

2017 LOW-INCOME HOUSING TAX CREDIT (LIHTC) APPLICATION WORKSHOPS

TCAC

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Discussion Topics

1

- Regulation Changes

2

- 9% Application, Attachments, Checklist

3

- CDLAC Update



Highlights of Adopted Regulation Changes

Over-Allocation of State Credits

- In 2015, TCAC over-allocated \$35 million in state credits. TCAC adopted two solutions:
 1. Require special needs projects to maximize basis before seeking state credits, unless necessary to reduce the credit request to the amount available in the project's geographic region or the \$2.5 million limit.
 2. Create a second supplemental set-aside of federal credits and, after the award round, designate projects for which we have insufficient state credits as DDA projects and execute an exchange of state credits for federal credits.

High-Cost Task Force Results

- Eliminate the ability for applicants with projects exceeding the high cost test to petition the committee for special consideration.
- Provide a 10% threshold basis limit increase for projects in high-opportunity areas, as defined.
- Require 9% new construction projects that exceed specified parking ratios to exclude the cost of the excess parking spaces from basis.

High-Cost Task Force Results

- For 9% new construction projects only, increase the maximum base developer fee in cost to \$2.2 million and then adjust the maximum developer fee limit at reservation and PIS to reflect a project's cost efficiency using the same test employed for the high-cost threshold.

Base limit * [2 – (project's total eligible basis / total adjusted threshold basis limits)]

Homeless Assistance Projects

- Combined the first (specified program sources) and second priorities (rental or operating assistance).
- Added CalHFA Local Government Special Needs Housing Program, Governor's Homeless Initiative, and HCD No Place Like Home as specified program sources.

Homeless Assistance Projects

- Require that homeless assistance projects reserve vacant homeless assistance units for 60 days for occupancy by persons or households referred, where such systems or lists exist, by either:
 - 1) the relevant coordinated entry or access system;
 - 2) the relevant county health department from a list of frequent health care users; or
 - 3) the relevant behavioral health department from a list of persons with chronic behavioral health conditions who require supportive housing.

Housing Type Goals

- There is a new 30% housing type goal for rehabilitation projects within the rural set-aside only. This housing type is not for points but only for purposes of the first tie-breaker.
- Special needs now expressly includes families in the child welfare system for whom the absence of housing is a barrier to family reunification, as certified by a county.

Large Family Projects

- Play/recreational area for children ages 2-12 years shall be outdoors, and the minimum square footage is 600 square feet, must include an accessible entrance point, must be equipped with reasonable play equipment for the size of the project, and must include a surface of natural or synthetic protective material.
- For projects with more than 100 total units this square footage shall be increased by 5 square feet for each additional unit.
- The application must demonstrate the availability of play or recreational facilities suitable for children ages 13-17.
- Rehabilitation projects with existing outdoor play/recreational facilities may request a waiver of the minimum square footage requirement.

Sustainability

- 5 competitive points for Passive House Institute US (PHIUS); Passive House; Living Building Challenge; and National Green Building Standard ICC / ASRAE – 700 silver or higher rating.
- 1 competitive point for WELL.

Sustainability

- Energy efficiency calculated against 2016 code with decreased percentages in excess of code: 5 points for 12% improvement; 3 points for 7% improvement.
- Threshold basis limit increase still requires 15% in excess of code.
- Each building, unless waived, shall meet at least half of the percentage for which the project receives points.
- Clarify that PV generation must offset 30% of tenant loads or 50% of common area loads for points, 50% of tenant loads and 75% of common area load for threshold basis limit increase.

Sustainability

- 3 points for using no irrigation at all, irrigating only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens), or irrigating with reclaimed water, greywater, or rainwater in an amount that annually equals or exceeds 10,000 gallons or 150 gallons per unit, whichever is less.
- The standard for a threshold basis limit increase requires irrigating only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigating with reclaimed water, grey water, or rainwater in an amount that annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less.

2017 Tie-Breaker Changes

- For projects with 50 or more new construction units, multiply the leveraged soft resources factor of the tiebreaker by a size factor:

$$75\% + \text{units}/200$$

Tie-Breaker Changes for 2018

- Discontinue up to 25% increase for rental assistance but give credit for the calculated value of Tranche B loan proceeds even if the project cannot support a Tranche B loan.
- The Tranche B rent differential is established by subtracting tax credit rental income at 40 percent (40%) AMI levels (30% AMI for Special Needs/SRO projects or for Special Needs units within a mixed- population project) from the anticipated contract rent.
- The rent differential for projects with public operation subsidies shall equal the annual subsidy amount in year 1, provided the subsidy will be of a similar amount in succeeding years, or the aggregate subsidy amount of the contract divided by the number of years in the contract if the contract does not specify an annual subsidy amount.

Tie-Breaker Changes for 2018

- Exclude seller carryback loans or seller loans up to the amount of the sale proceeds, except for a public land loan to a new construction project.

Resyndications

- Require a resyndication project to provide a similar level of services as to what was required under the previous regulatory agreement and allow waivers under specified circumstances.
- For resyndications involving a transfer event, increase the short term work period from 2 to 3 years.

Certificated State Credits

- SB 837 allows for the certification of state credits awarded between 2017 and 2019.
- A certificated credit is sold outright to an investor, who takes no ownership interest in the partnership.

Certificated State Credits

- Applicant must irrevocably elect traditional or certificated credits at application.
- By statute, the minimum price for certificated credits is 80 cents.
- For-profit and non-profit projects may apply, but the regulations require that the non-profit partner be the applicant. Credits will be awarded to the non-profit partner who will sell the credits. In this way, we hope to exempt the partnership from taxation on the sale proceeds of the credits.

Application Errors

- “Reproduction or application assembly error” is eliminated as acceptable.
- TCAC will only allow a “clear scanning error in which no more than half of the pages in a document are missing.”
- Tolerance level created for certain financial errors:
 - A shortage of sources of \$50,000 or less shall be deemed covered by the contingency line item.
 - TCAC will allow applicants to correct cash flow shortages or overages of \$5000 or less at placed in service.



**OVERVIEW OF 9%
APPLICATION,
ATTACHMENTS, AND
CHECKLIST**

Application **Deadlines**

First Round

Wednesday, March 1

Second Round

Wednesday, June 28



Submission Requirements

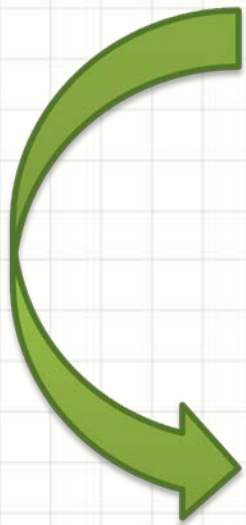
Electronic Submission ONLY

- Submit **2** Copies
- Flashdrive/CD/DVD

Double Check

- Correct project?
- All folders/files saved?
- Files in correct format?

Organizing Folders



TAB 1 - Demonstrated Site Control

Name



TAB1 - Appraisal.pdf



TAB1 - Purchase & Sale Agreement.pdf



TAB1 - Title Report.pdf

Application Checklist Items

- Regulations Requirements
- Use current year application attachments
- “Checklist Items” worksheet
- Review every applicable tab carefully



**OVERVIEW OF 9%
APPLICATION,
ATTACHMENTS,
CHECKLIST ITEMS**

Excel Application **Worksheets**

- Changes resulting from regulation changes
- Helpful tips
- Conditional formatting

Application Worksheet



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
2017 COMPETITIVE 9% APPLICATION FOR LOW-INCOME HOUSING TAX CREDITS
January 18, 2017 Version

II. APPLICATION - SECTION 1: APPLICANT STATEMENT, CERTIFICATION AND NOTARY

APPLICANT: _____

PROJECT NAME: _____

PLEASE INCLUDE APPLICATION FEE WITH APPLICATION SUBMISSION
(CHECK ONLY)

The undersigned applicant hereby makes application to the California Tax Credit Allocation Committee ("TCAC") for a reservation of Federal, or Federal and State Low-Income Housing Tax Credits ("Credits") in the amount(s) of:

_____ annual Federal Credits, and

_____ total State Credits

New

for the purpose of providing low-income rental housing as herein described. I understand that Credit amount(s) preliminarily reserved for this project, if any, may be adjusted over time based upon changing project costs and financial feasibility analyses which TCAC is required to perform on at least three occasions.

