

**CALIFORNIA CODE OF REGULATIONS
TITLE 4. BUSINESS REGULATIONS
DIVISION 9.5 CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

Section 5000. 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:

[...]

“Competitive Application Process” means the procedure under which the Committee will evaluate an Application for an award of Allocation that is competitive based upon the number of points each Application is awarded. Applications submitted under this process will be awarded points only when the Project qualifies for such points and evidence supporting an award of points is documented in the Application when submitted. ~~The Committee will not consider an application that is deemed incomplete by CDLAC staff.~~

[...]

“Supplemental Allocation Pool” means the reserve of the State Ceiling established by the Committee for supplemental allocation on Qualified Residential Rental Projects.

[...]

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

Section 5020. Determination of State Ceiling Pools.

As soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee will:

(a) [...]

(ii) 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:

(aa) [...]

(cc) If the project does not receive points as a Large Family project pursuant to Section 5230(g) or is located in a ~~Moderate (Rapidly Changing)~~, 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 5230(d).

[...]

(6) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage of the Qualified Residential Rental Project Pool shall be

reserved in a Supplemental Allocation Pool to be available for allocation to Supplemental Allocation requests and determine what amount, if any, shall be available each year.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.82 and 8869.84, Government Code.

Section 5022. Geographic Apportionments.

For the purpose of allocating bonds available under the QRRP New Construction Pool, annual apportionments of bonds shall be made in approximately the amounts shown below:

Geographic Region

Coastal Region: ~~20%~~ 21%

(Monterey, Napa, Orange, San Benito, San Diego San Luis Obispo, Santa Barbara, ~~Santa Cruz~~, Sonoma, and Ventura Counties)

City of Los Angeles: 17%

Balance of Los Angeles County: 16%

Bay Area Region: 21%

(Alameda, Contra Costa, Marin, San Francisco, San Mateo, ~~and Santa Clara~~, and Santa Cruz Counties)

Inland Region: 16%

(Fresno, Imperial, Kern, Kings, Madera, Merced, Riverside, San Bernardino, ~~San Joaquin~~, Stanislaus, and Tulare Counties)

Northern Region: ~~40%~~

(Butte, El Dorado, ~~Marin~~, ~~Napa~~, Placer, Sacramento, San Joaquin, Shasta, Solano, ~~Sonoma~~, Sutter, Yuba, and Yolo Counties)

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

Section 5035. Preliminary Recommendations.

(a) At least twenty-five (25) calendar days prior to any meeting at which the Committee will award Allocations, the Executive Director will ~~post~~ publish a preliminary list of Applicants for which the Executive Director expects to recommend an Allocation (and the amount of those Allocations). During competitive rounds, the following procedures will be followed for the Qualified Residential Rental Program:

1. Within ten (10) calendar days after the application due date, ~~CDLAC will post~~ a list of applicants, project names, project locations, selected pools and set-asides, geographic regions, and requested Allocations and all reported self-scoring totals and tie-breaker scores will be published on the Committee's website as provided in section 5140.

2. ~~CDLAC will prepare rank ordering of the list of projects and evaluate~~ Projects will be evaluated and ranked the requested scoring based on information submitted in the application. ~~CDLAC will only review these projects~~ Only applications that are substantially complete, financially feasible and appear to self-score high enough to receive an Allocation will be reviewed. Prior to publishing the preliminary recommendation list on ~~its~~ the Committee's website, ~~CDLAC shall notify Applicants and the developers/sponsors~~ will be notified of their preliminary score and the reasons for any modifications from the Applicant's Self-Scoring Worksheet. Such notice, or a subsequent notice, may also contain completeness and/or feasibility defects

determined during CDLAG's the application evaluation. CDLAG Notices will only be required to send notices for projects that may appear to self-score high enough to receive an Allocation. Applicants will have five (5) calendar days to appeal such notice, their scores and/or completeness/feasibility defects, which a Appeals must be addressed to the Executive Director in writing per the instructions contained in the notice. The Executive Director shall then have ten (10) calendar days to issue a final determination. If an Applicant is unsatisfied with the final determination, the Applicant may appeal to the Committee per the instructions in the final determination notice.

[...]

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

Section 5036. Appeals to Preliminary Recommendations.

