

State of California

Guidelines for Compliance Audits of Community Revitalization and Investment Authorities

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Introduction

These guidelines are intended to assist independent auditors in developing a program for performing the compliance audit work that is necessary to issue a report on compliance with state laws, regulations, and administrative requirements governing the affordable housing requirements for community revitalization and investment authorities (CRIAs), and reporting on the results of that audit.

The laws and regulations governing CRIAs are found in Government Code (GC) section 62000 et. seq. GC section 62001, defines a community revitalization and investment authority as “a public body, corporate and politic, with jurisdiction to carry out a community revitalization plan within a community revitalization and investment area.” GC section 62006(a) requires the CRIA to require the preparation of an annual independent financial audit. In addition, GC section 62007(a) requires every CRIA to have an independent compliance audit performed every five years beginning in the calendar year in which the CRIA has allocated a cumulative total of more than one million dollars (\$1,000,000) in tax increment revenues, including any proceeds of a debt issuance, for the purposes of GC section 62003(c) and in accordance with guidelines established by the Controller. The objective of the independent audit is to determine compliance with the affordable housing requirements of Chapter 1 (commencing with section 62100) and Chapter 2 (commencing with section 62115) of Part 2 of the Government Code, including provisions to ensure that the requirements are met within every five-year period covered by the audit and completed no later than the time limit established by GC section 62003(g).

These guidelines are intended to assist practitioners in conducting a performance audit with the objectives of program compliance. The auditor should consider the extent to which Statement on Auditing Standards No. 117—Compliance Audits, promulgated by the American Institute of Certified Public Accountants, should be applied in assessing program compliance. In determining compliance using *Government Auditing Standards*, the independent auditor should adopt and apply, if applicable, Statement on Auditing Standards section 801, *Compliance Audits*.

These guidelines are not intended to set limits on the extent of work to be performed, or to be an all-inclusive manual of audit procedures. The decision to perform or exclude procedures should be based on consideration of which procedures are sufficient to achieve the audit objectives. Terms such as “verify” and “test” are used to describe the general nature of audit procedures; however, as a practical matter, the practitioner must decide on the scope and method that is most appropriate in each circumstance. Therefore, practitioners should exercise professional judgment regarding the selection of auditing procedures. Additionally, other laws or rules that apply to a particular CRIA may not be addressed in these guidelines and may be known only at local government levels. In all audits, practitioners must inquire about the existence of any special legislation that may materially affect the particular CRIA under audit and consider its impact on the selection of audit procedures.

GC section 62007(a) requires that a copy of the audit report be provided to the Controller. GC section 62007(b) requires that where the audit demonstrates a failure to comply with the requirements stated above, the CRIA shall adopt and submit a plan to achieve compliance with these provisions as soon as feasible but in not less than two years following the audit findings as part of the follow-up audit report submitted to the Controller.

GC section 62006(a) states that CRIAs are required to have an independent financial audit performed annually. The audit should be performed in accordance with *Government Auditing Standards*; therefore, the audit should include a report on compliance with laws and regulations.

While *Government Auditing Standards* require the issuing of a compliance report as part of a government entity audit, these guidelines are intended only for the purpose of determining compliance with the affordable housing requirements of Chapter 1 (commencing with section 62100) and Chapter 2 (commencing with section 62115) of Part 2 of Government Code, including provisions to ensure that the requirements are met within every five-year period covered by the audit and completed no later than the time limit established by GC section 62003(g).

In determining compliance using *Government Auditing Standards*, an independent auditor should adopt and apply Statement on Auditing Standards section 801, *Compliance Audits*.

These guidelines include only excerpts from the applicable code sections; the complete code sections should be consulted in determining the full CRIA compliance requirements. These laws are available at the [California Legislative Information website](http://leginfo.legislature.ca.gov)¹ at leginfo.legislature.ca.gov.

Questions regarding these engagements and responsibilities may be directed to the State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250, or (916) 324-8907. These guidelines are available on the [State Controller's website](http://www.sco.ca.gov) at www.sco.ca.gov.

¹ Maintained by the State of California Office of Legislative Counsel.

Chapter 1: Affordable Housing

1.01 Compliance Requirement

Housing for Persons of Low and Moderate Income

Pursuant to Government Code (GC) section 62100, at least 25 percent of all taxes allocated to a community revitalization investment authority (CRIA) from any participating entity pursuant to GC section 62005 must be deposited into a separate Low and Moderate Income Housing Fund (LMIHF) pursuant to GC section 62101, to be used by the CRIA for increasing, improving, and preserving the community's supply of low and moderate income housing at affordable housing cost, as defined. If the CRIA transfers funds in the LMIHF to another similar low and moderate income housing program or private non-profit housing developer, it is the CRIA's responsibility to ensure compliance with LMIHF requirements.