Election to sell ("certificate") state credits: N/A By selecting "Yes" or "No" in the box immediately before, I hereby make an irrevocable election to sell ("certificate") or not sell all or any portion of the state credit, as allowed pursuant to Revenue and Taxation Code Sections 12206(o), 17058(q), and 23610.5(r). I further certify that the applicant is a non-profit entity, and that the state credit pricing will be at least 80 cents per dollar.

Application **Worksheet**

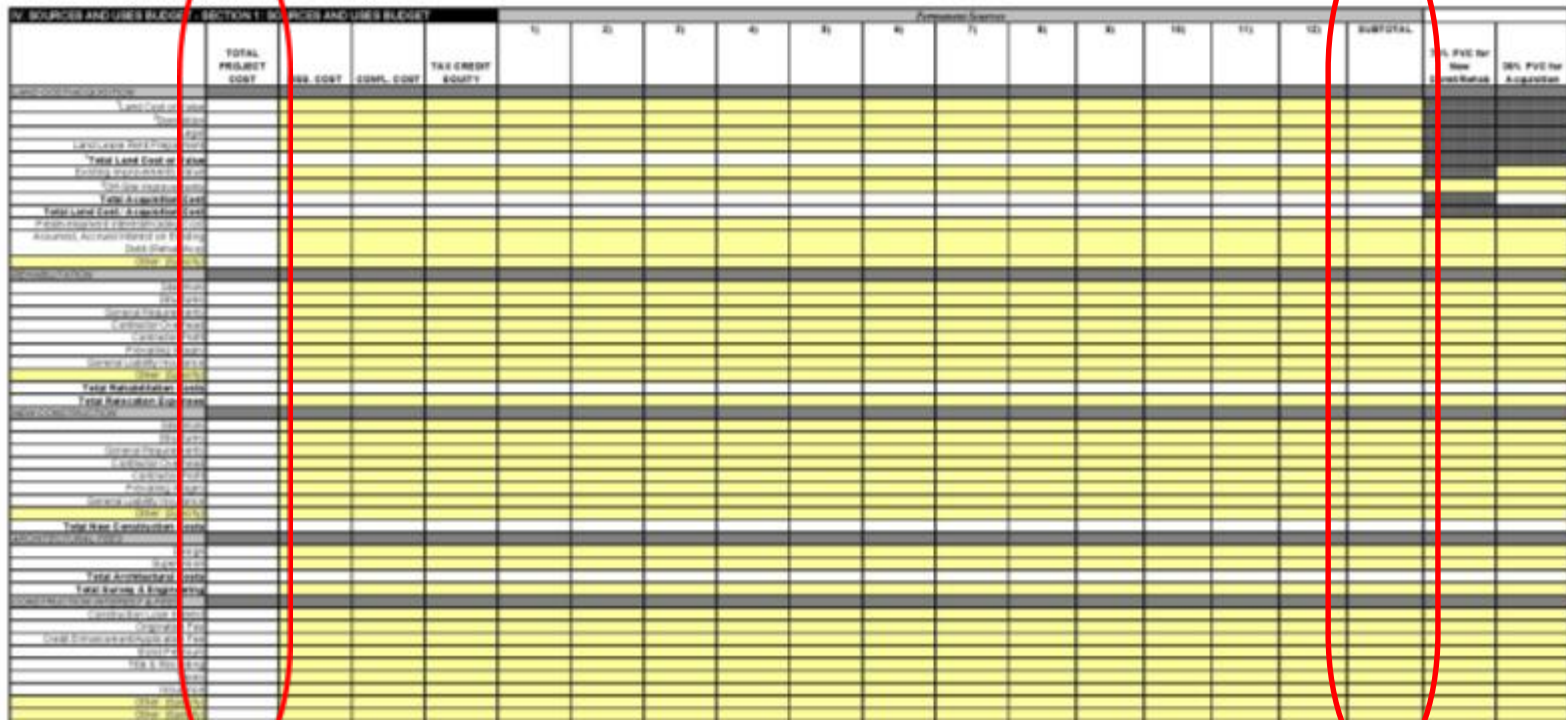
A. Permanent Financing

List Below All Projected Sources Required To Complete Construction

Name of Lender/Source	Term (months)	Interest Rate	Residual Receipts / Deferred Pymt.	Annual Debt Service	Amount of Funds
1)					
2)					
3)					
4)					
5)					
6)					
7)					
8)					
9)					
10)					
11)					
12)					
				Total Permanent Financing:	
				Total Tax Credit Equity:	
				Total Sources of Project Funds:	



Sources and Uses Budget Worksheet



The image shows a screenshot of a 'Sources and Uses Budget Worksheet'. The worksheet is a grid with columns for 'TOTAL PROJECT COST', 'RES. COST', 'EQUIL. COST', 'TAX CREDIT', 'EQUITY', and 12 numbered columns (1-12). The rows are categorized into 'Construction', 'Non-Construction', and 'Total'. The 'TOTAL PROJECT COST' and 'SUBTOTAL' columns are highlighted in yellow. Two red ovals are drawn around the 'TOTAL PROJECT COST' and 'SUBTOTAL' columns, indicating conditional formatting.

	TOTAL PROJECT COST	RES. COST	EQUIL. COST	TAX CREDIT	EQUITY	1	2	3	4	5	6	7	8	9	10	11	12	SUBTOTAL	% FVE for Non-Construction	% FVE for Construction
Construction																				
Non-Construction																				
Total																				

Conditional Formatting

Basis and Credits Worksheet

B. Determination of Federal Credit

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:		
*Applicable Percentage:	9.00%	3.23%
Subtotal Annual Federal Credit:		
Total Combined Annual Federal Credit:		

* Applicants are required to use these percentages in calculating credit at the application stage.

Updated

C. Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	
Permanent Financing	
Funding Gap	
Federal Tax Credit Factor	
<u>Federal tax credit factor must be at least \$1.00 for self-syndication projects or at least \$0.85 for all other projects.</u>	
Total Credits Necessary for Feasibility	
Annual Federal Credit Necessary for Feasibility	
Maximum Annual Federal Credits	
Equity Raised From Federal Credit	
Remaining Funding Gap	

If Applying For State Credit Complete Section (D) & (E)

D. Determination of State Credit

	NC/Rehab	Acquisition
State Credit Basis		
Rehabilitation or new construction basis only (no acquisition basis), except in rare cases of At-Risk projects eligible for State Credit on the acquisition basis at the 0.13 factor when no 130% basis increase is used		
Factor Amount	30%	13%
Maximum Total State Credit		\$0

E. Determination of Minimum State Credit Necessary for Feasibility

State Tax Credit Factor	
<u>State tax credit factor must be at least \$0.80 for "certified" state credits, at least \$0.65 for self-syndication projects, or at least \$0.60 for all other projects.</u>	
State Credit Necessary for Feasibility	
Maximum State Credit	
Equity Raised from State Credit	
Remaining Funding Gap	

Threshold Requirements

Tabs 1-19

- Demonstrated Site Control and Land Value
- Financial Feasibility
- Set Aside Designation
- Housing Type
- Applicant / Development Team

Threshold Requirements

Tabs 1-19

- Acquisition and Rehabilitation
Credit Applications
- Minimum Construction Standards
- Site and Project Information
- Market Analysis
- Required Approvals (Zoning)

Threshold Requirements

Tabs 1-19

- Enforceable Financing Commitments
- Syndication
- Evidence of Subsidies
- Threshold Basis Limits Increases
- Eligible Basis Certification

