entity~~ for which the project receives general partner experience points pursuant to paragraph (1)(C). Projects receiving points under this subparagraph shall contract with a management company currently eligible for a minimum of two points under (A) for a minimum of three (3) years following the date the project is placed in service in accordance with Section 10322(i) of the CTCAC regulations.

[...]

(l) Site amenities (10 points maximum). A new construction project shall receive up to 10 site amenity points for which it is eligible pursuant to Section 10325(c)(4)(A) of the CTCAC regulations, except that a maximum of three points shall be available to any project that meets the Resource Area criteria of Section 10325(c)(4)(A)11.

12. 5106. Ranking.

The proposed change implements budget trailer bill AB 179, makes conforming changes related to replacing BIPOC Developer with Emerging Developer, and adds a Community Based benefit, which furthers alignment across state housing finance programs. (Pages 36-41)

Proposed change:

(c) ~~Applications for BIPOC Projects.~~

~~(1) For any QRRP allocation round, all Applicants intending to qualify as a BIPOC Project to compete in the BIPOC pool shall pre-qualify as a BIPOC Project under this subdivision. Pre-qualification means the Executive Director determined the Applicant is a BIPOC Project under Section 5100.~~

~~(A) At least 15 business days prior to the QRRP Application due date for an allocation round in which an Applicant intends to compete as a BIPOC Project, the Applicant shall submit a prequalification request to the Executive Director using the prequalification request form available on the CDLAG website.—~~

~~(B) The Executive Director shall issue a decision in response to any requests received under subdivision (c)(1)(A) within 10 business days and no later than five (5) business days prior to a QRRP allocation round application due date. The Executive Director may request clarification or additional documentation from the Applicant about the prequalification request that may extend the Executive Director's time for response.~~

~~(C) A pre-qualification approval letter is required to be included in any application submitted for a QRRP allocation round where the applicant intends to compete in the BIPOC pool.—~~

~~(D) The Executive Director's decision under subdivision (c)(1)(B) is not appealable to the Committee. Nothing herein limits an Applicant's right to an appeal under Section 5005 or the Committee's authority to disqualify an application under Section 5015.~~

~~(E) Applicants with pre-qualification requests not granted by the Executive Director shall not complete in the BIPOC pool but shall be eligible to complete for an Allocation under subdivisions (a), (b), and (d) of this section.~~

(2) Applications for Emerging Developer BIPOC Projects will be ranked amongst themselves, and separately from Applications for all other Qualified Residential Rental Projects. Applications for BIPOC-Emerging Developer Projects awarded the greatest number of points after factoring in the tiebreaker pursuant to Section 5106(f), as applicable, shall be awarded an Allocation from the BIPOC-Emerging Developer Pool. Applications for BIPOC-Emerging Developer Projects not receiving an Allocation pursuant to this subdivision shall be eligible for consideration for an Allocation under subdivisions (a), (b), and (d) of this section.

(2) Geographic region application selection. Bonds available in the New Construction Pool that are not reserved to a Set Aside shall be allocated to the highest ranking applications according to the geographic allocation described in Section 5101. Projects receiving an allocation in the Rural, Acquisition/Rehabilitation, or BIPOC-Emerging Developer Pools or in the Homeless, Extremely Low/Very Low Income, and Mixed Income Set Asides shall not be counted towards the geographic apportionments.

[...]

~~(e) (3)~~ In the final allocation round of the year, any bonds remaining in any QRRP pool, Set Aside, or geographic region shall be allocated to the highest-ranking Project or Projects. Those amounts shall not be added to the respective QRRP pool, Set Aside, or geographic region in the following year, and any allocations pursuant to this paragraph shall not be subtracted from the geographic allocations in the following year.

~~(ef)~~ If the last project allocation in a Pool, Set Aside, or geographic region requires more than the bonds remaining in that Pool, Set Aside, or geographic region, those overages shall be subtracted from that Pool, Set Aside, or geographic region in determining the amount available in the Pool, Set Aside, or geographic region for the subsequent allocation round. The last project to be allocated in a Pool, Set Aside, or geographic region shall not receive an Allocation unless at least 80%, or 100% in the final round of the year, of the requested Allocation for that project is remaining in that Pool, Set Aside, or geographic region for that round. When the first or next highest-ranking project does not meet the 80% or 100% rule above, that project, as well as any subsequent projects in rank order that also do not meet the 80% or 100% rule, may be skipped over to the next highest-ranking project that meets the 80% or 100% rule. However, for all Allocation Rounds except the final Allocation Round of the calendar year, a project shall not be funded by this skipping process unless (a) it has a point score within one point of the first project skipped and (b) has either a final tiebreaker score equal to at least 75% of the first skipped project's final tiebreaker score or a final tiebreaker score equal to at least 75% of the final tiebreaker score of the first skipped project after the last funded project in the Pool, Set Aside, or geographic region. If bonds within a Pool, Set Aside, or geographic region remain unallocated at the end of an allocation round, they shall be added to the subsequent round amounts in the same Pool, Set Aside, or geographic region. In the final allocation round of the year, the allocations within a Pool, Set Aside, or geographic region shall not exceed the amount of bonds available in the Pool, Set Aside, or geographic region.