Any Applicant who wishes to appeal the published preliminary recommendation or ranking as prescribed in section 5035 may file an appeal within five (5) business days of the date on which the preliminary list is posted. The appeal must set forth in reasonable detail the factual basis for the appeal. No new or additional information beyond that provided in the original Application may be provided to or considered in connection with the appeal. All appeals shall be made in writing and delivered to the Executive Director, ~~no later than 5:00 p.m. (Pacific Time) on the last day specified for filing an appeal.~~ The Executive Director will present the appeal to the Committee at the meeting for which Allocations will be awarded, prior to the Allocation approval process. An Applicant may only appeal the recommendation or ranking of its own Application(s).

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

Section 5052. Forfeiture of Performance Deposit.

(a) [...]

~~(f) If the awarded project is from a joint CDLAG/CTCAC application and not awarded State Tax Credits, and therefore is unable to fill the financing gap, the issuer may return the allocation to the Committee within 90 days after notice of failure to obtain State Tax Credits without forfeiture of the performance deposit or assessment of negative points.~~

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.86(c)(3), Government Code.

Section 5054. Filing Fees.

Each Applicant shall submit a filing fee in an amount equal to the product of the amount of Allocation actually used to issue Bonds, or Mortgage Credit Certificates multiplied by .00035. The payment of the fee shall be in two installments as follows:

(a) Initial filing fee. ~~A check in the amount of \$1,200 payable to the California Debt Limit Allocation Committee shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee is not refundable under any circumstances but shall be credited against the total filing fee.~~

(b) Initial filing fee for supplemental awards. ~~A check in the amount of \$600 payable to the California Debt Limit Allocation Committee shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee is not refundable under any circumstances but shall be credited against the total filing fee.~~

(c) Initial filing fee for Difficult Development Area/Qualified Census Tract (DDA/QCT) designation retention in the amount of \$1,200 shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee is not refundable under any circumstances.

(ed) Second installment of Filing Fee. The second installment of the filing fee will be due within thirty (30) days after Bond issuance or issuance of the first Mortgage Credit Certificate. The Committee will issue an invoice in conjunction with the Committee Resolution transferring the Allocation to the Applicant. The amount of the second installment of the filing fee is the product of the amount of Allocation used to issue Bonds or convert to Bond to Mortgage Credit Certificate authority multiplied by .00035, less the fee paid pursuant to subdivision (a) of this section.

(de) If the second filing fee is not received within thirty (30) days, the Committee shall instruct the Applicant to remit the amount due from the performance deposit maintained by the Applicant specifically for the Project or program that was awarded Allocation pursuant to section 5050.

(ef) Applications for Allocation for Exempt Facility Projects will not be charged supplemental filing fees when applicants seek to move the hearing date for allocation later in the calendar year, as long as there are not material changes in the project or financing structure of the application.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.90, Government Code.

Section 5100. Program Expiration Dates.

[...]

(b) [...]

(3) For Qualified Residential Rental Project Bonds, the following expiration dates shall be assigned ~~randomly by a lottery drawing conducted~~ by the Executive Director within five (5) business days following each Allocation Round:

(i) Projects receiving an allocation shall be assigned an expiration date of one-hundred eighty (180) days or one-hundred ninety-four (194) days. In the event the Committee allocates more than 50% of the year's QRRP Allocation in any one round, there shall be a third expiration date of two-hundred eight (208) days, and the Executive Director shall assign approximately one-third of the projects in that round to each expiration date whenever possible.

[...]

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.89, Government Code.

Section 5105. Reversion to Committee.

Upon expiration of an ~~Allocation~~ issuance deadline, any amount of the Allocation that has not been used to issue Qualified Private Activity Bonds or converted to Mortgage Credit Certificate authority will automatically revert to the Committee unless such amount is authorized by the Committee for transfer or is carryforward, in which latter case it shall be used for the bond issuer's next bond issuance pursuant to Section 5133.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.89, Government Code.

Section 5133. Use of Carryforward.

Pursuant to Section 5231, the Committee shall establish a rank-order list of all projects to be allocated during a competitive round. The Committee shall determine if the issuers for such projects that are scheduled to receive an allocation are in possession of any carry-forward allocation not otherwise reserved for a project that has received an allocation but has not issued bonds, and if such a condition exists, such carry-forward shall be subscribed to the projects, by the Executive Director, in rank order which are scheduled to be awarded an allocation in the current round, starting with the highest ranking project pursuant to the priorities set forth by the Committee. The issuer's carryforward shall be applied to all projects recommended for an allocation until exhausted. ~~Any carry forward amounts allocated to a project shall not be considered when determining the amount available in a pool, set aside or geographic region. The limitations in the preceding sentence shall not apply to the waiting list procedures specified in Section 5231(e)(4).~~

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(c) and 8869.86(a)(3), Government Code.