Demonstrate **Site Control**

TAB 1

- Current Title Report within 90 days (proper documentation without fee title)
- Narrative/summary
- Closing Date beyond application deadline
- Evidence of payments for closing extensions

Demonstrate **Property Value**

TAB 1

- Appraisal required for rehabilitation, all competitive applications except new construction – unrelated 3rd party purchases
- Include the “as-is” value in the appraisal
- Must include land value

Demonstrate **Property Value**

TAB 1

- **Rehab:** Appraisal prepared within 120 days before or after the execution of purchase contract/transfer of ownership
- **NC:** Appraisal prepared within 120 days before or after the execution of purchase contract/transfer of ownership or within 1 year of application deadline if latest purchase contract was executed within that year

Financial Feasibility

TAB 2



- Detailed narrative of project financing
 - Description of other Developer Fee limitations
 - 15 year pro forma in TCAC Excel Application
 - Cash flow requirements
 - PHA Utility Allowance or CUAC
- Ammer Singh (asingh@sto.ca.gov)

Set-Aside Designation

TAB 3

Nonprofit

- Qualified under IRC Section 42(h)(5)
- Homeless assistance priority
 - Capital funding sources
 - Applicant commitment – reserve vacant homeless units for 60 days for occupancy by persons/households referred – **New in 2017**

Set-Aside Designation

TAB 3

Rural

- 2017 Rural Methodology Memo
- RHS (514, 515) and HOME apportionment
- Native American Apportionment (\$1M)
- Zhuo (“Jewel”) Chen zchen@sto.ca.gov

Set-Aside Designation

TAB 3

At-Risk

- Qualify for all housing type requirements

Special Needs/SRO

- Qualify for all housing type requirements
- Developer Experience

Housing Type Thresholds

TAB 4

- Current year attachments
- Provide detailed explanations in Attachments 4(A)-(E)
- Waiver approvals from TCAC by application deadline

Attachment 4(A)

ATTACHMENT 4(A)
APPLICANT LARGE FAMILY ELIGIBILITY CERTIFICATION
 Regulation Section 10325(g)(1)(A) through (I)

<u>REQUIREMENTS</u>	<u>VERIFICATION</u>
<p>A) At least twenty-five percent (25%) of the Tax Credit units in the project shall be three-bedroom or larger units, and for projects that receive land use entitlements on or after January 1, 2016 at least an additional twenty-five percent (25%) of the Tax Credit units in the project shall be two-bedroom or larger units, except that for projects qualifying for and applying under the At-risk set-aside, the Executive Director may grant a waiver from this requirement if the applicant shows that it would be cost prohibitive to comply.</p>	<p>Provide a narrative explanation as to how each requirement is being met and reference where the proof is located in the application. Be as detailed as possible and attach a separate sheet if additional space is needed.</p>
<p>B) One-bedroom units must include at least 450 square feet and two-bedroom units must include at least 700 square feet of living space. Three-bedroom units shall include at least 900 square feet of living space and four-bedroom units shall include at least 1,100 square feet of living space, unless these restrictions conflict with the requirements of another governmental agency to which the project is subject to approval. These limits may be waived for rehabilitation projects, at the discretion of the Executive Director prior to the application submission. Bedrooms shall be large enough to accommodate two persons each and living areas shall be adequately sized to accommodate families based on two persons per bedroom.</p>	

Housing Type Thresholds

TAB 4

Changes in 2017

- Unit minimum square footage
- Large Family
 - Play/recreational facilities requirements (Section 10325(g)(1)(D))

Applicant/Development Team

TAB 5

Current Annual
Financial Statements

Organizational
Documents

Legal Status Questionnaire



Identity of
Interest

Development Team

TAB 6

Identify Project Participants

- Executed property management contract
- Dated and Current
- Correct project referenced



Acquisition Credit

TAB 7

- Chain of title report
- Applicant statement – Exempt 10 year rule
- 10 year rule – 3rd Party Tax Professional's Opinion (refer to IRC Section 42(d)(2)(B)(ii))
- Re-syndication (9% applications) - No acquisition credits (unless SPN, SRO or within 10 yrs. of expiring TCAC regulatory agreement)



Rehabilitation Credit

TAB 8



“As Is” Appraisal

- Includes land value “as if vacant”
- Prepared 120 days before or after purchase agreement execution/transfer of ownership
- Highest and best use value as residential rental property
- Sales Comparison and Income Approach valuation methodologies

Rehabilitation Credit

TAB 8

Capital Needs Assessment (CNA)

- Performed within 180 days of the application deadline
- Pre-rehabilitation 15-Year Reserve Study
- Immediate Needs Addressed



Rehabilitation Credit

TAB 8

Rehabilitation Summary

- Address immediate rehabilitation needs and any planned long-term replacements
- Explain any variance from the CNA estimates
- The greater of \$40,000 hard costs/unit or 20% of adjusted basis



Rehabilitation Credit

TAB 8

Resyndication Projects

- Copy of recorded TCAC regulatory agreement
- Hold harmless rent provisions
- Similar or greater level of services
- Existing replacement reserve and planned uses
- Capital Needs Covenant (Agreement)

Rehabilitation Credit

TAB 8

Resyndication Projects

- Checklist Items worksheet
- Ownership Transfer Questionnaire
<http://www.treasurer.ca.gov/ctcac/compliance/covenant/questionnaire.pdf>
- Frequently Asked Questions (FAQs)
<http://www.treasurer.ca.gov/ctcac/compliance/transfer/faq.pdf>

Rehabilitation Credit

TAB 9



Tenant-Occupied Housing

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

TABS 10

Minimum Construction Standards

- **Attachment 10**
- **Non-competitive applicants:**
 - Documentation of applicant's consultation with design team and a 2013 or 2016 CEA and LEED Green Rater, NGBS Green Verifier or GreenPoint Rater
 - Model results, meeting agenda, list of attendees, major outcomes from meeting

TABS 10

Minimum Construction Standards

- All REHABILITATION projects:
 - Sustainable Building Method and Energy Efficiency Requirements Workbook
 - Not required if developing a project in accordance with programs noted in regulations UNLESS receiving points from CDLAC

TABS 10 & 11

Minimum Construction Standards & Project Size Limitations

TCAC Executive Director must approve waiver requests prior to application deadline.

Submit all waiver requests in a timely manner.



Site & Project Information

TAB 12

- **Physical Description**
 - Current use, adjacent property
 - Site, parcel map, color photos
 - Description of off-site costs
 - If Scattered Site project, provide a description of how it meets definition
- **Checklist Items worksheet**
- **Attachment 12**

Site & Project Information

TAB 12

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



Market Study

TAB 13

Market Study Guidelines:

<http://www.treasurer.ca.gov/ctcac/mktstudy/2017.pdf>

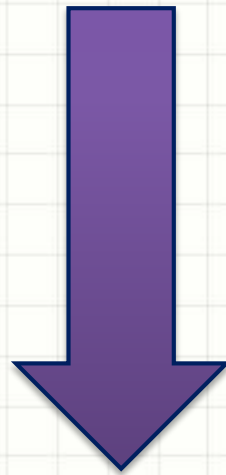
Analysis should be unbiased, objective, and supported with clear data and explanation when needed.