~~(fg)~~ If two or more Applications are awarded the same total number of points, those Applications shall be ranked according to the highest amount of public benefit per dollar of cost-adjusted Bond and State Credit Allocation requested.

[...]

(B) The project's rent savings benefit, which is as follows:

(i) For all projects not covered in subparagraph (ii), the product of the sum across all tax credit units of each unit's difference between the monthly fair market rent established by HUD for the county in which the project is located and the area median income monthly gross rent limit for that unit at the targeted rent level for the appropriate bedroom size, all calculated according to the methodology for tax credit rents, multiplied by 180. If this calculation results in a negative number for any particular unit, then the rent savings benefit for that unit shall not be lower than zero. Units with federal project-based rental assistance or a similar local rental assistance program approved by the Executive Director shall be assigned targeted rent levels ~~of the greater~~

of actual rent targeting or 30% AMI ~~regardless of their actual income-targeting.~~ If the average affordability of tax credit units, exclusive of units with rental assistance, is less than 40% AMI, then the calculation shall assume a targeted rent level of 40% AMI for each tax credit unit that does not have rental assistance.

(ii) For Acquisition/Rehabilitation Projects whose actual rents are less than the CTCAC rent limits, the sum of the following: (a) for tax credit units without federal project-based rental assistance or a similar local rental assistance program approved by the Executive Director, the product of the sum across all such units of each unit's difference between the monthly fair market rent established by HUD for the county in which the project is located and the average rent charged for each unit over the last three years, as documented with rent rolls or property audits, multiplied by 180; and (b) for tax credit units with federal project-based rental assistance or a similar local rental assistance program approved by the Executive Director, the product of the sum across all such units of each unit's difference between the monthly fair market rent established by HUD for the county in which the project is located and the targeted rent level at levels the greater of actual rent targeting or 30% AMI ~~regardless of their actual income targeting.~~

[...]

(D) The project's location benefit, which is comprised of a Resource Area benefit, a Community Revitalization Area benefit, a Community-Based benefit and a transit/walkability benefit. If a project is eligible for ~~both~~ a Resource Area benefit, a Community-Based benefit, and a Community Revitalization Area benefit, the applicant shall select only one of these benefits. The Resource Area benefit, Community-Based benefit, and Community Revitalization Area benefit shall not be additive.

(i) The Resource Area benefit is one of the following:

[...]

(iii) The transit/walkability benefit is the sum of the following:

[...]

(cc) The product of the bedroom-adjusted number of tax credit units within ~~included with a the project that has received an award from HCD's Transit Oriented Development Program or Affordable Housing and Sustainable Communities Program, or~~ that is located within ¼ mile of a transit stop with service at least every 30 minutes during peak hours (or at least two departures during each peak period for a commuter rail station or ferry terminal) or within ½ mile of a transit stop

with service at least every 15 minutes (or at least four departures during each peak period for a commuter rail station or ferry terminal) multiplied by \$25,000. For purposes of this subdivision, a “transit stop” is a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop, and “peak hours” are from 7:00 a.m. to 9:00 a.m. and from 4:00 p.m. to 6:00 p.m., Monday through Friday.

(iv) The project’s Community-Based benefit, which is the product of the bedroom-adjusted number of tax credit units multiplied by \$20,000, for a Community-Based Development Project. A project is ineligible for this benefit if it receives a Resource Area or Community Revitalization Area benefit.

(2) The cost-adjusted Bond and State Credit Allocation shall be calculated by reducing the unadjusted Bond and State Credit Allocation request by the following, as applicable:

[...]

(D) 25% of the statewide basis delta for the county in which the project is located. At least 10 days prior to the first application deadline of each calendar year, the Committee shall publish the statewide basis delta for each county, which shall represent the percentage difference between the two-bedroom 4% tax credit threshold basis limit for the county and the median two-bedroom 4% tax credit threshold basis limit for any county in the state, as those limits are determined by CTCAC pursuant to Section 10302~~(ff)~~ of the CTCAC regulations.

13. 5107. QRRP Program Minimum Restriction TermRequirements.

