



\$500 Million State Tax Credit for 4% Credit New Construction Multifamily Housing Frequently Asked Questions

1) Q: Can I apply to CTCAC for tax credits and later apply to CDLAC for bonds?

A: No, CTCAC regulation 10326(a) requires that applicants apply simultaneously to CDLAC and use the CDLAC-CTCAC Joint Application.

2) Q: Are joint 4%-bond applications competitive for CDLAC?

A: Yes. All joint 4%-bond applications will be subject to the CDLAC competitive application process. The CDLAC minimum point score is updated annually as required in Section 5010 of the CDLAC regulations. Contact CDLAC staff for information on the minimum and maximum point scores for 100% affordable restricted projects and mixed income projects. CDLAC staff will rank and score projects in the order of the highest point score, and then by the CDLAC tie breaker if necessary. CDLAC anticipates apportioning the state ceiling on bonds to include a maximum allocation ceiling for each "round" or allocation (meeting) date. Only the highest scoring applications will be recommended for bond allocation (all other application requirements must also be met).

3) Q: For joint 4%-bond applications, are the tax credits competitive?

A: No. 4% federal tax credits are not competitively scored by CTCAC using the CTCAC scoring system. New construction applicants applying for the \$500 million tranche of state tax credit must comply with the 4% credit application requirements. See CTCAC regulations and application materials for details of all requirements. The CTCAC competitive scoring system will not be used to evaluate the \$500 million tranche of state tax credit. If more than \$300 million in non-CalHFA MIP state tax credit applications are received, the State Tax Credits will be allocated based on ranking within the CDLAC pools and set-asides in the following order:

(A) Black, Indigenous, or Other People of Color (BIPOC) Project Pool;

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- (B) Rural Project Pool;
- (C) New Construction Pool, Homeless Projects Set Aside;
- (D) New Construction Pool, ELI/VI Project Set Aside;
- (E) New Construction Pool, Mixed-Income Project Set Aside; and
- (F) All remaining New Construction Pool Projects.

4) Q: Will state tax credit awardees be guaranteed a bond allocation?

A: No. A joint CDLAC-CTCAC application is a requirement for the \$500 million tranche of state tax credit. Projects will be evaluated separately by CDLAC and CTCAC. *PLEASE NOTE: If the bond portion is unsuccessful, the project cannot move forward.*

CTCAC has reserved \$300 million in non-CalHFA MIP applications per calendar year and CDLAC will apportion a specified amount of bonds to be made available per CDLAC round. Neither agency will award more than is reserved in each respective round.

5) Q: To achieve a high ranking with CTCAC and to be eligible for a bond allocation, I plan to ask for a minimal amount of state tax credits, \$100. Is there a minimum?

A: While CTCAC has not established a minimum state tax credit request, CTCAC will perform a financial feasibility review and determination of credit amounts. If it is determined that the state tax credit request is not necessary for project feasibility, CTCAC will not allocate the requested state tax credit.

6) Q: If I receive a federal and state tax credit reservation and a bond allocation, when am I required to begin construction?

A: Projects must begin construction no later than the CDLAC bond issuance deadline.

7) Q: Is there an advantage to submitting before an application deadline?

A: No. There will not be an evaluation or ranking based on submission date.

8) Q: Can I apply for an award of the \$200 million state tax credit set aside for the CalHFA MIP before receiving an award from CalHFA?

A: No.

9) Q: Can my application to CDLAC include a waiver request for a bond allocation exceeding 55% of the aggregate basis plus land?

A: No, there are no waivers for this requirement.

10) Q: What is the application evaluation process?

A: A joint CDLAC-CTCAC application is required. CDLAC will evaluate the point scores and communicate any projects that are below CDLAC's minimum score. Under the CDLAC competitive application process, CDLAC staff will rank and score projects in the order of the highest point score (and tie breaker, if applicable). CDLAC will review applications based on CDLAC's scoring criteria and application requirements.

CTCAC will determine if the state tax credits are over-subscribed for the "round," or allocation meeting date. If there is not sufficient State Tax Credits to allocate to applications recommended for tax-exempt bonds by CDLAC, the State Tax Credits will be allocated based on ranking within the CDLAC pools and set-asides in the following order:

- (A) Black, Indigenous, or Other People of Color (BIPOC) Project Pool;
- (B) Rural Project Pool;
- (C) New Construction Pool, Homeless Projects Set Aside;
- (D) New Construction Pool, ELI/VI Project Set Aside;
- (E) New Construction Pool, Mixed-Income Project Set Aside; and
- (F) All remaining New Construction Pool Projects

Applications must be complete; incomplete applications will be disqualified pursuant to CTCAC Reg. section 10326(c).

11) Q: Because CTCAC and CDLAC have separate ranking systems, how will it be decided which projects will receive a bond allocation from CDLAC and tax credits from CTCAC?

A: CDLAC will award bond allocations pursuant to the CDLAC scoring system, up to the stated amount available in a given round. The CDLAC recommendation list and bond allocations will be made without any deference to any other agency's scoring system or award list. The highest ranking CTCAC projects receiving a bond allocation from CDLAC as described above will be awarded tax credits up to the stated amount available in a given CTCAC round.

12) Q: If my organization has negative points from CTCAC or CDLAC does it affect my score when competing for the new state tax credits?

A: Negative points will reduce a project's total score in the CDLAC scoring system. CTCAC's 4% federal tax credits are not competitively scored by CTCAC using the CTCAC scoring system for the \$500 million tranche of state tax credit.

13) Q: If I have a new construction project on a parcel that includes a multifamily building being rehabilitated, can I submit for 4% federal tax credit on the entire project and apply for state tax credit on only the new construction component?

A: Yes. Contact CTCAC staff to discuss how to display this in the Attachment 40 Excel application.

14) Q: Is adaptive reuse considered new construction?

A: Yes, for the purposes of the \$500 million tranche of state tax credit, new construction includes retrofitting or repurposing of existing nonresidential structures that were converted to residential use within the previous five years from the date of application subject to the requirements of the California Debt Limit Allocation Committee regulations.

15) Q: Is rebuilding of demolished housing considered new construction?

A: No, CTCAC will not allocate these state tax credits for re-construction of demolished housing projects or units.

16)Q: Will unsuccessful applicants for state tax credit allocations be notified early enough to amend their applications and reapply for the following allocation? Will unsuccessful applicants be automatically reapplied for the next competition?

A: Unsuccessful applicants will not be notified. CDLAC will publish a preliminary recommendation list 25 days before the allocation (meeting) date. CTCAC will publish PDF versions of Attachment 40 (Excel application) similar to 9% rounds. Please wait until the CDLAC preliminary list is published before contacting CTCAC staff about the status of a CTCAC application. Unsuccessful applicants must reapply using the normal application process.

17) Q: Can I defer my application to a future meeting by request after I submit?

A: No.

18) Q: Can I withdraw my state tax credit application without penalty?

A: Yes. There is no penalty or negative point assessment for withdrawal of an application during the review cycle, and there is no penalty for not accepting a reservation of tax credits. Any application fees paid are non-refundable.

19)Q: If I am applying for 4% federal tax credit without state tax credit, am I required to begin construction within 180 days from the CTCAC allocation date?

A: No. All CDLAC bond allocation deadlines are applicable, but there are no CTCAC construction-related deadlines.