



# **CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC) UPDATE**

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# Qualified Residential Rental Program

## Expiration, Performance Deposits, Performance Forfeiture

- Create a two tiered approach to bond issuance time frames:
  - Competitive: 90-110 days with 130 days for pooled issuances
  - Open: 180-194 days (**with option for shorter period**)
    - Upon request for extension, performance deposit will be forfeited
    - Projects will still have access to extension process
  - Process for a waiver of performance deposit forfeiture



# Qualified Residential Rental Program

## Evaluation Criteria

- Expand the At-Risk point category to a broader Preservation Category
- Broadening of Site Amenity radii in the Amenity Category
- Retool of the Community Revitalization definition CRA Category
- Points for Large Family if 25% 3-bedroom
- New Construction has been expanded to a New Construction/Substantial Renovation category



# Qualified Residential Rental Program

## FHA Applications

- Create an additional allocation option for FHA financed transactions
  - If an application utilizing FHA financing is submitted with a HUD acknowledgement letter, it will be processed and proceed to the Committee to receive allocation immediately following its submission.
  - If a project already has secured a CDLAC Forward Commitment and is able to submit a HUD acknowledgement letter 4 days before the first public posting of the Committee recommendations for a given round, CDLAC will recommend the project receive an allocation in the round.



# Qualified Residential Rental Program

## Expiring DDA

- To retain 2015 DDA status, a project must submit a CDLAC application no later than 15 days before the DDA Status changes.
  - DDA status changes January 1<sup>st</sup> in 2017; 2015 DDA status will change July 1, 2016.
  - Projects will have 730 days from submitting a complete application to CDLAC to be placed in service or issue bonds.
  - Application should identify the proposed CDLAC round.
  - Request that CDLAC confirm the application is complete.
  - If application is complete, CDLAC will provide written confirmation of completeness no later than the DDA status change.
  - CDLAC will issue guidance regarding the elongated closing timeframe.

# Qualified Residential Rental Program

## Point Threshold

- Threshold Score for 2016
  - 45 points for General and Rural Pools
  - 20 points for Mixed Income Deals

# Qualified Residential Rental Program

## Application/Compliance

- Eliminate stand alone tables for permanent sources and uses.
- Sources and Uses to be submitted on the TCAC form or a TCAC like form and may be uploaded (E-2).
- You will see another module in the online-system for our new compliance monitoring system.
- All Compliance monitoring will be handled on-line and the Sponsor Compliance Certifications will be retained by the Issuer.

# 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 box allotted for Forward Commitments on the first page of the Application.

# Top 10 Application Pitfalls

Attachment B (TEFRA Resolution): When submitting the TEFRA Resolution, please confirm that it contains the accurate project name and project address. Resolutions with information that is inconsistent with other application material may be deemed incomplete for threshold purposes. CDLAC is now requesting a copy of the proof of publication. Please ensure it is included.

# Top 10 Application Pitfalls

Application Summary Information and Attachments: Detailed financial information provided in Hard Construction Costs (H-1), Construction Sources (E-1), and Operating Expense (Attachment I) must match the summarized totals provided in the application and in the E-2 Sources and Uses.

# Top 10 Application Pitfalls

- Attachment W-1 (Proposed Ownership):
- The partnership break down should always be for the proposed final ownership.
- Principals and the principal 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 equate to 100%.

# 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): If there are any deeds of trust to secure indebtedness/liens on the property that will be paid off at close, please specify and identify each under Attachment E-3.

# Top 10 Application Pitfalls

- Attachment O (Utility Allowances): Utility components applicable to the Project must be clearly identified.

# Top 10 Application Pitfalls

- Attachment P (Competitive Market Analysis):
  - If there are no comps within the 1-mile radius or within the Primary Market Area (PMA), the market study Analyst must specifically state this.

# Top 10 Application Pitfalls

- Attachment P (Competitive Market Analysis) cont.:
  - If there are no market rate units for a specific unit type within the 1-mile radius, or within the PMA, the market study analyst must specifically state this. In addition, single family home comparables may only be used in the absence of multifamily comparables if the Project is designated Rural. For all other Projects, the next closest bedroom-size must be used and adjusted accordingly in the matrix.

# Top 10 Application Pitfalls

- Attachment P (Competitive Market Analysis) cont.:
  - Market Rate Comparables may not be “skipped over” due to perceived inferior conditions. Instead, the market study matrix must be used to account for amenities, age, size, etc. differences between the subject and comparable.

# 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: All unit types at or below 50% AMI must be generally distributed and represented in terms of location and bedroom type throughout the Project.

# Resources

## CDLAC

- Homepage:

<http://www.treasurer.ca.gov/cdlac/index.asp>

- Regulations:

<http://www.treasurer.ca.gov/cdlac/procedures.asp>