



Application Information: \$500 Million State Tax Credit for 4% Credit New Construction Multifamily Housing

Frequently Asked Questions

1. Can I apply to TCAC for tax credits and later apply to CDLAC for bonds?

No, TCAC regulations require that applicants must have a current year bond allocation or apply to CDLAC prior to or concurrently with the TCAC application.

2. For applications due November 15, are these competitive for CDLAC?

Yes. All applications due November 15 will be subject to the CDLAC competitive application process. The CDLAC minimum point score is 80 points, and the maximum point score is 160 points for 100% affordable restricted projects and 140 points for mixed income projects. CDLAC staff will rank and score projects in the order of the highest point score. The CDLAC tie breaker is bond allocation divided by restricted units. CDLAC anticipates apportioning the state ceiling on bonds to include a maximum allocation ceiling for each "round" or allocation (meeting) date. Only the highest scoring applications will be recommended for bond allocation (all other application requirements must also be met). CDLAC will be conducting a LiveStream application workshop on November 8 at 2PM via a link that will be on the CDLAC website, applicants are encouraged to attend.

3. For applications due November 15, are the tax credits competitive?

No. 4% federal tax credits are not competitively scored by TCAC using the TCAC scoring system. New construction applicants applying for the \$500 million tranche of state tax credit must comply with the 4% credit application requirements, have all construction financing committed pursuant to TCAC Reg. section 10325(c)(7)(A), and evidence of all applicable local land use approvals must be demonstrated by the 2020 Attachment 26. See TCAC regulations and application materials for details of all requirements. The TCAC competitive scoring system will not be used to evaluate the \$500 million tranche of state tax credit in 2020. If more than \$150 million in non-CalHFA MIP state tax credit applications are received, a ranking of tax credit unit per state tax credit will be used. This is a separate ranking process from the CDLAC scoring.

The \$100 million tranche of state tax credit has an application deadline of March 9, 2020; these applications will be competitively scored by TCAC using the TCAC scoring system.

4. Will January state tax credit awardees be guaranteed a bond allocation in February?

No. A joint CDLAC-TCAC application is a requirement for the \$500 million tranche of state tax credit. Projects will be evaluated separately by CDLAC and TCAC, and a project must receive a bond allocation from CDLAC **and** a tax credit reservation from TCAC. **PLEASE NOTE: If either the bond or tax credit portion is unsuccessful, the project cannot move forward.**

TCAC has reserved \$150 million in non-CalHFA MIP applications per "round" or allocation (meeting) date and CDLAC will apportion a specified amount of bonds to be made available per CDLAC round. Neither agency will award more than is reserved in each respective round.

5. To achieve a high ranking with TCAC and to be eligible for a bond allocation, I plan to ask for a minimal amount of state tax credits, \$100. Is there a minimum?

While TCAC has not established a minimum state tax credit request, TCAC will perform a financial feasibility review and determination of credit amounts. If it is determined that the state tax credit request is not necessary for project feasibility, TCAC will not allocate the requested state tax credit.

6. If I receive a tax credit reservation in January and a bond allocation in February, when am I required to begin construction?

Projects must begin construction **within 180 days of the TCAC allocation date.**

7. TCAC Reg. section 10325(c)(7)(A) refers to section 10325(f)(3), which states applicants must provide enforceable financing commitments for at least 50% of construction or permanent financing. Can I apply for the \$500 million tranche of state tax credit with 50% of construction financing committed?

No. Section 10317(j) requires construction-readiness as evidenced by sections 10325(c)(7)(A) and (B). Section 10325(c)(7)(A) requires all construction financing be committed, and references section 10325(f)(3) for the **definition** of “enforceable financing commitment.”

8. Is there an advantage to submitting before the November 15 deadline?

No. There will not be an evaluation or ranking based on submission date.

9. Can I apply for an award of the \$200 million state tax credit set aside for the CalHFA MIP before receiving an award from CalHFA?

No.

10. Can my application to CDLAC include a waiver request for a bond allocation exceeding 60% of the aggregate basis plus land?

No, the waiver must be approved prior to the application submission.

11. What is the application evaluation process?

A joint CDLAC-TCAC application is required. CDLAC will evaluate the point scores and communicate any projects that are below CDLAC’s minimum score. Under the CDLAC competitive application process, CDLAC staff will rank and score projects in the order of the highest point score (and tie breaker, if applicable). CDLAC will review applications based on CDLAC’s scoring criteria and application requirements.