Section 5144. Annual Applicant Public Benefits and On-Going Compliance Self Certification.

[...]

(c) For all QRRP projects receiving allocations after December 31, 2016, Sponsors will be required to utilize CTCAC's Compliance Online Reference Manual, specifically Section IV: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. ~~No less than every three years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond Restricted units identified in the Committee Resolution or Restricted Rental Units as defined in Section 5000: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, and evidence of the verifying income computation.~~ Additionally Project Sponsors will be required to prepare and forward a CTCAC Project Status Report (PSR) or equivalent documentation to the Applicant annually in conjunction with the Annual Applicant Public Benefits and On-going Compliance Self Certification. Sponsors must retain information pertaining to the income verification process for 10 years.

[...]

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

Section 5146. Disqualification.

[...]

(d) Information that leads the Committee to reasonably and in good faith conclude that an allocation will be inimical to, or incompatible with, the purposes of these regulations or the laws regulating the allocation of the State Ceiling on Qualified Private Activity Bonds- or the obligation on the Committee to affirmatively further fair housing pursuant to Government Code 8899.50(b). In determining whether an Application is compatible with the Committee’s responsibility to affirmatively further fair housing, the Committee will consider whether the Applicant, Project Issuer, or Project Sponsor has a documented history of violating state or federal fair housing laws.

Note: Authority cited: Section 8869.94 and 8899.5, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

Section 5170. 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 chapter are defined as follows:

[...]

“BIPOC eEntity” means an entity that is at least 51% owned 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 United States Census ~~or the most current publication of the United States Census.~~”

[...]

“Community Revitalization Area” means one of the following areas for which a comprehensive Community Revitalization Plan has been adopted and efforts specific to that plan have occurred: 1) a Distressed Community for which a comprehensive Community Revitalization Plan has been adopted and efforts specific to the plan have occurred; 2) a Federal Opportunity Zone, Choice Neighborhood, or HUD-approved Neighborhood Revitalization Strategy Area; or 3) a Disadvantaged Community as identified by the California Environmental Protection Agency's CalEnviroScreen map.

“Community Revitalization Plan” means ~~a comprehensive plan that details specific efforts being undertaken in a neighborhood or a community, that will result in the improvement of the economic conditions and the quality of life in that area.~~ plan contributing to concerted community revitalization efforts as demonstrated by a letter from a local government official. The letter must delineate the community revitalization efforts, including but not limited to:

1. community enhancement services in the neighborhood, including but not limited to,

job training or after-school enrichment programs;

2. funds, not including funds for the proposed project, that have been expended in the past five (5) years, that are being expended or that are committed to be expended to improve the community infrastructure, including, but not limited to, parks, storm water systems, sewer systems, or street improvements of the overall area;

3. projects, not including the proposed project, including but not limited to, retail, office and housing that contributes to community revitalization that have been completed within the past five (5) years, are underway or are committed to be completed; and

4. how the project would contribute to the community's revitalization.

[...]

“Other Rehabilitation Project”: A QRRP Projects applying for an allocation of tax-exempt private activity bonds from the General pool that is not eligible for treatment as a New Construction or a Preservation Project. In a Competitive Application Process, an rehabilitation or acquisition and Other rRehabilitation pProject must meet all of the following criteria:

1. Will complete at least \$60,000 in hard construction costs per unit, as defined in CTCAC Regulation Section 10320(x); and, [...]

[...]

“Permanent Supportive Housing”: A QRRP Project receiving points pursuant to Section 5230(g) as a Special Needs Project for which the minimum required percentage of special needs units are restricted as supportive housing for homeless and/or homeless youth as defined by Section 50675.14(b) of the Health and Safety Code. The project shall comply with the core components of Housing First, as defined in Welfare and Institutions Code Section 8255(b), with respect to the units designated for homeless households.