The proposed change renames this section and moves deleted requirements to Section 5102. (Pages 41-43)

Proposed change:

~~(a) All Qualified Residential Rental Projects must meet the following minimum income and rent restrictions, which will be included in the Committee Resolution.~~

~~(1) Minimum Income Restrictions. A minimum of ten percent (10%) of the units in a Qualified Residential Rental Project must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the AMI. The rent restricted units that meet this requirement, with the exception of Mixed Income Projects, acquisition rehabilitation projects already subject to a Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement, and units located on the upper level floors of high-rise developments, shall be generally distributed in terms of location and number of bedrooms throughout the Project. All projects shall offer a range of sizes and number of~~

~~bedrooms comparable to those units that are available to other tenants.~~

~~(2) Minimum Rent Restrictions. Except for projects subject to an existing Residential Rental Regulatory Agreement that propose tenant paid rents and income targeting not exceeding one hundred five percent (105%) of the current rents and targeting and operate with a vacancy rate of no more than five percent (5%), for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%) as demonstrated by a market study completed pursuant to 26 U.S.C. Section 42(m)(1)(A)(iii); the proposed tenant paid rents for each Restricted Rental Unit type (defined by bedroom count) in the proposed development shall be at least ten percent (10%) below the weighted average rent for comparable market rate units and each Restricted Rental Unit's value ratio (dollars per square foot) shall be at or below the weighted average unit value ratio for comparable market rate units as demonstrated in a Rent Comparability Matrix meeting the requirements of article 4 of this chapter.~~

~~(b) The market study required under this Chapter shall meet the current guidelines as required by the California Tax Credit Allocation Committee (CTCAC), in California Code of Regulations, Title 4, Section 10322(h)(10) and the following:-~~

~~(1) A full Market Study with a Rent Comparability Matrix for each applicable unit type prepared within (180) days of the Application deadline by an independent third party having no identity of interest with the Applicant, Project Sponsor, or Related Party is required.~~

~~(2) The study must establish both need and demand for the proposed Project. If the Market Study does not support sufficient need and demand for the Project, the Application may be considered ineligible to receive an award of Allocation.~~

~~(3) A market study shall be updated when proposed subject project rents change by more than five percent (5%), or the distribution of higher rents increased by more than 5%, or 180 days have elapsed between the earliest site inspection date for the subject property or comparable properties and the application submission deadline for the round in which the Project is seeking an allocation. CDLAC shall not accept an updated market study when more than twelve (12) months have passed since the earliest listed site inspection date of either the subject property or any comparable property. In such cases, applicants shall provide a new market study.~~

~~(4) Acquisition/Rehabilitation projects 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 Section 5107(b)(1), a comprehensive market study consistent with 26 U.S.C. Section 42 (m)(1)(A)(iii). The study shall be a written statement, certified by a third party market analyst, which includes a current rent roll. In addition, the project shall 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 special needs housing a vacancy rate of no more than ten percent (10%); or~~

~~(B) As evidenced by copies of executed contracts, that 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.~~

~~(c) Utility Allowance Evidence. All Projects shall be subject to the use of Gross Rent as defined by Section 5100 and 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 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 (4-1-17), which is hereby incorporated by reference. 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 CTCAC's minimum requirements for utility allowance estimates, Title 4, Division 17, Chapter 1, Section 10322(h)(21).~~

~~(d) Minimum restriction term.~~

~~(a)(1)~~ Income and rent restrictions as identified in the Committee Resolution for the total number of units must be maintained for the Qualified Project Period. Except as provided in subdivision ~~(b2)~~, the Qualified Project Period shall be fifty-five (55) years following the date on which fifty percent (50%) occupancy is achieved or otherwise commencement of the Qualified Project Period. Projects located on Native American Lands shall have a term of restriction of 50 years from the property lease effective date.

~~(b)(2)~~ If a Project is intended for eventual tenant ~~homeowners~~homeownership the applicant shall provide evidence of a financially feasible program in the Application. The program shall include, but is not limited to, an exit strategy, home ownership counseling, funds to be set aside to assist tenants in the purchase of units, no involuntary relocation of tenants, and a plan for conversion of the facility to home ownership no sooner than the end of the initial 15-year Qualified Project Period as required by 26 U.S.C. section 142(d)(2)(A). In such a case, the ~~regulatory agreement~~Committee Resolution shall contain provisions for the enforcement of such covenants.

~~(e) Debt Service Coverage Ratio.~~

~~(1) For Qualified Residential Rental Projects, the 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 meet the requirements outlined in Section 10327(g)(6) of CTCAC Regulations, except for FHA/HUD projects, RHS projects or projects financed by the California Housing Finance Agency.~~

~~(2) Applicants shall complete the following information relating to the Debt Service Coverage Ratio contained in the commitment for private placement purchase of bonds or limited offering and public offering sales using annualized pro-forma figures:~~

~~(A) Potential gross income less vacancy rate. Applicants shall use market area vacancy rate or appraised vacancy rate, but in no event use less than 5%. If less than 5% is being used, a written explanation as to the reason must accompany the Application.~~

~~(B) Net operating income (effective gross income minus operating expenses (include Operating & Replacement Reserves), and~~

~~(C) Principal plus interest (debt service), and~~

~~(D) The debt service coverage ratio (net operating income divided by principal plus interest). If Potential Gross Income is significantly higher than Monthly Gross Rent, then CDLAC may ask the applicant to identify other sources of~~

~~Potential Gross Income to ascertain that these other sources are allowed.~~

~~(3) The Applicant shall also submit an itemized breakdown of the operating expenses. Annual operating expenses: general administrative (advertising, legal, accounting/audit, security, other and total general administrative), management fee, utilities (fuel, gas, water/sewer, other, total utilities), payroll/payroll taxes (on-site manager, maintenance personnel, insurance, other, total payroll/payroll taxes), maintenance (painting, repairs, trash removal, exterminating, grounds, elevator, other, total maintenance), service amenities budget (service coordinator/social worker, other, total service amenities), other (specify)(total other), total annual residential operating expenses, total real estate taxes, total reserves (operating and replacement), annual commercial operating expenses (if applicable), total commercial space expenses (if applicable) and total operating expenses. 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.~~

14. 5109. Supplemental Allocation Process.

