



CDLAC Regulations

Tony Sertich, Office of State Controller Betty T. Yee
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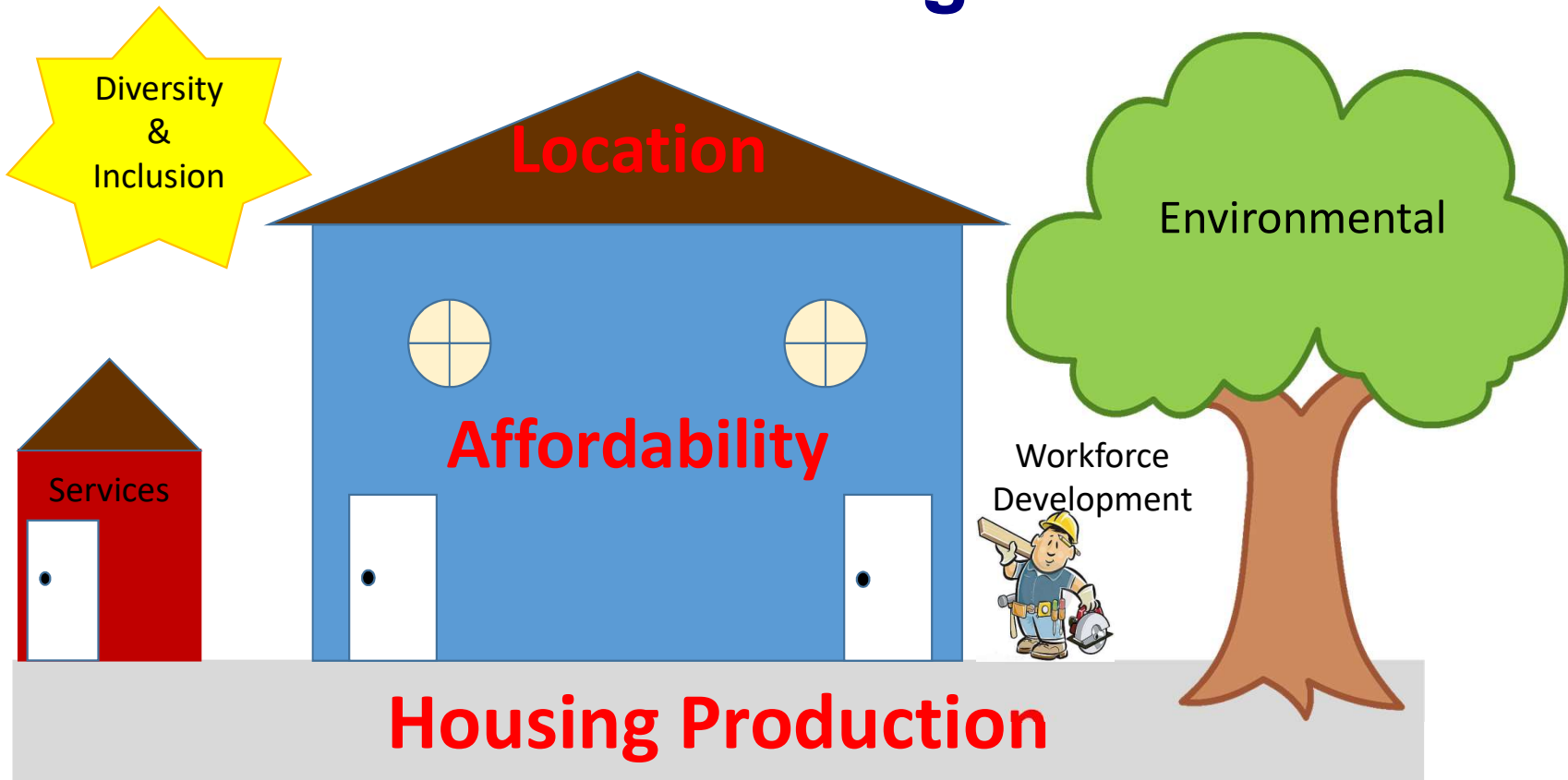


CDLAC Regulation Changes

- CDLAC and TCAC are backbone of state's affordable multifamily housing finance system
- Affordable housing need is greater than resources available
- Efficient use of resources must be focus of any scoring system
- State priorities should be measured as a value to the state
- A transparent, public process must be conducted to create a better allocation system



Affordable Housing Benefits





Scoring System Goals

- Maximize Total Public Benefit of Program
- Directly Measure Public Benefits
 - Ensure that measurements lead to incentivizing chosen policies
- Include Only Necessary Measures
 - Simplify requirements by removing any that do not further policy
- System Must Lead to Desired Outcomes
 - Any allocation system should be continually reviewed for efficacy



Current CDLAC Scoring Priorities

- 1) High Opportunity - Extra point for large family projects in high resource areas
- 2) Cost Efficiency – Tiebreaker incentivizes lower bond requests
- 3) Other policies required for maximum points:
 - 1) Density
 - 2) Lower income targeting
 - 3) Below market rate rents
 - 4) Experience
 - 5) Leverage
 - 6) Readiness
 - 7) Services
 - 8) Cost Containment



Public Benefit Efficiency System

- Public Benefit Efficiency scoring can lead to a more effective allocation process:
 - Multiple priorities are incentivized through public benefit value
 - Measures must be scaled properly
 - All priorities are not required for all projects
 - The current system effectively requires projects to maximize all point scoring categories
 - Current system limits scoring on projects with specific focus
 - Public benefit is offset by the state investment to ensure funds are awarded to the most efficient projects
 - The system does not rely on point scores, instead it awards the projects that provide the most public benefit per state dollar invested



2022 Regulation Changes

- Implement public benefit efficiency tiebreaker:

Public Benefit
(Rent Savings + Adjustments)

State Investment

- Simplify scoring points system
- Clarify pool definitions

See the following pages for details on recommended changes



Recommended Tiebreaker Changes

- Ensure Public Benefit tiebreaker incentivizes significant public benefits of affordable housing:
 - Units added
 - Rent Savings (Adjusts for Geography and AMI Targeting)
 - Location adjustments for Opportunity, Transit, and Jobs
 - Services provided
 - Diversity & Inclusion adjustments
 - Environmental impact
 - Workforce Development
- Priorities should be as directly measured as possible



Recommended Tiebreaker Changes

- State Investment should be fully measured
 - Includes selected state housing funds to ensure maximum efficiency of state housing programs:
 - Bonds/Federal Tax Credits
 - State Tax Credits
 - HCD multifamily funding programs (MHP, VHHP, NPLH, AHSC, etc.)
 - CalHFA multifamily subsidy loans (MIP, etc.)
 - Local and private funds excluded to encourage non-state funding sources



Recommended Scoring Changes

- Remove extra point for High Resource Areas
- Remove unnecessary scoring categories:
 - Density
 - Lower income targeting
 - Below market rate rents
 - Housing Types
 - Leverage
 - Cost Containment

Each of these priorities should be measured in the tiebreaker to allow for a more balanced system without unnecessary requirements.



Recommended Pool Changes

- Determine method for geographic apportionment
 - Percentages should be updated with new census data
- Better define “at-risk” for the Preservation pool
 - Projects most at-risk should be highest priority
- Make set-asides to flow through to geographic pools
 - Will ensure that geographic distribution is equitable in total allocation



Planning for 2023

- Review scoring is leading to desired outcomes
- Adjust public benefit values as necessary
- Ensure pool allocations are equitable
- Revamp 9% tax credit scoring at TCAC
 - Should be similar to CDLAC Public Benefit Efficiency measurement