“Preservation Project”: ~~a~~A QRRP pProject applying for an allocation of tax-exempt bonds that is not a New Construction project and meets at least one of the following: (1) has a pre-1999 HCD loan that is being restructured pursuant to Section 50560 of the Health and Safety Code (AB 1699 projects); (2) is a replacement or rehabilitation project approved by HUD pursuant to a Section 18 or Section 22 Demolition/Disposition authorization; (3) is an At-Risk project that is not subject to a regulatory agreement imposing a rent restriction with a remaining term that is greater than five years from the year in which the application is filed that restricts income and rents on the residential units to an average no greater than 60% of the area median income; or (4) is a project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program, ~~or (5), is a project that meets all of the following:~~

~~(a) the project (or projects, if more than one) is not currently encumbered with an existing GDLAG (via bond issuer), CTCAC, or other affordability regulatory agreement, with the exception of a regulatory agreement associated with a HUD Project Based Section 8 or USDA Rental Assistance contract;~~

~~(b) the project (or projects, if more than one) is subject to an existing project based contract under Section 8 of the United States Housing Act of 1937 or any comparable rental assistance program that provides rental assistance to at least 50% of the units; and~~

~~(c) the project (or projects, if more than one) shall be required to complete rehabilitation work at a minimum of \$60,000 in hard construction costs per unit, as defined in CTCAC Regulation Section 10302(u), subject to the provisions of IRC Section 42(e)(3)(A)(ii)(I).~~

[...]

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

Section 5190. Readiness.

In its Application, the Project Sponsor must demonstrate its readiness to use the Allocation as set forth in this section.

[...]

(d) Legal Status of Project Sponsor and Developer. Applicants shall provide information regarding the legal status of the Project Sponsor and Developer.

(1) [...]

(4) Fair Housing and Anti-Discrimination Laws. Disclose any regulatory or investigative proceeding by a local, state, or federal agency relating to an alleged violation of fair housing or anti-discrimination laws and the status of the proceeding.

[...]

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

Section 5193. Debt Service Coverage Ratio.

(a) For Qualified Residential Rental Projects, a 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 be no less than 1.15 in at least one of the project's first three years except for FHA/HUD projects, RHS projects or projects financed by the California Housing Finance Agency.

[...]

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

Section 5200. Minimum Requirements – Market Study.

The Market Study must meet the current guidelines as required by the California Tax Credit Allocation Committee, Title 4, Division 17, Chapter 1, Section 10322(h)(10).

[...]

~~(c) Except where a waiver is obtained from the Executive Director in advance of a submitted application, CDLAC shall not award an allocation to a rural new construction project if a tax-exempt bond, tax credit, or other publicly assisted project housing the same population is currently under construction or has received an allocation of bonds within the same market~~

~~area. The Executive Director may grant a waiver where newly constructed housing would be replacing specific existing housing, or where extraordinary demand warrants an exception to the prohibition. The Executive Director may also grant a waiver for subsequent phases of a single new construction project where those phases are described in the application of the initial phase.~~

~~(dc)~~ 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.

~~(ed)~~ 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 5200(a), 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, which includes a current rent roll. In addition, the project must meet at least one of the following requirements:

[...]

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

Section 5230. Evaluation Criteria.

[...]

(b) [...]

~~(1)~~ Preservation and Other Rehabilitation Projects meeting the following criteria shall receive points in the highest scoring category only:

~~(1)(A)~~ A project that meets at least one of the following shall receive 20 points:

~~(i)~~ An At Risk Project,

~~(ii)~~ ~~or a~~ A project in which lower-income rent and income restrictions on at least 50 percent of the total units pursuant to a regulatory agreement with a public entity will terminate or be eligible for termination within five years of application with no other rent and income restrictions remaining,

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

~~(iv)~~ ~~or any~~ A component one project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program ~~shall receive 20 points.~~

~~(2)(B)~~ A project that meets at least one of the following shall receive 14 points:

~~(A)(i)~~ A component two project being rehabilitated under the HUD Rental Assistance Demonstration (RAD) Program; or

~~(B)(ii)~~ A project with a pre-1999 HCD loan that is being restructured pursuant to Section 50560 of the Health and Safety Code (AB 1699) that has not previously received an allocation of Low-Income Housing Tax Credits.

~~(3) A project that receives governmental assistance on at least 50 percent of the units pursuant to any of the following and that has not previously received an allocation of Low-Income Housing Tax Credits shall receive 6 points:~~

~~(A) Project-Based Section 8 or Rent Supplement,~~

~~(B) USDA Rent Supplement,~~

~~(C) Section 236 Financing,~~

~~(D) Section 221(d)(3) Financing, or~~

~~(E) USDA 514 or 515 Financing.~~

~~(4) (C) A project that receives governmental assistance on at least 50 percent of the units including AB 1699 funding that have previously been syndicated are eligible for with a pre-1999 HCD loan that is being restructured pursuant to Section 50560 of the Health and Safety Code (AB 1699) that has previously received an allocation of Low-Income Housing Tax Credits shall receive 6 preservation priority points.~~

(2) Other Rehabilitation Projects meeting all of the following criteria shall receive 20 points:

(A) The project does not result in a distribution of net project equity as defined in CTCAC Regulations to a general partner or a related party to the general partner (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; and

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

[...]