The proposed change makes a minor technical change. (Page 44)

Proposed change:

~~(c) For projects awarded Supplemental Allocation where the original allocation was awarded in Round 2 of 2022 or later, t~~The Project Sponsor shall be subject to reduction in its tiebreaker calculation determined by the Committee for a period of one round following the award of Supplemental Allocation.

15. 5110. Open Application Process for HDFC Projects ~~assisted by HUD~~.

The proposed change implements budget trailer bill AB 179. (Pages 45-46)

Proposed change:

~~(a) HDFC Projects shall be considered for a bond allocation exclusively through the HDFC Pool and evaluated pursuant to the applicable provisions of Regulation 5110. HDFC Projects are not eligible for any other CDLAC pools or set-asides and will be reviewed solely under the requirements, processes, and criteria governing the HDFC Pool. A CDLAC Forward Commitment letter may be granted in lieu of an award of allocation until the Applicant receives the HUD Firm Commitment letter for the Project. A complete Open-Qualified Residential Rental Pool Application may be submitted when the Project meets the following requirements:~~

~~(1) Applications must meet the requirements of a Qualified Residential Rental Project, as described in Chapter 2.~~

~~(2) Applications may be submitted at any time with an expected staff review period of at least thirty (30) days.~~

~~(3) The Applicant must disclose upon application that the Project is a FHA financed development.~~

~~(4) In lieu of a HUD Firm Commitment letter, a MAP Lender commitment letter outlining the FHA financing must accompany the Application.~~

~~(5) All awards of allocation following a CDLAC Forward Commitment must occur prior to the last day of the calendar year.~~

~~(6) Proof of HUD Firm Commitment Application Submittal will be due within thirty (30) days of CDLAC Forward Commitment Approval.~~

(b) To qualify for the HDFC Pool, applications must either be transmitted to CDLAC directly by HDFC or include a letter of support issued by HDFC. The Committee shall make an award of allocation for a new Application if the following is submitted no later than the application due date for the allocation round in which the project is seeking an allocation:

~~(1) a complete Standard QRRP Application and application fee;~~

~~(2) a MAP Lender commitment letter outlining the FHA financing; and~~

~~(3) a HUD Development Acknowledgement Letter.~~

(c) Applications must identify an eligible Applicant, as defined in Section 5002, meet all threshold application requirements set forth in Section 5003 and applicable program rules, and include detailed unit affordability information consistent with subparagraphs (b)(9), (b)(14), and (b)(15) of Section 51024), , and (10) All projects requesting an assignment and assumption of an existing HAP Agreement must have submitted their assignment and assumption application to HUD by the CDLAC application date.

(d) HDFC may transmit applications to CDLAC at any time. Such applications will be subject to a staff review period of no less than thirty (30) days. Applications submitted to CDLAC by an eligible Applicant must be submitted during an application round in accordance with Section 5001.

Evaluation Criteria:

~~(1) Applications will be reviewed according to the Multi-Family Housing criteria, as~~

~~referenced in Section 5105.~~

~~(2) Applications meeting the requirements of Section 5105 will be provided a Forward Commitment in lieu of an award of allocation.~~

~~(3) Upon receipt of a HUD Firm Commitment letter, CDLAC will present an allocation recommendation to the Committee for formal approval. The CDLAC closing timeframe will commence once the Committee grants the allocation.~~

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

Chapter 4. [Reserved] ~~Extra Credit Teacher Home Purchase Program~~

16. ~~5300. Definitions.~~

The proposed change repeals programs that are no longer active. (Pages 48-58)

Proposed change:

~~In addition to the definitions set forth in Government Code sections 8869.82 and 8869.84(g); and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:~~

~~“Academic Performance Index” or “API” means the index created by the Public Schools Accountability Act of 1999 to measure the performance of schools, especially the academic performance of pupils, and to demonstrate comparable improvement in academic achievement by all numerically significant ethnic and socio-economically disadvantaged subgroups within schools (Education Code 52052).~~

~~“Eligible Administrator” means any person who holds one of the following credentials issued by the California Commission on Teacher Credentialing:~~

~~Administrative Services Credential Administrative Services Credential (Examination)
Standard Supervision Credential Standard Administration Credential
General Elementary School Administration Credential General Elementary School
Supervision Credential
General Secondary School Administration Credential General Secondary School
Supervision Credential
General Administration Credential General Supervision Credential
The Supervision Credential General School Principal or Supervisor Credential~~