TCAC will determine if the state tax credits are over-subscribed for the “round,” or allocation meeting date. If over-subscribed, a TCAC ranking of tax credit unit per state tax credit will be used. If not over-subscribed, TCAC will review the applications, but, a project must receive a bond allocation from CDLAC and a tax credit reservation from TCAC. See #2-4 above for more information. Applications must be complete; incomplete applications will be disqualified pursuant to TCAC Reg. section 10326(c).

12. Does TCAC consider a “round,” or allocation meeting date competitive based on CDLAC deeming it such?

Using the application evaluation process described in #11, CDLAC and TCAC will evaluate applications independently based on their respective application requirements, but will communicate. An application that is deemed incomplete or disqualified by CDLAC will not receive a tax credit reservation, and an application that is not eligible for a tax credit reservation will not receive a bond allocation.

13. If my organization has negative points from TCAC or CDLAC does it affect my score when competing for the new state tax credits?

Negative points will reduce a project's total score in the CDLAC scoring system. TCAC's 4% federal tax credits are not competitively scored by TCAC using the TCAC scoring system for the \$500 million tranche of state tax credit.

14. If I have a new construction project on a parcel that includes a multifamily building being rehabilitated, can I submit for 4% federal tax credit on the entire project and apply for state tax credit on only the new construction component?

Yes. Contact TCAC staff to discuss how to display this in the Attachment 40 Excel application.

15. Is adaptive reuse considered new construction?

No, AB 101 requires the \$500 million in state tax credits to be allocated to newly constructed buildings. TCAC will not allocate these state tax credits for adaptive reuse projects.

16. Is rebuilding of demolished housing considered new construction?

No, TCAC will not allocate these state tax credits for re-construction of demolished housing projects.

17. 17. If I request CDLAC points for forgone developer fee, can my developer fee increase at placed in service as permitted by TCAC regulations?

Yes, the developer fee may be recalculated and increased after the CDLAC allocation and TCAC reservation, but the increase can be no more than the placed in service maximum less the original forgone amount. The increase must be deferred or contributed.

	Application	Final
Project Cost	\$50,000,000	\$58,000,000
Project Basis	\$40,000,000	\$45,000,000
Maximum Developer Fee Cost	\$6,000,000	\$6,750,000
Maximum Developer Fee Cost	\$2,500,000	\$2,500,000
Up Front "Cash Out" Developer Fee	\$3,500,000	\$4,250,000
Reduced Developer Fee Cost - 10 CDLAC Points	\$5,400,000	\$6,150,000
Up Front "Cash Out" Developer Fee	\$2,500,000	\$2,500,000
Developer Fee Deferred/Contributed	\$2,900,000	\$3,650,000

18. Will unsuccessful applicants for the January state tax credit allocation be notified early enough to amend their applications and reapply for a March allocation? Will unsuccessful applicants be automatically reapplied for the March competition?

No, unsuccessful applicants must reapply using the normal application process.

Unsuccessful applicants will not be notified. CDLAC will publish a preliminary recommendation list 25 days before the allocation (meeting) date. TCAC will publish PDF versions of Attachment 40 (Excel application) similar to 9% rounds. Please wait until the CDLAC preliminary list is published before contacting TCAC staff about the status of a TCAC application.

19. Can I defer my application to a future meeting by request after I submit?

No.

20. Can I withdraw my state tax credit application without penalty?

Yes. There is no penalty or negative point assessment for withdrawal of an application during the review cycle, and there is no penalty for not accepting a reservation of tax credits. Any fees paid are non-refundable.

21. Can project applications not requesting state tax credits apply November 15, 2019 for a reservation of 4% federal tax credit on January 15, 2020? If yes, when will the bond allocation and tax credit reservation be?

Yes. All non-competitive TCAC applications are accepted for the meeting dates as noted in the [TCAC 2020 Program Schedule](#), this applies to both new construction and rehabilitation. For November 15, 2019 applications, the bond application will be considered for the March 18, 2020 CDLAC allocation date. The tax credit application will be considered for the January 15, 2020 TCAC reservation date.

22. If I am applying for 4% federal tax credit without state tax credit, am I required to begin construction within 180 days from the TCAC allocation date?

No. All CDLAC bond allocation deadlines are applicable, but there are no TCAC construction-related deadlines.