(f) [...]

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

(A) [...]

(B) 7 points if the project is a joint venture between an entity which receives maximum general experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations and a BIPOC Entity, provided that the partnership agreement (i) allocates a share of the developer fee, cash flow, and net sale proceeds to the BIPOC Entity that is equal to or greater than the share to the entity with maximum general experience points and (ii) provides the BIPOC Entity an option to purchase the development.

(C) 7 points if the sole sponsor is a BIPOC Entity that (i) is a general partner in at least one Low-Income Housing Tax Credit development that has received a certificate of occupancy, or if a rehabilitation project, completed rehabilitation, within five 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) demonstrates to the satisfaction of the Executive Director adequate in-house or contracted knowledge, skills, experience, and financial capacity to successfully develop, own and operate the proposed project, and (iv) completes training as prescribed by CTCAC prior to a project's placing in service.

[...]

(i) Readiness to Proceed (10 points maximum). A project shall receive the number of points for which it is eligible pursuant to Section 10325(c)(7) of the CTCAC regulations, except that the applicant shall ~~commit to commence~~ demonstrate construction can commence within 180 days of the bond allocation. Projects that receive the maximum number of points pursuant to this subdivision shall have a readiness deadline that aligns with the allocation expiration assigned pursuant to Section 5100(b)(3)(i) and submit within that time period, evidence of the issuance of building permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design-build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin), or the applicable tribal documents, and notice to proceed delivered to the contractor. Failure to meet the ~~180-day~~ assigned due date shall result in rescission of the bond allocation. In addition, ~~or~~ negative points may be assessed at the discretion of the Committee pursuant to Section 5230 (n).

(j) Affirmatively Furthering Fair Housing (~~20~~10 points maximum).

(1) A New Construction project shall receive points in only one of the following manners:

(A) Except as provided below, 20~~10~~ points if the project receives points as a Large Family project or Special Needs project pursuant to Section 5230(g) (except the Special Needs project shall have at least 50% of its units set aside as permanent supportive housing for the homeless), is located in a High or Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map, and at least 10% of tax credit units shall be restricted at or below 30% of area 56 median income and an additional 10% of tax credits units shall be restricted at or below 50% of area median income (except Special Needs projects shall be exempt from this 50% AMI requirement).

Using the sort order described in Section 5231, once projects receiving 10 points pursuant to this subparagraph (A) have been recommended for allocations that meet or exceed the following 50% threshold, all remaining projects in each pool or set-aside shall receive 9 points for meeting the requirements of this subparagraph. For the purpose of awarding points per round (excluding an established waiting list) pursuant to this Section 5230(j), 10 points will be awarded until approximately 50% of the amount available to a pool or set-aside has been allocated. Subsequently, all remaining projects in each pool or set-aside shall receive 9 points for meeting the requirements of this subparagraph.

~~(B) 9 points if the project receives points as a Large Family project pursuant to Section 5230(g), is located in a Moderate (Rapidly Changing) or Moderate Resource Area as specified on the CTCAC/HCD Opportunity Area Map, and at least 10% of tax credit units shall be restricted at or below 30% of area median income and an additional 10% of tax credits units shall be restricted at or below 50% of area median income. In addition, the 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.~~

~~(C) 9 points if the project receives points as a Large Family project pursuant to Section 5230(g), is located in a Low Resource or High Segregation and Poverty Area as specified on the CTCAC/HCD Opportunity Area Map, has income and rent restrictions:~~

~~(a) with at least a 40% AMI spread between the lowest restricted unit, which shall be no lower than 30% AMI, and the highest restricted unit with at least 10% of the units at the upper end of the range, provided that these upper end restricted rents are at least 10% below market rents, and if this condition is not achievable as evidenced by the market study, or if the Low Resource or High Segregation and Poverty Area in which the project is located is adjacent to a High or Highest Resource Area, the project shall be permitted to reduce the AMI spread from 40% to 30%, but in no case shall the upper end restricted units drop below 60% AMI, or~~

~~(b) consistent with the restrictions of a public funding source that was made available prior to December 31, 2020 and either~~

~~(i) the sponsor is one of the following:~~

~~(1) a BIPOC Entity that has maintained a headquarters or office within five miles of the project for a period of at least five years prior to the application;~~