~~“Eligible Classified Employee” means an employee of a school district employed in a position not requiring certification qualifications and who provides administration or service at a High Priority School.~~

~~“Eligible Staff Member” means any person who holds one of the following credentials issued by the California Commission on Teaching Credentialing:~~

~~School Nurse Credential~~

~~Clinical or Rehabilitation Service Credential~~

~~Pupil Personnel Services Credential (e.g. School Counseling, School Social Work, School Psychology and Child Welfare and Attendance)~~

~~Library Media Teacher Service Credential~~

~~Designated Subjects Vocational Education Teaching Credential~~

~~“Eligible Teacher” means any person who holds one of the following credentials issued by the California Commission on Teacher Credentialing:~~

~~Single Subject Teaching Credential~~

~~Multiple Subject Teaching Credential~~

~~Specialist Instruction Credential in Special Education~~

~~Education Specialist Instruction Credential~~

~~Standard Elementary Teaching Credential~~

~~Standard Secondary Teaching Credential~~

~~Standard Early Childhood Education Teaching Credential~~

~~Standard Restricted Special Education Teaching Credential~~

~~General Kindergarten-Primary Teaching Credential~~

~~General Junior High Teaching Credential~~

~~General Elementary Teaching Credential~~

~~Special Secondary Teaching Credential in Art~~

~~General Secondary Teaching Credential~~

~~Special Secondary Teaching Credential in Business Ed~~

~~Special Credential for Teaching Exceptional Children~~

~~Special Secondary Teaching Credential in Homemaking~~

~~Special Secondary Credential for Teaching Lip Reading~~

~~Special Secondary Credential for Teaching the Blind~~

~~Special Secondary Limited Teaching Credential in Music~~

~~Special Secondary Credential for Teaching the Partially Sighted Child~~

~~Special Secondary Credential for Teaching Industrial Arts~~

~~Special Secondary Teaching Credential in Speech Arts~~

~~Special Secondary Teaching Credential in Music~~

~~Special Secondary Credential for Teaching the Mentally Retarded~~

~~Special Secondary Credential for Teaching Credential Limited in Agriculture~~

~~Special Secondary Teaching Credential in Correction of Speech Defects~~

~~Special Secondary Teaching Credential in Physical Ed.~~

~~“ETCHP Application” means the Application titled “Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Extra Teacher Credit Home Purchase Program” (revised 11-16-16), which is hereby incorporated by reference.~~

~~“Extra Credit Teacher Home Purchase Program Eligibility Certificate” means the certification to be completed and submitted by the employing school district, County Office of Education or local Board of Education that certifies to all of the following: The Program Participant is an Eligible Teacher, Eligible Administrator, Eligible Classified Employee, or Eligible Staff Member; the Program Participant is not currently under suspension, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or dismissal of the Program Participant; the entity completing the certificate has verified with the California Commission on Teacher Credentialing that the credential of the Program Participant is not currently under suspension, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or revocation of the credential of the Program Participant; and the personnel file of the Program Participant reflects that he or she has not been dismissed from employment with any school or school district for any reason, and that he or she has not been the subject of a disciplinary suspension that has been upheld.~~

~~“High Priority School” means a California K-12 public school ranked in the bottom 50% of all schools based on the most recent Academic Performance Index, i.e. schools receiving an API Statewide Ranking of 1, 2, 3, 4 or 5.~~

~~“Homeownership Assistance” means financial assistance, including down-payment assistance, closing cost assistance, soft-second financing for the purchase of a home, or such alternative homeownership assistance as proposed by the Applicant in the Application and approved by the Committee. The Homeownership Assistance must: Be in a minimum amount of \$7,500 or 3% of the purchase price of the home, whichever is greater; be structured in the form of either a grant or a deferred payment loan where the payment of principal and interest is deferred until such time as the home is sold or re-financed; and include an incentive, to be proposed by the Applicant, for Program Participants to fully perform the three (3) year service commitment. Applicants will not be required to establish a distinct and separate homeownership program; existing programs may be used. The Committee may delegate to the Chair or to the Executive Director of the Committee the authority to accept and consider homeownership assistance of different types or characteristics than those specifically enumerated or required by this definition. The Committee may establish, or concur with the establishment of, higher assistance limits to ensure program participation in high-cost areas.~~

~~“National Board Certification” means certification from the National Board for Professional Teaching Standards based upon successful completion of a voluntary assessment program covering a variety of subject areas and student developmental levels.~~

~~“Program Participant” means an Eligible Teacher, Eligible Administrator, Eligible Classified Employee, or Eligible Staff Member who receives a Mortgage Credit Certificate or a loan funded by Mortgage Revenue Bonds from an Issuer receiving an Allocation from the Extra Credit Teacher Home Purchase Program Pool.~~

~~NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(g), Government Code.~~

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~~Article 2. Eligibility Requirements~~

~~§ 5310. Application Process.~~

~~Applications for an Allocation of the Extra Credit Teacher Home Purchase Program Pool shall be considered in accordance with the provisions of chapter 1 and the submission of an ECTHP Application.~~

