

2020-108 AUDIT SCOPE AND OBJECTIVES
California Tax Credit Allocation Committee and
California Debt Limit Allocation Committee—
Tax Credits and Financing for Affordable Housing Projects

The audit by the California State Auditor will provide independently developed and verified information related to the California Tax Credit Allocation Committee's (CTCAC) and the California Debt Limit Allocation Committee's (CDLAC) efforts to provide tax credits and financing for affordable housing projects throughout California. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Identify and evaluate the following:
 - a) CTCAC's and CDLAC's efforts to fulfill their missions related to increasing the supply of affordable housing for low-income Californians.
 - b) Any challenges they face in fulfilling their missions, leveraging local and private investments, and ensuring that the State serves its most vulnerable populations, such as people experiencing homelessness.
 - c) Any opportunities for the Legislature to assist CTCAC and CDLAC in fulfilling their missions.
3. Review CTCAC's and CDLAC's management and operation practices, management structure, and internal controls to ensure that they are operating effectively and efficiently.
4. Analyze the transparency of CTCAC's and CDLAC's processes and governance, such as whether rules and processes are sufficiently clear for developers, and whether topics discussed at meetings are properly placed on the agenda.
5. Determine and analyze the geographical distribution of funds awarded by CTCAC for affordable housing in the last five years, including the following:
 - a) Where additional affordable housing is needed most.
 - b) Whether rural and infill projects are adequately represented.
 - c) Whether farmworker projects are adequately represented.
6. Review CTCAC's and CDLAC's competitive and non-competitive processes for deciding which projects to fund.
7. Review CTCAC's efforts to recruit applicants that would provide affordable housing throughout the entire State, including the San Joaquin Valley and rural areas.
8. Determine the amount of bond funds CDLAC has allocated to affordable housing over the last five years. Evaluate CDLAC's methodology for allocating tax-exempt debt to housing and other purposes.

2020-108 AUDIT SCOPE AND OBJECTIVES

Page 2

9. Review CTCAC's process for ensuring that developers have met all program requirements and continue the affordability and habitability of their developments into the future.
10. Analyze CDLAC and CTCAC's efforts to work together to prioritize projects to ensure that there is enough private equity bond funding available for projects approved by CTCAC. Further, analyze CDLAC and CTCAC housing priorities, how they may conflict and how this conflict is resolved.
11. Identify the sources and amount of funds developers typically used on a selection of CTCAC projects, including ways to incentivize non-state resources.
12. Identify any best practices that encourage the creation of additional affordable housing throughout the State, including balancing the needs of high-cost and rural areas.
13. Review and assess any other issues that are significant to the audit.