~~(2) a Community Housing Development Organization (CHDO) as certified by the local participating jurisdiction in which the QRRP will be located;~~

~~(3) a sponsor who has previously developed affordable housing within the community in which the QRRP will be located in the past 20 years; or~~

~~(4) a sponsor who has continually, during the prior 10 years preceding the application date, provided educational, health or economic development services to the community in which the QRRP will be located; or~~

~~(ii) the project is one of the following:~~

~~(1) located within a Community Revitalization Area, or~~

~~(2) the project is funded in part with an award from the California Department of Housing and Community Development pursuant to a notice of funding availability issued on or before December 31, 2020.~~

~~In addition, the 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.~~

~~(DB) 9 points if the project does not receive points pursuant to Section 5230(j)(1)(A). through (C) and receives the maximum points for exceeding minimum income restrictions pursuant to subdivision (d). In addition, the 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. With respect to New Construction Projects, at least 10% of tax credit units shall be restricted at or below 30% of area median income and an additional 10% of tax credits units shall be restricted at or below 50% of area median income.

(2) For purposes of subparagraphs (A) to (C), a project located in a resource area designated on the CTCAC/HCD Opportunity Area Map as "Missing/Insufficient Data" shall be considered to have the designation of the adjacent resource area that shares the longest common boundary with the resource area in which the project is located.

[...]

(m) Site amenities (10 points maximum). A 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 clause 11 of that subparagraph.

~~(nn)~~ Negative Points (no maximum).

(1) [...]

(B) Ten (10) points may be deducted for each failure to issue Bonds, or utilize 90% or more of a Supplemental Allocation that results in the full amount of the Allocation reverting back to the Committee, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control. This deduction may be assessed against the Project Sponsor for a period of up to two (2) succeeding years (10 points each year) following the year Allocation was awarded.

[...]

~~(4) Multiple or repeated failures of paragraph (1) may result in the Committee finding Applications involving the Project Sponsor ineligible for consideration of an Allocation.~~

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

Section 5231. Ranking.

After all of Applications for Qualified Residential Rental Projects are evaluated pursuant to section 5230, the Applications will be ranked and may be awarded an Allocation as follows except that no project shall receive bond allocation if it had requested and is not scheduled to receive an award of State Tax Credits:

[...]

(e) [...]

(1)(A) [...]

(B) For purposes of the Homeless Set Aside only, applications for projects in which at least 40045% of the tax credit units are designated for homeless households as defined in Section 10315(b)(1) thru (4) of the CTCAC regulations at affordable rents consistent with Section 10325(g)(3) of the CTCAC regulations shall be awarded an Allocation prior to any other

application eligible for the Homeless Set Aside provided that such projects earn at least 95% (rounded down to the nearest whole number) of the maximum available points pursuant to Section 5230.

[...]

(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 New Construction Project or Projects, ~~exclusive of Rural Projects~~. Any such amounts shall not be added to the respective QRRP pool, Set Aside, or geographic region in the following year, nor shall any allocations pursuant to this paragraph be subtracted from the geographic allocations in the following year.

(4) At the last allocation meeting of the year, the Committee shall establish a waiting list of new Construction Projects, ~~exclusive of Rural Projects~~, that have not received an allocation in the final allocation round, ordered from highest to lowest ranking. ~~In the event that allocations are returned after the final allocation meeting and prior to the end of the calendar year, the Executive Director may allocate bonds to projects on the waiting list in order.~~

(f) 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, such overages will 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. In no case will the last project to be allocated in a Pool, Set Aside or geographic region 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. ~~No project that is unable to satisfy this condition shall be skipped in favor of awarding a project that meets this condition. Notwithstanding the foregoing, w~~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, no project may be funded by this skipping process unless it (a) has a point score within one point of the first project skipped, and (b) has a final tiebreaker score equal to at least 75% of the first skipped project's final tiebreaker score. If bonds within a Pool, Set Aside or geographic region remain unallocated at the end of an allocation round, they will 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.