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

~~§ 5311. Application of Standards.~~

~~Issuers of Mortgage Revenue Bonds or Mortgage Credit Certificates pursuant to this chapter may apply these eligibility standards to borrowers without regard to the date of receipt of Allocation.~~

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

~~§ 5312. Applicant Eligibility.~~

~~An Applicant requesting an Allocation from the Extra Credit Teacher Home Purchase Program Pool must be an approved Issuer of Mortgage Credit Certificates or Mortgage Revenue Bonds and must propose an Extra Credit Teacher Home Purchase Program whereby Mortgage Credit Certificates or loans funded by Mortgage Revenue Bonds will be made available to Eligible Teachers, Eligible Administrators, Eligible Classified Employees, and Eligible Staff Members. Issuers of Mortgage Credit Certificates and Mortgage Revenue Bonds may apply jointly.~~

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

~~§ 5313. Program Goals.~~

~~The Extra Credit Teacher Home Purchase Program proposed by the Applicant must be for the purpose of recruiting and retaining Eligible Teachers, Eligible Administrators, and Eligible Classified Employees in High Priority Schools and the Applicant must commit to and describe its plan to promote, publicize and market the program in conjunction with school district(s) and county office(s) of education to Eligible Teachers, Eligible Administrators, and Eligible Classified Employees.~~

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

~~§ 5314. Program Provisions.~~

~~The Extra Credit Teacher Home Purchase Program proposed by the Applicant must, at a minimum, include all of the following:~~

~~(a) A specific plan that gives priority to Eligible Teachers, Eligible Administrators, and Eligible Classified Employees working in High Priority Schools ranked 1, 2 or 3 in the API rankings.~~

~~(b) A provision that Eligible Teachers, Eligible Administrators, and Eligible Classified Employees include such individuals who are assigned to a school district but provide administration or service to at least one High Priority School for the length of the service commitment.~~

~~(c) A provision restricting the program to Eligible Teachers, Eligible Administrators, and Eligible Classified Employees who agree, through a written service commitment, to teach, provide administration or service in a High Priority School for a minimum of three (3) years continuously from the date the Mortgage Credit Certificate or the loan funded by Mortgage Revenue Bonds is awarded to the Program Participant, and for whom an Extra Credit Teacher Home Purchase Program Eligibility Certificate has been completed and submitted by a duly authorized representative of the employing school district or county office of education.~~

~~(d) A written service commitment of the Program Participant. Program Participants are required to certify to the Applicant when they have fully performed the service commitment or request to be excused from the service commitment pursuant to subdivision (e) of this section. Early pay off of a loan does not constitute an excuse from the service commitment. Certifications of service commitment must be signed by either:~~

~~(1) A duly authorized representative of the employing school district or county office of education; or~~

~~(2) The Program Participant under penalty of perjury.~~

~~(e) A provision by which Program Participants will be excused from their service commitment in the following cases:~~

~~(1) The Program Participant has been continuously employed at the same school since the date of the service commitment, but the school is no longer considered a High Priority School;~~

~~(2) The Program Participant's departure from the High Priority School was involuntary, and was not the result of disciplinary action, and she/he accepts another eligible position at a California K-12 public school within one year of the date of departure;~~

~~(3) Hardship cases, including but not limited to serious illness, death and divorce;~~

~~(4) Occurrences covered under the Family Medical Leave Act or the California Family Rights Act;~~

~~(5) Other exceptions as proposed by the Applicant in the Application and approved by the Committee. The Committee may delegate this authority to the Chair or the Executive Director.~~

~~(f) A priority system such that:~~

~~(1) In the event an Applicant's program is oversubscribed, the Applicant must provide assistance to Eligible Teachers and Eligible Administrators before providing such assistance to other eligible Program Participants.~~

~~(2) Eligible Teachers with National Board Certification shall have priority over Eligible Teachers without such certification.~~

~~(3) Applicants may determine how each priority will be implemented (e.g., a program set aside) and shall indicate such in the Application.~~

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

~~§ 5315. Alternative Schools. [Repealed]~~

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

~~Article 3. Evaluation Criteria~~

~~§ 5320. Evaluation Criteria~~

~~Upon a determination that an Application meets the minimum requirements pursuant to article 2 of this chapter, Applications will be evaluated based on the following criteria:~~

~~(a) The amount of the Homeownership Assistance to be provided and the percentage of Program Participants to whom it will be provided.~~

~~(b) The strength of the Applicant's plan to publicize, promote and market the Extra Credit Teacher Home Purchase Program to School Districts, County Offices of Education, Eligible Teachers, Eligible Administrators, Eligible Classified Employees and Eligible Staff Members.~~

~~(c) The extent to which Applicants show the greatest need within the Applicant's jurisdiction to recruit and retain Eligible Teachers, Eligible Administrators, Eligible Classified Employees and Eligible Staff Members.~~

~~(d) The Applicant's past performance, if any, in using past Allocations from the Extra Credit Teacher Home Purchase Program Pool.~~