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

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



Tenant Rents
10%+ Below
Market



Value Ratio
(\$/Sq. Ft.)
 \leq Market



Absorption Rate
& Stabilized
Occupancy

Market Study Components

Need and Demand

Competitive Rental Market

- Existing and Planned Affordable Housing Comparables
- Matrices in **Excel Format**
- An updated market study where >12 months have passed between the earliest site inspection date and the application deadline will not be accepted by TCAC

Market Study Components

Need and Demand

- Written statement by 3rd party market analyst for acquisition/rehabilitation projects meeting criteria described in Section 10322(h)(10)

New in 2017

- Project's lifetime rent benefit calculation
 - Annual rent differential for 55 years

Local Approvals

TAB 14



Verification of Zoning

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



Financing Commitments

TAB 15

Grants/Subsidies
Committed

Permanent = 15 Year Term

Provide Executed
Documentation



50% Construction or
Permanent Committed

Syndication

TAB 16

Federal
Pricing:
\$0.85 Min

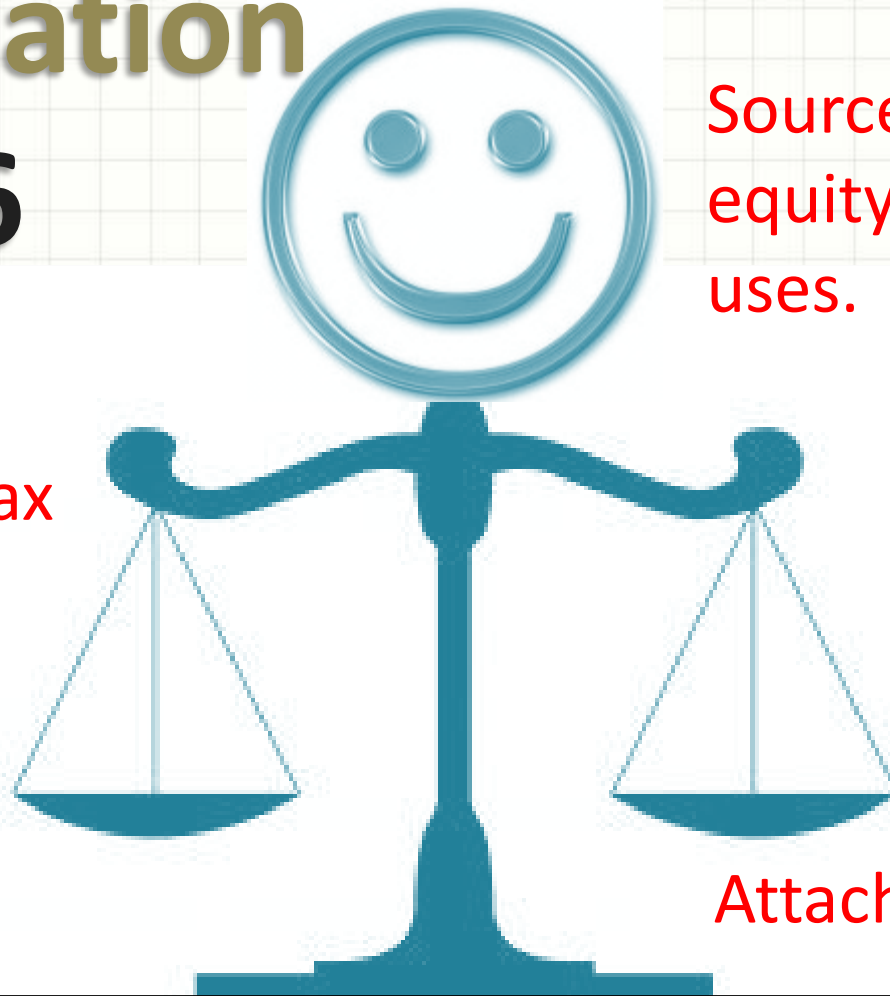


State
Pricing:
\$0.60 Min

Syndication

TAB 16

Net proceeds
must match tax
credit equity
listed in your
TCAC
application



Sources, including
equity, must match
uses.

Attachment 16

Evidence of Subsidies

TAB 17

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

REMEMBER

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

Evidence of Subsidies

TAB 17

Subsidy Layering Reviews

- May provide in application (optional)
- Memorandums
 - http://www.treasurer.ca.gov/ctcac/2015/slr_8.pdf
 - http://www.treasurer.ca.gov/ctcac/2015/slr_911.pdf

Threshold Basis Limit Boosts

TAB 18



- Prevailing Wages (up to 25%)
- Parking Beneath Residential Units (7%)
- Day Care Center (2%)
- 100% Special Needs (2%)
- 95% Upper Floors – Elevators (10%)

Threshold Basis Limit Boosts

TAB 18



- 1+ Energy efficiencies (up to 10%)
- Seismic upgrading (up to 15%)
- Toxic or other environmental (up to 15%)
- Local Development Impact Fees
- “High Opportunity Areas” (10%) – **New in 2017**

Prevailing Wage Boost

TAB 18

- 20% and 5% increases – Applicant certification and supporting documentation
 - See Checklist Items worksheet for additional detail
- If subject to state prevailing wages and claiming boost – Applicant certification
 - Comply w/Section 1725.5 of Labor Code

Local Development Impact Fees

Attachment 18(A)

NOTE: Permit processing fees, building permit fees, and plan check fees are NOT considered local development impact fees.

TYPE OF FEES TO BE PAID	AMOUNT OF FEE
Community Development Fees	\$
Drainage Facilities	\$
Facilities Assessment	\$
Fire Facilities	\$
General Facilities	\$
Governmental/Environmental	\$
Law Enforcement Facilities	\$
Library Facilities	\$
Parks & Recreation	\$
Public Facilities	\$
Schools	\$
Streets & Signals	\$
Traffic Fees	\$
Waste Water Collection	\$
Waste Water Treatment	\$
Water Facilities	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Total Local Development Impact Fees	\$

“High Opportunity Areas”

TAB 18

- Meet all criteria:
 - Within a city with a population $\geq 50,000$;
 - Within a county that has a 9% threshold basis limit for 2-bedroom units $\leq \$300,000$; and
 - Deemed to have the highest opportunity by the UC Davis regional Opportunity Index for Places (see website)

Application Worksheet

A. Threshold Basis Limit

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO			
1 Bedroom			
2 Bedrooms			
3 Bedrooms			
4+ Bedrooms			
TOTAL UNITS:			
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:			
		Yes/No	
(a) Plus (+) 20% basis adjustment for projects paid in whole or part out of public funds subject to a legal requirement for the payment of state or federal prevailing wages or financed in part by a labor-affiliated organization requiring the employment of construction workers who are paid at least state or federal prevailing wages. List source(s) or labor-affiliated organization(s):		No	
Plus (+) 5% basis adjustment for projects that certify that (1) they are subject to a project labor agreement within the meaning of Section 2500(b)(1) of the Public Contract Code, or (2) they will use a skilled and trained workforce as defined by Section 25536.7 of the Health and Safety Code to perform all onsite work within an apprenticeship occupation in the building and construction trades.		No	
(b) Plus (+) 7% basis adjustment for new construction projects required to provide parking beneath residential units (not "tuck under" parking) or through construction of an on-site parking structure of two or more levels.		No	
(c) Plus (+) 2% basis adjustment for projects where a day care center is part of the development.		No	
(d) Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.		No	
(e) Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that include one or more of the features in the section: Item (e) Features.		No	
(f) Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect or seismic engineer. If Yes, select type: N/A		No	
(g) Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required. UNPAID IMPACT FEES ARE INELIGIBLE.		No	
(h) Plus (+) 10% basis adjustment for projects wherein at least 50% of the project's upper floor units are serviced by an elevator.		No	
(i) Plus (+) 10% basis adjustment for projects located in an area that meets all of the following criteria: (i) is within a city with a population of at least 50,000 or that, when combined with abutting cities, has a population of at least 50,000; (ii) is within a county that has a 9% threshold basis limit for 2-bedroom units equal to or less than \$300,000; (iii) is deemed to have the highest opportunity by the UC Davis Regional Opportunity Index for Places.		No	
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			

ITEM (e) Features

REVIEW REGULATION SECTION 10327(c)(5)(B) PRIOR TO COMPLETING THIS SECTION. THE OPTIONS BELOW ARE PRESENTED WITH ABRIDGED LANGUAGE.

