



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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NANCEE ROBLES

To: Qualified Residential Rental Program (QRRP) Applicants

From: Nancee Robles

Date: October 30, 2021

Re: 2021 Expiring Difficult Development Area and Qualified Census Tract Status

On September 9th, the U.S. Department of Housing and Urban Development (HUD) published the 2022 Difficult Development Areas (DDAs) and Qualified Census Tracts (QCT) that are eligible for the 30 percent basis boost under the Housing Credit program. The methodology for determining the 2022 metropolitan DDAs relies on new Small Area Fair Market Rents.

New DDAs and QCTs will become effective on January 1, 2022. This means that bond projects located in an area that was a DDA in 2021, but will lose its DDA status in 2022, are still eligible for the basis boost as long as the bond allocating agency receives the completed application for the project by the required deadline.

QRRP applicants should be advised that **December 11, 2021** is the DDA and QCT application submittal due date to preserve the DDA and QCT eligibility as identified in Section 5258(a) of the CDLAC regulations. All applications will be submitted to CDLAC by the CDLAC applicant (i.e. bond issuer) via USB flash drive. A PDF joint CDLAC/CTCAC application (<https://www.treasurer.ca.gov/cdlac/forms/cdlac-tcac-joint-app.pdf>) must be used, however items only pertaining to CTCAC shall be omitted. Project Sponsors should send the bond issuer three (2) USB flash drives, one for the bond issuer to retain and one for the bond issuer to send to CDLAC. The USB flash drives must be labeled on the exterior with the project name and must be accompanied by a check for the CDLAC filing fee.

Upon receipt of applications, California Debt Limit Allocation Committee (CDLAC) will issue determinations regarding whether applications are complete prior to the expiration of the current year's DDA status by December 31, 2021. CDLAC will allow 18 months to secure a CDLAC allocation. **In addition, the bonds must be issued or the project must be placed in service within 730 days from the date the complete application is submitted.**

Within each application, applicants must identify in which CDLAC round they plan to request a bond allocation. For expiring 2021 projects, CDLAC will allow applicants and sponsors to request allocation in any of the 2022 competitive rounds where multifamily projects are being considered.

At the time of submission, all application materials pursuant to CDLAC regulations must be submitted. Absent the inclusion of all CDLAC required application materials, an application will not be deemed complete. CDLAC will not allow applicants to provide additional information or make corrections to the application from December 12-31, 2021.

CDLAC will provide flexibility in updating documentation originally submitted December 11, 2021 prior to the application deadline of the Specified Round. **Please note: All revised materials must be submitted prior to the application deadline of the Specified Round. After December 11, 2021, it will not be possible to add additional units or sites, propose income targeting that is at higher levels than originally submitted, introduce new unit sizes not already included in the project, or to alter the project in such a manner that the original Inducement Resolution would no longer be valid after the application deadline.**

To preserve the opportunity to apply for bond proceeds in excess of the amount specified at the time of submittal, a letter must accompany the December 11, 2021 application requesting the ability to apply for up to a 20% increase in the bond amount as a result of events, either unforeseen or not quantifiable, at the time of submission including, but not limited to, increases in income and rent limits, escalating construction costs and expansion of the scope of work (excluding additional units or sites). To be considered to receive a bond allocation in excess of the original requested amount, documentation including updated application materials, commitment letter and an explanation for the increase must be submitted prior to the application deadline for the Specified Round. CDLAC considers that applications for projects where bonds are ultimately issued in excess of the bond amount listed in the initial bond application are complete at the time of the initial application if the application contains an initial bond request amount and is accompanied by a letter requesting the ability to increase the bond amount by up to 20%, subject to the parameters described above.

In keeping with CDLAC's current policies, no penalty aside from the non-refundable \$1,200 initial CDLAC fee will be assessed if projects do not proceed.

2021 Expiring DDA/QCT projects **may** have a pending application with California Tax Credit Allocation Committee (TCAC) under the 9% Program at the time of the **December 11, 2021** submission to CDLAC. However, if an applicant opts to pursue a CDLAC award of allocation, any 9% application must be withdrawn pursuant to CDLAC Regulation 5182 or no longer pending by the application deadline for the Specified Competitive Round.

You are advised to visit the CDLAC website and/or subscribe to the CDLAC e-mail distribution list to receive additional information as it becomes available. Should you have questions regarding the information, please do not hesitate to contact us via email: cdlac@treasurer.ca.gov.