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

~~§ 5321. Allocation Amount~~

~~The Committee will determine the amount allocated to each Applicant based upon the evaluation criteria set forth in section 5320, the number of Applicants applying in the Allocation Round, and the amount of allocation available in the Extra Credit Teacher Home Purchase Program Pool. The Committee may, in its sole discretion, allocate a larger portion of the Extra Credit Teacher Home Purchase Program Pool to Applicants who administer statewide Mortgage Credit Certificate and Mortgage Revenue Bond programs.~~

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

~~Article 4. Reporting Requirements~~

~~§ 5330. Specific Reports~~

~~The Applicant shall annually report to the Committee, no later than January 31 of each year, the following information:~~

- ~~(a) The number of loans or Mortgage Credit Certificates issued aggregated by calendar year;~~
- ~~(b) The schools at which Program Participants are employed, aggregated by API rank and the percent of non-credentialed teachers employed at the school;~~
- ~~(c) The number of Program Participants that have paid off their loans prior to the completion of the service commitment;~~
- ~~(d) The number of Program Participants that successfully complete the service commitment during the prior calendar year;~~
- ~~(e) The number of Program Participants that are currently serving but have not completed the service commitment;~~
- ~~(f) The number of Program Participants that were excused during the prior calendar year from the service commitment under section 5314(e);~~
- ~~(g) The number of Program Participants during the prior calendar year that left a High Priority School without fulfilling their service commitment and who were not eligible for one of the exceptions set forth in section 5314(e);~~
- ~~(h) The number of Program Participants that have not responded to the Applicant's request for certification of the service commitment; and~~
- ~~(i) The total amount of assessment, if any, collected pursuant to section 5340.~~

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

~~Article 5. Noncompliance~~

~~§ 5340. Monetary Assessment~~

~~Where a Program Participant fails to fulfill the requirements of the service commitment and has not been excused from the service commitment, the Applicant may recover as an assessment from the Program Participant a monetary amount equal to the lesser of the~~

following:

- (a) One-half ($\frac{1}{2}$) of the Program Participant's net proceeds from the sale of the related residence; or
- (b) The amount of monetary benefit conferred on the Program Participant as a result of the loan or Mortgage Credit Certificate, offset by the amount of any federal recapture, as defined by 26 U.S.C. section 143(m)

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

Chapter 12. ~~Beginning Farmer Program~~

(a) Article 1. Definitions

~~§ 5600. 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:~~

~~“Agricultural Improvements” means any improvements, buildings, structures or fixtures suitable for use in farming that are located on Agricultural Land. “Agricultural Improvements” do not include personal residences.~~

~~“Agricultural Land” means land located in the State of California that is:~~

- ~~(a) suitable for use in farming and that is or will be operated as a farm, as such term is defined by IRC § 147(c)(2)(D); and~~
- ~~(b) that will be acquired by a Beginning Farmer.~~

~~“Beginning Farmer” means an individual as defined by IRC § 147(c)(2)(C).~~

~~“Beginning Farmer Bond Application” means the Application titled “Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Beginning Farmer Bond Program” (11-30-18), which is hereby incorporated by reference.~~

~~“Beginning Farmer Bonds” means conduit revenue bonds issued as authorized by the State of California that meet the requirements of Internal Revenue Code §§ 144(a) and 147(c)-(g).~~

~~“Borrower” means a Beginning Farmer who has received Beginning Farmer Bond financing under the Program.~~

~~“Depreciable Agricultural Property” means personal property suitable for use in farming for which an income tax deduction for depreciation is allowable in computing federal income~~

~~tax under the IRC, including but not limited to farm machinery and breeder livestock, but not including feeder livestock, seed, feed, fertilizer and other types of inventory or supplies.~~

~~“Federal Maximum” means the maximum amount of a loan that federal law allows to be financed under the Program. This amount may be adjusted for inflation in future calendar years as provided for in IRC § 147(c)(2)(H).~~

~~“Financed Property” means property which is financed through the Beginning Farmer Program~~

~~“Related Person” means a person or entity other than the Borrower as defined by IRC §§ 144(a)(3) and 147(a)(2).~~

~~“Substantial Farmland” means any parcel of land as defined by IRC § 147(c)(2)(E).~~

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

~~(b) Article 2. Evaluation Criteria~~

~~§ 5610. Minimum Requirements.~~

~~(a) The Beginning Farmer Program proposed by the Applicant must be for the purpose of providing loans to beginning farmers. The beginning farmer must:~~

~~(1) Be a California resident;~~

~~(2) Be at least 18 years of age;~~

~~(3) Be a “First Time Farmer” as defined by IRC § 147(c)(2)(G);~~

~~(4) Be the principal operator of the farm;~~

~~(5) Use loan proceeds to purchase land within California or eligible breeder livestock, equipment/machinery and/or new construction or renovations for use in farming operations solely within California;~~

~~(6) Only use the agricultural land, agricultural improvements and depreciable agricultural property for farming by the beginning farmer, his/her spouse, his/her minor children, or any combination thereof;~~