- N/A 1** Project shall have onsite renewable generation estimated to produce 50% or more of annual tenant electricity use. If combined available roof area is insufficient, project shall have onsite renewable generation based on at least 90% of the available solar accessible roof area. A project not availing itself of the 90% roof area exception may also receive an increase under paragraph (2) only if the renewable generation used to calculate each basis increase does not overlap. Threshold Basis Limit increase of 5%.
- N/A 2** Project shall have onsite renewable generation estimated to produce 75% or more of annual common area electricity use. If combined available roof area is insufficient, project shall have onsite renewable generation based on at least 90% of the available solar accessible roof area. A project not availing itself of the 90% roof area exception may also receive an increase under paragraph (1) only if the renewable generation used to calculate each basis increase does not overlap. Threshold Basis Limit increase of 2%.
- N/A 3** Newly constructed project buildings shall be 15% or more energy efficient than 2016 Energy Efficiency Standards (CA Code of Regulations, Title 24, Part 6), except that if the local department has determined that building permit applications submitted on or before December 31, 2016 are complete, then newly constructed project buildings shall be 15% or more energy efficiency than the 2013 Energy Efficiency Standards (CA Code of Regulations, Title 24, Part 6). Threshold Basis Limit increase of 4%.
- N/A 4** Rehabilitated project buildings shall have an 80% decrease in estimated annual energy use (or improvement in energy efficiency) in the HERS (i) post rehabilitation. Threshold Basis Limit increase 4%.
- N/A 5** Use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excluding water used for community gardens) or irrigate with reclaimed water, greywater, or rainwater in an amount that annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less. Threshold Basis Limit increase 1%.
- N/A 6** Community gardens of at least 60 square feet per unit. Permanent site improvements that provide a viable growing space within the project. Threshold Basis Limit increase 1%.
- N/A 7** Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms (where no VOC adhesives or backing is also used). Threshold Basis Limit increase 1%.
- N/A 8** Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas. Threshold Basis Limit increase 2%.
- N/A 9** For new construction projects only, meet all requirements of the U.S. Environmental Protection Agency Indoor Air Plus Program. Threshold Basis Limit increase 2%.

New

Eligible Basis Certification

TAB 19

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



Point Scoring Requirements

Tabs 20-27

- Leveraging
- GP and Management Experience
- Site and Service Amenities
- Sustainable Building Methods
- Readiness to Proceed
- Miscellaneous Federal and State Policies

Leveraging

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



Leveraging – Cost Efficiency

	TOTAL PROJECT COST	RES. COST	TAX CREDIT EQUITY	1)	2)	SUBTOTAL	70% PVC for New Const/Rehab	30% PVC for Acquisition
LAND COST/ACQUISITION								
Land Cost or Value	\$1,000,000	\$1,000,000		\$1,000,000		\$1,000,000		
¹ Demolition								
Legal								
Land Lease Rent Prepayment								
² Total Land Cost or Value	\$1,000,000	\$1,000,000		\$1,000,000		\$1,000,000		
Existing Improvements Value								
¹ Off-Site Improvements								
Total Acquisition Cost								
Total Land Cost / Acquisition Cost	\$1,000,000	\$1,000,000		\$1,000,000		\$1,000,000		
NEW CONSTRUCTION								
Site Work	\$9,000,000	\$9,000,000	\$2,000,000	\$4,000,000	\$3,000,000	\$9,000,000	\$9,000,000	
Structures								
General Requirements	\$200,000	\$200,000	\$200,000			\$200,000	\$200,000	
Contractor Overhead	\$300,000	\$300,000	\$300,000			\$300,000	\$300,000	
Contractor Profit	\$300,000	\$300,000	\$300,000			\$300,000	\$300,000	
Prevailing Wages								
General Liability Insurance	\$400,000	\$400,000	\$400,000			\$400,000	\$400,000	
Other: (Specify)								
Total New Construction Costs	\$10,200,000	\$10,200,000	\$3,200,000	\$4,000,000	\$3,000,000	\$10,200,000	\$10,200,000	
ARCHITECTURAL FEES								
Design	\$200,000	\$200,000	\$200,000			\$200,000	\$200,000	
Supervision	\$50,000	\$50,000	\$50,000			\$50,000	\$50,000	
Total Architectural Costs	\$250,000	\$250,000	\$250,000			\$250,000	\$250,000	
Total Survey & Engineering								

Leveraging – Cost Efficiency

CONSTRUCTION INTEREST & FEES							
Construction Loan Interest	\$500,000	\$500,000	\$500,000			\$500,000	\$300,000
Origination Fee	\$10,000	\$10,000	\$10,000			\$10,000	\$10,000
Taxes							
Insurance							
Title & Recording	\$10,000	\$10,000				\$10,000	\$10,000
Other: (Specify)							
Other: (Specify)							
Total Construction Interest & Fees	\$520,000	\$520,000	\$520,000			\$520,000	\$320,000
PERMANENT FINANCING							
Total Permanent Financing Costs							
Subtotals Forward	\$11,970,000	\$11,970,000	\$500,000	\$300,000			\$10,770,000
LEGAL FEES							
RESERVES							
Rent Reserves							
Capitalized Rent Reserves							
3-Month Operating Reserve	\$200,000	\$200,000					\$200,000
Other: (Specify)							
Total Reserve Costs	\$200,000	\$200,000					\$200,000
APPRAISAL							
Total Appraisal Costs	\$10,000	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000
Total Contingency Cost	\$700,000	\$700,000	\$700,000	\$10,000		\$700,000	\$500,000
OTHER PROJECT COSTS							
TCAC App/Allocation/Monitoring Fees	\$200,000	\$200,000	\$200,000			\$200,000	
Local Development Impact Fees	\$500,000	\$500,000			\$500,000	\$500,000	\$500,000
Permit Processing Fees							
Furnishings	\$20,000	\$20,000	\$20,000			\$20,000	\$20,000
Market Study	\$5,000	\$5,000	\$5,000			\$5,000	\$5,000
Accounting/Reimbursables	\$3,000	\$3,000	\$3,000			\$3,000	\$3,000
Soft Cost Contingency	\$100,000	\$100,000	\$100,000			\$100,000	\$50,000
Total Other Costs	\$838,000	\$838,000	\$338,000		\$500,000	\$838,000	\$578,000
SUBTOTAL PROJECT COST	\$13,718,000	\$13,718,000	\$5,208,000	\$5,010,000	\$3,500,000	\$13,718,000	\$11,858,000
DEVELOPER COSTS							
Developer Overhead/Profit	\$1,400,000	\$1,400,000					\$1,400,000
Total Developer Costs	\$1,400,000	\$1,400,000					\$1,400,000
TOTAL PROJECT COSTS	\$15,118,000	\$15,118,000	\$5,208,000	\$5,010,000	\$3,500,000	\$13,718,000	\$13,258,000
Note: Syndication Costs may not be included as a project cost.						Bridge Loan Expense During Construction:	
Calculate Maximum Developer Fee using the eligible basis subtotals.						Total Eligible Basis:	\$13,258,000

Leveraging – Credit Reduction

- Example: 10%
 - Qualified Basis X 10% = Reduction
 - Qualified Basis – Reduction = Adjusted Qualified Basis



Leveraging - Public Funds

Tab 20

- Local Community Foundation Funds
- “Tranche B” loans
- Donated/Leased land
- Public contributions of eligible off-site costs
- Assumed loans
(Principal balance only)



General Partner Experience

Tab 21

- Maximum 6 points (5 projects, >3 yrs.)
 - Including 1 in service >5 years; and
 - Including 2 TCAC projects
- Nonprofit/Special Needs Set Aside and Special Needs Housing Type (4 Special Needs projects, >3 yrs.)
 - Including 1 TCAC project

General Partner Experience

Tab 21

- Attachment 21
- CPA Certification - positive cash flow, funded reserves



Attachment 21

	Project Name & Address	TCAC (or other) Project Identification Number, If applicable	TCAC Identify Special Needs Projects, If Applicable	Month, Day, & Year the Project was Placed-In-Service	Month, Day & Year G.P. Participation Began	Month, Day & Year G.P. Participation Ended, If Applicable	Full Number of Years of G.P. Participation, After Project Placed-In-Service*	Number of Low Income Units**	Number of Special Needs Units
1.			<input type="checkbox"/>						
2.			<input type="checkbox"/>						
3.			<input type="checkbox"/>						
4.			<input type="checkbox"/>						
5.			<input type="checkbox"/>						

* General Partner experience cannot start accumulating until after the project is placed-in-service. In addition, do NOT round up the amount of time/experience. For example, 2 years 11 months of G.P. experience is only 2 full years of experience, not 3 years.