(g) If two or more Applications are awarded the same total number of points, these Applications will be ranked according to the lowest highest amount of public benefit per dollar of cost-adjusted Bond and State Credit Allocation requested per bedroom-adjusted units targeted at or below 100% AMI, ~~so long as such units are rent restricted and regulated for a period of at least 30 years.~~

(1) A project's public benefit is the sum of all of the following:

(A) The project's unit production benefit, which is the product of 1) the bedroom-adjusted number of tax credit units; and 2) \$50,000. To calculate a project's bedroom-adjusted number of tax credit units, the Committee shall first multiply the number of tax credit units of each bedroom count by the adjustment factor for units of that bedroom count. A project's bedroom-

adjusted number of tax credit units shall be the sum of each of these products. The adjustment factors shall be: (A) .9 for a studio unit. (B) 1 for a 1-bedroom unit. (C) 1.25 for a 2-bedroom unit. (D) 1.5 for a 3-bedroom unit up to no more than 30% of the total units, then such additional units shall be counted as 2-bedroom units (E) 1.75 for a 4-bedroom or larger unit up to no more than 10% of the total units, then such additional units shall be counted as 2-bedroom units.

(B) The project's rent savings benefit, which is the product of 1) 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; and 2) 180. In the event this calculation results in a negative number for any particular unit(s), the rent savings benefit for such unit(s) shall not be lower than zero. Units with federal project-based rental assistance shall be assigned targeted rent levels of 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.

(C) The project's population benefit, which is comprised of an ELI benefit and a special populations benefit.

(i) ELI benefit, which is the product of 1) the number of tax credit units targeted at 30% of AMI or below, limited to no more than 50% of tax credit units; and 2) \$20,000.

(ii) special populations benefit, which is the product of 1) the number of tax credit units restricted to persons with Special Needs, as defined in Section 10325(g)(3) of the CTCAC regulations, or veterans, limited to no more than 50% of tax credit units; and 2) \$10,000.

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

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

(aa) The product of 1) the bedroom-adjusted number of tax credit units in a Large Family or Permanent Supportive Housing Project located in a Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map; and 2) \$30,000.

(bb) The product of 1) the bedroom-adjusted number of tax credit units in a Large Family or Permanent Supportive Housing Project located in a High Resource Area as specified on the CTCAC/HCD Opportunity Area Map; and 2) \$20,000.

(cc) The product of 1) the bedroom-adjusted number of tax credit units in a Large Family or Permanent Supportive Housing Project located in a Moderate Resource Area as specified on the CTCAC/HCD Opportunity Area Map; and 2) \$10,000. An applicant may choose to utilize the census tract, or census block group as applicable, resource designation from the CTCAC/HCD Opportunity Maps in effect when the initial site control was obtained up to seven calendar years prior to the application.

(ii) Community Revitalization benefit: The product of 1) the bedroom-adjusted number of tax credit units located in a Community Revitalization Area and are a component in the Area's Community Revitalization Plan; and 2) \$20,000.

A project is ineligible for this benefit if it receives a Resource Area benefit.

(iii) Transit/walkability benefit, which is the sum of the following:

(I) The product of 1) the bedroom-adjusted number of tax credit units within the project, 2) the number of transit site amenity points the project receives pursuant to Section 5230(m), and 3) \$4,000.

(II) The product of 1) the bedroom-adjusted number of tax credit units within the project, 2) the number of non-transit site amenity point categories for which the project is eligible for the maximum points pursuant to Section 5230(m) (see CTCAC regulation Section 10325(c)(4)(A)2. through 9.), and 3) \$4,000. For purposes of this subparagraph, the site amenity distances must be measured by a walkable path.

(III) The product of 1) the bedroom-adjusted number of tax credit units included with a 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); and 2) \$25,000.

For purposes of this subparagraph, 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 7-9 a.m. and 4-6 p.m., Monday through Friday.

(2) The cost-adjusted Bond and State Credit Allocation shall be calculated as follows:

(A) by ~~reducing~~ subtracting the product of the unadjusted Bond and State Credit Allocation request and by the sum of the following, as applicable:

(i) 15% for projects that are paid for in whole or in part out of public funds and are subject to a legal requirement for the payment of state or federal prevailing wages.

(ii) either (aa) 10% for projects wherein at least 95% of the building(s) is constructed as Type I as defined in the California Building Code; or (bb) 5% for projects wherein at least 95% of the building(s) is constructed as a Type III as defined in the California Building Code or a Type III/Type I combination.