~~(7) Not use loan proceeds to procure seed, feed, feeder stock, fertilizer, personal residence (in excess of the IRC exceptions) or as otherwise prohibited and/or limited by the IRC; and~~

~~(8) Not exceed the lifetime aggregate amount of all loans for any borrower permitted by the IRC.~~

~~(b) The Issuer must certify that each participating lender will:~~

~~(1) Ensure that all of the proceeds of the Bond be used for the acquisition of farmland, construction or reconstruction of improvements or equipping of farmland, or the purchase of property of a character subject to the allowance for depreciation under IRC § 167 or other authorized costs.~~

~~(2) Verify the accuracy of all certifications of each Beginning Farmer and all other information with respect to the Project or Beginning Farmer set forth in an Application.~~

~~(3) Ensure that none of the proceeds of the Bond will be used to provide working capital or the financing of inventory, supplies or other ineligible operating expenses.~~

~~(4) Prior to the approval of the issuance of the bond, not finance or otherwise advance moneys to the Beginning Farmer or any Related Person in connection with the Project which the Beginning Farmer expects to finance with proceeds of the Bond in any manner inconsistent with applicable prohibitions and/or limitations set forth in the IRC.~~

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

~~§ 5620. Scoring Criteria.~~

~~Upon a determination that an Application meets the minimum requirements pursuant to Section 5610, Applications will be scored based on the following criteria:~~

~~(a) Past Program Performance. For each allocation round, programs will be evaluated based on the percentage of the previous year's allocation used by each applicant in comparison to the percentage of the previous year's allocation used by the other applicants in the allocation round.~~

~~(b) Actual Versus Proposed Average Interest Rate and Loan Amount. For each allocation round, programs will be evaluated and ranked based on each applicant's deviation between the currently proposed and previous year's actual average interest rates, as well as the currently proposed and previous year's actual average loan amount, in comparison to the allocation round's other applicants' proposed and previous year's actual average interest rates and currently proposed and previous year's actual average loan amount.~~

~~(c) Additional Points. In a competitive application round, additional points will be awarded to Applicants that commit to the goal of providing allocation to Beginning Farmers that provide the following public benefits:~~

~~(1) Job Creation. A maximum of 20 points will be awarded to programs that use a substantial portion of allocation for programs that will add jobs to local economy (one point per job with a maximum of 20 points). Points will be awarded in the following manner:~~

~~(A) one (1) point will be awarded for each full time job;~~

~~(B) part time jobs will receive a tenth of a point, rounded to the nearest tenth of a point, based on the job's full time equivalency.~~

~~(2) Borrower Preparation. A maximum of 15 points will be awarded to programs that provide a technical assistance component for the following areas:~~

~~(A) Five (5) points will be awarded to Applicants that make available financial management education and/or training;~~

~~(B) Five (5) points will be awarded to Applicants that make available land management education and/or training; and/or~~

~~(C) Five (5) points will be awarded to Applicants that make available resource conservation education and/or training.~~

~~(D) Evidence of the aforementioned technical assistance program(s) shall be submitted with the application and shall include, but is not limited to, third party contracts or agreements for the provision of training, training schedules, program curricula and narratives describing the training programs and written assurance of the education/training provider that beginning farmers will be eligible for the education/training for a minimum period of twenty four (24) months after the beginning farmer's financing is approved by the Applicant.~~

~~(3) Farm to Fork. Nine (9) points will be awarded to Applicants that use a substantial portion of allocation for programs that establish or enhance farming operations producing edible agricultural commodities for sale and consumption within 200 miles of the farming operations financed by proceeds from a beginning farmer bond. Evidence of the program shall be submitted with the application and shall include, but is not limited to, a description of the program identifying how the program will operate, proposed buyers and sales contracts.~~

~~(4) Family Farms. Three (3) points will be awarded to Applicants that use a substantial portion of allocation for programs to acquire family farms by beginning farmers (land, breeding livestock and/or equipment/machinery).~~

~~(5) Under-Represented Borrowers. Three (3) points will be awarded to Applicants that use a substantial portion of allocation for programs designed to facilitate acquisition of farmland, breeding livestock equipment and/or equipment/machinery by veterans, women and/or under-represented populations.~~

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

~~§ 5630. Allocation Distribution.~~

~~The Committee will determine the amount allocated to each Applicant based upon the evaluation criteria set forth in section 5620, the number of Applicants applying in the Allocation Round, the amount requested by each Applicant and the amount of allocation available in the Beginning Farmer Program Pool. In a competitive Application year, the maximum requested amount of Allocation per Application shall not exceed twenty million dollars (\$20,000,000). The Committee may waive this cap on a case-by-case basis in its sole and absolute discretion.~~

~~NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8859.85(b), Government Code.~~

~~(c) Article 3. Reporting Requirements~~

~~§ 5640. Specific Reports.~~

~~Applicants receiving an allocation shall comply with the reporting requirements contained in Article 11 of Chapter 1.~~

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