** Project must have more than 10 units and be subject to a recorded regulatory agreement.

- Check this box if you are applying through the Nonprofit or Special Needs set-asides AND requesting points specifically for special needs housing type projects. For each above-listed project, at least 50% of the units must serve special needs tenants. Points will only be awarded to special needs housing type projects.
- General partners with fewer than 2 active California Low Income Housing Tax Credit projects in service more than 3 years, and general partner's for projects applying through the Nonprofit or Special Needs set-aside with no active California Low Income Tax Credit projects in service more than 3 years, shall contract with a bona-fide management company currently managing 2 California Low Income Housing Tax Credit projects in service more than 3 years and which itself earns a minimum combined total of 2 points at the time of application. Please refer to Tab 21 of the 2017 Application Checklist in the Excel application for additional requirements.

Management Experience

Tab 22

- Maximum 3 points (11 projects, >3 yrs.)
 - Including 2 TCAC projects
- Nonprofit/Special Needs Set Aside and Special Needs Housing Type (4 Special Needs projects, >3 yrs.)
 - Including 1 TCAC project

Management Experience

Tab 22

- Attachment 22
- Executed Property Management Agreement
- Nationally Recognized Housing Tax Credit Compliance Entity (2 points)



Housing Needs

Tab 4



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

Site Amenities

Tab 23

- Maximum 15 points
- Requirements:
 - Map with distance measurements
 - Clear color photos
 - Contact person & contact information
 - Scattered site scoring
 - Physical Barriers?

Site Amenities

Tab 23

- Not scored for Native American apportionment projects only
 - Must be scored if dropped down to general Rural set aside

Site Amenities

Tab 23

- Transit Amenities
 - Bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop
 - Free/discounted transit passes to residents (up to 3 points)



Site Amenities

Tab 23



- Public Park/Community Center
 - Joint use agreement
- Book-Lending Public Library
 - Inter-branch lending



Site Amenities

Tab 23

- Grocery Store Amenities
 - Square Footage Certification
 - Large Multi-purpose stores
 - Measure “Grocery Section”



Site Amenities

Tab 23

- Public School
 - Attendance Boundary
 - $\geq 25\%$ three-bedroom units
- Senior Center
- Special Needs or SRO Facilities



Site Amenities

Tab 23



- Medical Clinic
 - Medi-Cal / Medicare (Seniors) / Health Care for the Homeless
- Pharmacy
- High Speed Internet Service

Service Amenities

Tab 24

- Scattered Site scoring
- Services provided for 15 years



Service Amenities

Tab 24

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

Service Amenities

Tab 24

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

Service Amenities

Tab 24



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

Application Worksheet

Service Amenities Budget Worksheet

Total Expenses

Total Annual Residential Operating Expenses:	
Total Number of Units in the Project:	
Total Annual Operating Expenses Per Unit:	
Total 3-Month Operating Reserve:	
Total Annual Internet Expense (site amenity election):	
Total Annual Services Amenities Budget (from project expenses):	
Total Annual Reserve for Replacement:	
Total Annual Real Estate Taxes:	
Other (Specify):	
Other (Specify):	



Match

Services to be Provided	Quantity of Services Committed (Hours/Yr or FTE) ¹	Total Dollars Committed	Cash Flow from Operation, Grant, In Kind, or Others
Family, Senior or At-Risk Projects			
1. Service Coordinator			
2. Other Services Specialist			
3. Adult education, health, skill building classes			
4. Health and wellness services and programs			
5. Licensed child care			
6. After school program			
Special Needs or SRO projects			
7. Case manager			
8. Service Coordinator or Other Services Specialist			
9. Adult education, health, skill building classes			
10. Health or behavioral health services			
11. Licensed child care*			
12. After school program*			
Other Services:			
TOTAL		\$0	

Sustainable Building Methods

Tab 25

- New Construction/Adaptive Reuse:
 - LEED, Green Communities, PHIUS, Passive House, Living Building Challenge, NGBS ICC / ASRAE – 700 silver or higher rating, GreenPoint Rated Program (5 points)
 - WELL (when not combined with above) (1 point)

Sustainable Building Methods

Tab 25

- New Construction/Adaptive Reuse:
 - Energy Efficiency beyond 2016 Title 24 (up to 5 points)
 - Zero Net Energy (ZNE) – Offset of Tenants' Load (up to 5 points)

Sustainable Building Methods

Tab 25

- Rehabilitation:
 - LEED, GreenPoint Rated Existing Home Multifamily Program, PHIUS, Passive House, Living Building Challenge, NGBS ICC / ASRAE – 700 silver or higher rating, 2011 Enterprise Green Communities (5 points)
 - WELL (when not combined with above) (1 point)

Sustainable Building Methods

Tab 25

- Rehabilitation:
 - Improvement over current (up to 5 points)
 - Additional project measures (2 points each)
 - Sustainable building management practices (2 points)
 - Individual metering (2 points)
- Water Efficiency (3 points)

Lowest Income

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

Lowest Income

- Example:

67 units

41 three-bedroom units = 5 units

19 two-bedroom units = 2 units

7 one-bedroom units = 0 units

Units at 30% AMI = 7 units

Readiness to Proceed

Tab 26



- Maximum 15 points
 - Enforceable commitments for construction financing (5 points)
 - Environmental review clearance (5 points)
 - All necessary public or tribal land use approvals subject to the discretion of local or tribal elected officials (5 points)

Readiness to Proceed

Tab 26



- NEPA Documentation
 - HUD form 7015.15 & 7015.16
 - Clearance for each federal funding source (HOME, CDBG, USDA, Section 8, etc.)
 - If exempt, Finding of Exemption form with all required information
 - If categorically excluded (not converted to exempt) or requires FONSI, HUD forms 7015.15 & 7015.16 must be in application

Readiness to Proceed

Tab 26



- Common NEPA Errors
 - Multiple federal sources and documentation does not address each
 - Example: Documentation for HOME funds, but not for HUD Section 8
 - Level of clearance is Exempt per 24 CFR Part 58.35 under supplemental funds where prior NEPA clearance was obtained, but no Finding of Exemption form

Readiness to Proceed

Tab 26

- Attachment 26
- Appeal Period
- 90-day Letter of Intent (LOI) deadline
 - Required if any points are received
- 180 or 194-day Readiness deadline
 - Required if maximum points are received

Attachment 26

ATTACHMENT 26 Approvals Necessary to Begin Construction

Project Name: _____ Housing Type: _____
 Site Address: _____ City: _____
 County: _____ Number Of Units: _____
 Census Tract Number: _____ APN(s): _____

Note: Multiple forms may be needed. Each agency with individual responsibility for the items below must complete the particular item(s) under its jurisdiction.

This letter is to confirm that the following public or tribal approvals (except building permits) and all land use environmental clearances for this project are issued or are unnecessary and the expiration dates of all required appeal periods for each item are listed and have expired, or will expire no later than 30 days beyond the application deadline date.

Check All Required Items	Approval Date	Appeal Expiration Date*	X if N/A	if N/A, <u>MUST</u> provide a detailed explanation**
<input type="checkbox"/> CEQA	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> NEPA***(see note below)	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Tribal Land Environmental Review	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Toxic Report	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Soils Report	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Coastal Commission Approval	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Article 34 of State Constitution	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Site Plan Review Completed	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Conditional Use Permit	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Variance Approval	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Other Discretionary Review: _____	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Other Requirements: _____	_____	_____	<input type="checkbox"/>	_____
<input type="checkbox"/> Other Requirements: _____	_____	_____	<input type="checkbox"/>	_____

**A detailed explanation must be provided for each of the above items that have been checked, "N/A." Please attach an extra sheet of paper if unable to fit entire explanation, as this is important for the review process.

