

AB 83 Compliance – Working Group DRAFT 9-9-20 TCAC/CDLAC Allocation System Proposal

AB 83 Key Excerpts: *“Align the programs of both committees with the objective of increasing production and containing costs”* as follows:

- *“maximize”* a) *“the efficient use of public subsidy”*, and b) *“benefit”* using at least the following *“factors”*:
 - *“The number and size of units developed, including local incentives provided to increase density”*
 - *“The proximity to amenities, jobs and public transportation”*
 - *“The location of the development”*
 - *“The delivery of housing affordable to very low and extremely low income households by the development”*
 - *“The total state subsidy provided”*
 - *“Prioritize”* a) *“cost containment”*, and b) *“increased unit production”*

“Align the Programs of both Committees”

- Use general partner experience from 9% program (New - CDLAC)
- Use management company experience from 9% program (New - CDLAC)
- Use readiness to proceed criteria from 9% program (New - CDLAC)
- Use housing types from 9% program and amend large-family to better reflect local market conditions (New - TCAC/CDLAC)
- Align service amenities with 9% program (New - CDLAC)
- Amend and align site amenities (New - TCAC/CDLAC)
- Align numerous definitions, technical details and regulatory requirements (New - TCAC/CDLAC)

“Increasing Production”

- Emphasize new construction through set-asides and geographic regions (New - CDLAC)
- Cap bond allocation to no more than 55% of bond basis (New - CDLAC)
- Amend current CDLAC tie-breaker to account for cost differences and larger unit types and add SCO scoring category that provides incentives for increased production (New - CDLAC)
- Remove \$50 million bond limit to encourage projects of scale (New - CDLAC)

“Containing Costs”

- Eliminate excessive energy efficiency measures to reflect evolution of California’s advanced and highly-efficient energy code (New - TCAC/CDLAC)
- Revise site amenity points and add job center criteria to open up more possible sites to help reduce land costs (New - TCAC/CDLAC)

- Amend current CDLAC tie-breaker to account for cost differences and unit types; CDLAC tie-breaker of lowest bond usage likely to be more influential with revised scoring system (New - CDLAC)

“Maximize Efficient Use of Public Subsidy and Benefit”

- Current TCAC/CDLAC system includes numerous criteria and incentives to maximize efficiency and produce public benefit which are proposed to be retained, including:
 - deeper income targeting than federal minimum requirements
 - percent project rents are below market rents
 - presence of local and federal financing leverage
 - site amenities
 - service amenities
 - tie-breaker based on lowest usage of tax-exempt bonds
- Mandate minimum affordability period of 55 years as a threshold requirement (New - CDLAC)
- Implement tiered scoring system for Preservation/Other Affordable projects that prioritize units “at-risk” (New - CDLAC)
- Adding a readiness to proceed category that rewards the most “shovel-ready” projects and produces housing more quickly (New - CDLAC)
- Amend current CDLAC tie-breaker to account for cost differences and larger unit types and add SCO scoring category that measures all state resources relative to public benefit produced (New - CDLAC)

“Number and Size of Units Developed / Local Density Incentives”

- Add scoring category that rewards projects developed to minimum densities (New - CDLAC)
- Add “High-Density Housing” to list of housing types (New – CDLAC)
- Implement SCO scoring category that emphasizes unit production and measures additional public benefit from larger unit types (New - CDLAC)

“Proximity to Amenities, Jobs and Public Transportation”

- Amenities and public transportation heavily recognized in current system
- Added job center criteria and points (New - CDLAC)

“Location of the Development”

- Geographic regional distribution system will assure resources are spread throughout the state (New - CDLAC)
- Geographic distribution already implemented in 9% system
- Existing rural set-asides and pools will be maintained for TCAC/CDLAC programs

“Delivery of Very-Low and Extremely-Low Income Housing”

- Points for units targeted at 30% AMI and 50% AMI already awarded in 9% program
- Points for units targeted at 50% AMI already awarded for tax-exempt bond/4% tax credit program
- Average affordability of 57% AMI or below plus a requirement of at least 10% of the units each at 30% AMI and 50% AMI (New - CDLAC)

“Total State Subsidy Provided”

- Retain and amend current CDLAC tie-breaker that rewards projects that are most efficient with usage of tax-exempt bonds
- Add SCO scoring category that measures all state resources relative to public benefit produced (New - CDLAC)