(iii) 25% of the statewide basis delta for the county in which the project is located ~~the higher resource-area bonus from the unadjusted Bond and State Credit Allocation request.~~

At least ten 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(rr) of the CTCAC regulations; ~~except that the percentage difference shall not exceed 30%. A New Construction Project that~~

~~receives points as a Large Family project pursuant to the conditions specified in Section 5230(j)(1)(A) and is located in a High or Highest Resource Area as specified on the CTCAC/HCD Opportunity Area Map shall receive a higher resource area bonus equal to 20%. In addition, a project that receives points as a Special Needs project pursuant to Section 5230(g) and in which at least 50% of the tax credit units are designated for homeless households as defined in Section 10315(b)(1) of the CTCAC regulations at affordable rents consistent with Section 10325(g)(3) of the CTCAC regulations shall also receive a bonus equal to 20%.~~

~~(2) To calculate a project's per bedroom adjusted units, the Committee shall first multiply the number of units of each bedroom count by the adjustment factor for units of that bedroom count. A project's per bedroom adjusted units shall be the sum of each of these products. The adjustment factors shall be:~~

~~(A) .9 for a studio unit.~~

~~(B) 1 for a 1-bedroom unit.~~

~~(C) 1.25 for a 2-bedroom unit.~~

~~(D) 1.5 for a 3-bedroom unit up to no more than 30% of the total units, then such additional units shall be counted as 2-bedroom units~~

~~(E) 1.75 for a 4-bedroom or larger unit up to no more than 10% of the total units, then such additional units shall be counted as 2-bedroom units~~

~~(3) For Allocations made after the first competitive round in 2022 and beyond, the provisions in this Section (f) shall be amended to a formula which will measure the total amount of State of California investment in the Project relative to the public benefit produced by the Project.~~

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

Section 5240. Supplemental Allocation Process.

~~(a) Requests for Supplemental Allocations may be submitted electronically during any Allocation Round throughout the year. Except as provided in (b), sStaff shall review each request for Supplemental Allocation and make a recommendation to the Committee regarding any possible award of additional Allocation. Awards of Supplemental Allocations shall be memorialized in a Committee Resolution. Notwithstanding section 5241, aAll applicable requirements imposed on the associated initial project Allocation, including, but not limited to, expiration of Allocation, Bond issuance deadlines, extensions, transfers of Allocation, carry-forward elections and reporting will be equally applicable to Supplemental Allocations.~~

~~(b) The Committee may delegate authority to the Executive Director to award Supplemental Allocation to projects where the total supplemental requests are:~~

- ~~(1) no more than 10 percent of the project's original allocation; and~~
- ~~(2) no more than 52% of the aggregate depreciable basis plus land basis.~~

~~(c) For projects awarded Supplemental Allocation where the original allocation was awarded in Round 2 of 2022 or later: (i) no increase in developer fee will be permitted in association with~~

the increase in costs related to the project and (ii) the Project Sponsor will be subject to reduction in its tiebreaker calculation determined by the Committee for a period of one round following the award of Supplemental Allocation.

~~(b) Requests for Supplemental Allocation submitted during Allocation Rounds conducted under an Open and Competitive Application Process may be made with a Supplemental Allocation Request Letter if the Project has received Allocation within the past thirty six (36) months. Supplemental Allocation Request Letters must be submitted by the Applicant and accompanied by the following requirements:~~

- ~~(1) Posting of a performance deposit pursuant to section 5050.~~
- ~~(2) Payment of a filing fee pursuant to section 5054.~~
- ~~(3) Evidence of the Bond sale structure pursuant to article 6 of chapter 1.~~
- ~~(4) An inducement resolution pursuant to section 5033(b)(4).~~
- ~~(5) Updated sources and uses sections of pages 7-9 with associated attachments E, G, and H of the Standard QRRP Application.~~
- ~~(6) Verification of Zoning and Local Approvals pursuant to section 5190(b).~~
- ~~(7) An updated Attachment Y of the Standard QRRP Application.~~
- ~~(8) An original and copy of the material noted in sub-section (b)(1) through (b)(8) must be submitted electronically to cdlac@treasurer.ca.gov no later than the applicable application deadline.~~

~~(c) Supplemental Allocation requests for Projects that have received Allocation more than thirty six (36) months prior, or are submitted during a Competitive Application Process must comply with the process for filing a new complete Application pursuant to article 4 of chapter 1 and the appropriate provisions of this chapter.~~

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

Section 5241. Realignment of Expiration Dates.

~~Projects awarded a Supplemental Allocation during an Open Application Process for which no Bonds were issued from the original award of Allocation shall have the expiration date of the original award extended to match the expiration of the Supplemental Allocation award. Projects awarded a Supplemental Allocation during a Competitive Application Process for which no Bonds were issued from the original award of Allocation shall have the expiration date of the original award. The Executive Director will have authority to extend the original bond issuance deadline date.~~

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