Misc. Federal and State Policies

Tab 27

- Maximum 2 points
 - State credit substitution (2 points)
 - Enhanced Accessibility and Visitability (2 points)*
 - Smoke Free Residence (2 points)
 - Historic Tax Credits (1 point)
 - Revitalization Area Project (2 points)*
 - Eventual Tenant Ownership (1 point)*

Final Tie Breaker

- First Ratio (Leveraged soft resources)
 - 1) Public Funds (Section 10325(c)(1)(C))
 - 2) Soft loans (Section 10325(c)(10)(A)(ii))
 - CPA Certification
 - 3) Value of donated land and improvements (Section 10325(c)(10)(A)(iii))
 - Contributed asset held by entity for at least 5 years prior to application deadline

Final Tie Breaker

- First Ratio (Leveraged soft resources)
 - Appraisal review for donate land and improvements
 - Numerator increased by 25% of the percentage of subsidy-assisted tax credit units
 - Size factor (50 or more NC units only)
 - $75\% + (\text{total NC units}/200)$

Final Tie Breaker

- Second Ratio
 - 1 minus ratio of requested unadjusted eligible basis to total residential project development costs
 - Requested unadjusted eligible basis increased by any reduction to eligible basis \leq to the amount of leveraged soft resources (excluding donated land, fee waivers, and “Tranche B” loans)
 - Divide by 3

Final Tie Breaker

- Mixed-Use Projects
 - Commercial Cost Pro-ration
- “Tranche B” Calculation
 - Contract Rents, Utility Allowance
- Ineligible Off-Site Costs Excluded
 - Numerator and Denominator
 - Tab 12 – Summary of Off-Site Costs
- Applicant Notes worksheet

Final Tie Breaker Self-Score Worksheet

MIXED USE PROJECTS

For mixed-use projects, the permanent public fund numerator must be discounted/reduced by the mixed-use ratio below.

Mixed-use projects: Total commercial cost / Total project cost:

#DIV/0!

THE PRORATED COMMERCIAL COST DEDUCTION TO SOFT FUNDS MUST BE CALCULATED FIRST, BEFORE APPLYING ANY SUBSIDY ADJUSTMENT/INCREASE TO THE NUMERATOR (REGULATION SECTION 10325(c)(10)(A)). TCAC staff may adjust this ratio as deemed appropriate.

Sample formula (commercial costs) for numerator *Committed permanent soft funds defraying residential costs* = (G44)*(1-J49)

SIZE FACTOR

New construction

Tax credit units:

Size factor:

RENTAL/OPERATING SUBSIDY BOOST

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

Operating and rental subsidies: % of subsidized units:

#DIV/0!

#DIV/0!

Subsidy adjustment/increase to permanent public funds numerator
(This adjustment is calculated in the numerator after any commercial cost adjustment).

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

FINAL TIE BREAKER CALCULATION

~~Soft financing less commercial proration~~

#DIV/0!

Requested unadjusted eligible basis

\$0

Soft financing with size factor

#DIV/0!

With rental/operating subsidy boost

#DIV/0!

#DIV/0!
\$0

+ ((1 - $\frac{\#DIV/0!}{\$0}$) / 3) = #DIV/0!

New

Final Tie Breaker Self-Score Worksheet

Tranche B calculation

For purposes of the public funds points section and the final tie breaker, a Tranche B loan is the lesser of the actual commitment amount or the following. Please note, an application must include a private Tranche B loan supported by a public subsidy to utilize this calculation.

Rental Income Differential:

Rent Limit:

40% AMI

(SRO/SpN)

OR

50% AMI

(ALL OTHER)

Public
Subsidy
Contract Rent

Calculated
Annual
Rent

Unit Type	# of Units	Public Subsidy Contract Rent	Calculated Annual Rent
SRO			\$0
SRO			\$0
SRO			\$0
SRO			\$0
SRO			\$0
SRO			\$0
TOTAL			\$0

Rental Income Differential	\$0
Less Vacancy	5.0%
Net Rental Income	\$0
Available for debt service @ 1.15 DSC ratio:	\$0
Loan term (years)	15
Interest rate (annual)	6.0%
DSC ratio	1.15
Loan amount per TCAC underwriting standards:	\$0
Actual Tranche B loan amount:	

Resources

TCAC

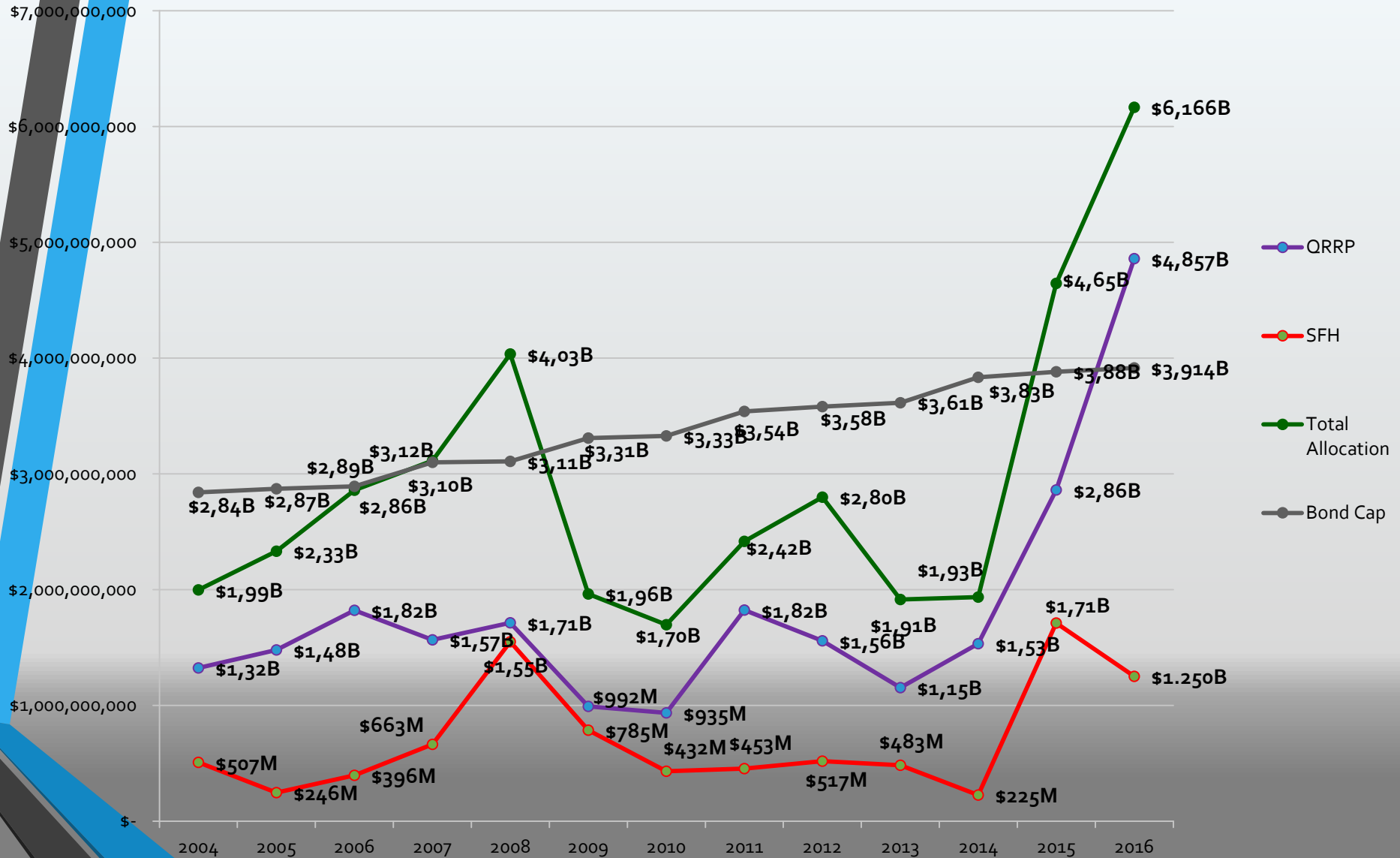
- Application Information:
<http://www.treasurer.ca.gov/ctcac/2017/application.asp>
- Regulations (QAP):
<http://www.treasurer.ca.gov/ctcac/programreg/regulations.asp>

California Debt Limit Allocation Committee (CDLAC) Update



Jeree Glasser-Hedrick, Executive Director

All Allocation Dollars by Program w/cap



Qualified Residential Rental Program Point Threshold

- Threshold Score for 2017
 - 45 points for General and Rural Pools
 - 20 points for Mixed Income Deals

Regulation Changes: Issuer Accountability

- Require all active Issuers to have issuance and compliance policies and procedures in place as of January 2018
- 1- year Waiver available for all non-active 2017 Issuances

Regulation Changes: Issuer Accountability

- Require QRRP Issuers to audit 20% of files associated with initial lease-up and 20% of the files every three years thereafter.
- Clarify the expectations of information a sponsor is submitting to the Issuer on an ongoing basis by creating updated Certification of Compliance forms for all program pools.

Regulation Changes: High Cost Projects

- Studio and SRO: \$402,000
 - One-bedroom: \$420,000
 - Two-bedroom: \$447,500
 - Three-bedroom: \$492,500
 - Four or more bedroom: \$517,500
- Because bonds must finance at least 50% of aggregate basis (land plus depreciable assets), the effective limit on costs would be twice the figures listed above.

Regulation Changes: Cash Flow Permanent Bonds

- Cash Flow Bonds repaid based on cash flow availability
 - Denomination limits or a traveling investment letter
 - A foreclosure of a cash flow bond will not terminate the Bond Regulatory Agreement

Top “10” Application Pitfalls

FHA Forward Commitments: If the project is seeking a “Forward Commitment,” the application must be accurately identified as such by checking the Forward Commitments selection on the first page of the Application.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC)

**NON-COMPETITIVE
APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED
PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT
(QRRP)**

ISSUER (Applicant): _____

PROJECT SPONSOR: _____

PROJECT NAME: _____

PROPOSED MEETING DATE: _____

FHA Forward Commitment Request Yes No

Scattered Site Yes No

We, the undersigned, hereby make an Application to the California Debt Limit Allocation Committee (“CDLAC”) for the purpose of providing rental housing as described herein.

We agree it is our responsibility to provide CDLAC with one original and one duplicate copy of a complete Application, accompanied by a check made payable to the Committee in the amount of \$1,200 and a completed Performance Deposit Certification form. We understand that succinct answers providing the requested information are required. We understand that if additional space is required, each additional page will be clearly labeled. We agree that it is also our responsibility to provide all information that is deemed by CDLAC to be necessary to evaluate our Application. We understand that CDLAC may verify the information provided and analyze materials submitted as well as conduct its own investigation to evaluate the Application. We recognize that we have a duty to inform CDLAC when any information in the Application or supplemental materials is no longer true and to supply CDLAC with accurate information.

Top “10” Application Pitfalls


Attachment B (TEFRA Resolution):

- Correct project and address
- CDLAC is now requesting a copy of the proof of publication. Please ensure it is included.

Top "10" Application Pitfalls

Attachment D – Lender Commitment Letters

- For all lenders include fee structure, rate, term, security, collateral, guarantee, recourse of commitment
- Evidence the lender is committed to move forward
- Signatures of lender and sponsor.

 CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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PART I - FINANCING TEAM INFORMATION

Select and save the member firms of Financing Team. Click the team member link to browse the details.

1.	Applicant (Entity Issuing Bonds)	Housing Authority of the County of Sacramento
2.	Bond Counsel Firm	Ballard, Spahr, Andrews & Ingersoll, LLP ▼
3.	Bond Underwriter Firm	GMAC Commercial Mortgage Affordable Housing Division ▼
4.	Financial Advisor Firm	ATG Sun America, Inc. ▼
5.	Private Placement Agent Firm	Bank of America ▼
6.	Private Placement Purchaser #1	▼
7.	Private Placement Purchaser #2	▼
8.	Credit Enhancement Provider	Citibank NA ▼
9.	Project Sponsor (Borrower Entity)	Lester Apartments, LP ▼
10.	Project Developer Firm	Lester Development Company ▼

Top “10” Application Pitfalls

Application Summary information and Attachments:

- Consistency of financial information:
- including Hard Construction Costs (H-1), Construction Sources (E-1), Operating Expense (Attachment I), Sources & Uses (E-2), and the Debt Service Ratio calculation in the Project Financing section Item #10.

Top “10” Application Pitfalls

Attachment W-1 (Proposed Ownership):

- The partnership breakdown should reflect the proposed final post-closing ownership.
- Principals and their titles should be provided for each partner entity.
- When listing the partners, please include the Limited Partner by name or as TBD.
- The combined ownership percentages should always equal 100%.

Top "10" Application Pitfalls

California Debt Limit Allocation Committee

ATTACHMENT W-1

INFORMATION ON PROJECT SPONSOR
(POST CLOSING OWNERSHIP)

The information provided in this form must relate to the Project Sponsor as defined in the CDLAC regulations.

Date & place formed:

Partners comprising Project Sponsor:

	Corporate Name	Corporate Address	Role	% Ownership	Check if Nonprofit Entity
Partner #1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="checkbox"/>
Partner #2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="checkbox"/>
Partner #3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="checkbox"/>
Partner #4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/> %	<input type="checkbox"/>

Top “10” Application Pitfalls

Attachment R and Table 1: The “Proposed Tenant Paid Rents” and “Unit Sizes” listed on Table 1 of the Application should be consistent with the Subject Property “Base Rent” and “Unit Size in SF” represented on the rent comparability matrices for each unit type.

Top “10” Application Pitfalls

Attachment M-1 (Title Report):

- Liens on the property that will be paid off at close should be identified each under Attachment E-3.
- If existing liens are not being paid off at closing, please ensure they are reflected in Attachment E-2 as a source.

Top “10” Application Pitfalls

Attachment O (Utility Allowances): Utility components applicable to the project must be clearly identified and whenever possible corresponding dollar figures should be totaled by unit type.

Top “10” Application Pitfalls

Attachment U: When seeking points for a Bona Fide Service Coordinator/Social Worker, please confirm that the following evidence is provided:

- A contract, including experience and duties,
- the number of hours to be provided per year, and
- the budget to pay for the services.

Top “10” Application Pitfalls

Table 1 General Distribution Rule:

- The 10% of the units restricted at 50% AMI must be generally distributed on a prorata amount by bedroom type in the Table 1.


Top “10” Application Pitfalls

In Attachment T, required maps must include a scale, and radii must be clearly labeled ($\frac{1}{4}$ mi, $\frac{1}{2}$ mi, etc.).

Top “10” Application Pitfalls

“N/A” is generally not an acceptable response in the application, except where specified.

Top "10" Application Pitfalls



 CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR QUALIFIED RESIDENTIAL RENTAL PROJECT (QRRP)

Application Info | Online Forms | Documents Checklist | Word/Excel Templates

Online Application ID:	1080
ISSUER (Applicant):	HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO
PROJECT SPONSOR:	LESTER APARTMENTS, LP
PROJECT NAME:	SACRAMENTO APARTMENTS
PROJECT TYPE:	NEW CONSTRUCTION PROJECT
PROPOSED MEETING DATE:	<input type="text" value="MM/DD/YYYY"/>  
COMPETITIVE APPLICATION:	N
FORWARD COMMITMENT:	N
STATUS:	OPEN



Resources

CDLAC

- Homepage:
<http://www.treasurer.ca.gov/cdlac/index.asp>
- Regulations:
<http://www.treasurer.ca.gov/cdlac/procedures.asp>