Any interest earned by the LMIHF and any repayments or other income to the CRIA for loans, advances, or grants of any kind from the LMIHF must accrue to and be deposited into the fund and may only be used for LMIHF purposes (GC section 62101[b]).

Planning and administrative costs must be directly related to the programs and activities as authorized in GC section 62100(e), and are limited to specified costs in GC section 62101(e).

Pursuant to GC section 62101(f), all new or substantially rehabilitated housing units developed or assisted by moneys from the LMIHF shall remain available at affordable housing cost, to and occupied by, persons and families of extremely low, very low, low, or moderate income households for the longest feasible time but not less than:

- Fifty-five years for rental units. The CRIA may replace rental units with equally affordable and comparable rental units in another location within the community if:
 - the replacement units are available for occupancy prior to the displacement of any persons and families of low or moderate income residing in the units to be replaced, and;
 - the comparable replacement units are not developed with moneys from the LMIHF;
- Forty-five years for owner-occupied units; or
- Fifteen years for mutual self-help units that are affordable to, and occupied by, very low and low income households.

Under certain circumstances specified in GC section 62101(f)(1)(B) and (C), a CRIA may, prior to the expiration of the 45-year or 15-year periods, permit the sale of owner-occupied and mutual self-help units at a price in excess of that which is normally permitted.

If land on which the dwelling units are located is deleted from the plan area, the CRIA must continue to enforce affordability requirements (GC section 62101[f][2]).

The CRIA must record the following documents with the county recorder's office for all new or substantially rehabilitated housing units developed or assisted with moneys from the LMIHF (GC section 62101[f](3)):

1. The covenants or restrictions for each parcel or unit of real property as specified in GC section 62101(f)(1). The CRIA must obtain and maintain a copy of the recorded covenants or restrictions for a length of time at least equaling that of the life of the covenants or restrictions.
2. A separate "Notice of Affordability Restrictions on Transfer of Property," set in 14-point or larger font, which shall be recorded within 30 days after the date of recordation of the covenants or restrictions required under GC section 62101(3)(A). The document must contain all of the following information:
 - a. A recitation of the affordability covenants or restrictions, recorded concurrently with the covenants or restrictions document described in Item 1 above; the recitation shall also reference the concurrently recorded document.
 - b. The date that the covenants or restrictions expire.
 - c. The street address of the property, including unit number, if applicable, unless the property is being used to confidentially house victims of domestic violence.
 - d. The county assessor's parcel number for the property.
 - e. The legal description of the property.

Funds from an LMIHF cannot be used to the extent that other reasonable means of private or commercial financing of the new or substantially rehabilitated units at the same level of affordability and quantity are available to the CRIA or owner of the units. Prior to the expenditure of funds from an LMIHF for the units specified above, where those funds shall exceed 50 percent of the cost of producing the units, the CRIA shall find, based on substantial evidence, that the use of the funds is necessary because the CRIA or owner of the units made a good faith effort but was unable to obtain commercial or private means of financing the units at the same level of affordability and quantity.

GC section 62102(a) states, in part:

Except as specified in GC section 62102(d), each [CRIA] shall expend over each 10-year period of the revitalization plan the moneys in the LMIHF to assist housing for persons of low income and housing for persons of very low income in at least the same proportion as the total number of housing units needed that each of those income groups bears to the total number of units needed for persons of moderate, low, and very low income within the community, as those needs have been determined for the community pursuant to Section 65584.

The CRIA is allowed to adjust the proportions by a specified procedure provided in GC section 62102(a). The CRIA has an extra five years to meet the requirement if it has deposited into the LMIHF over the first five years of the plan an aggregate amount that is less than two million dollars.

Additionally, GC section 62102(b) states:

Each [CRIA] shall expend over the duration of each plan, the moneys in the Low and Moderate Income Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under 65 years of age bears to the total number of low-income households of the community as reported in the most recent census of the United States Census Bureau.

Every revitalization plan must contain the following elements (GC section 62103):

1. A provision that requires, whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low and moderate income housing market as part of a revitalization project, the CRIA to, within two years of destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income an equal number of replacement dwellings units at affordable housing costs, as defined in Health and Safety Code (HSC) section 50052.5, within the territorial jurisdiction of the authority, in accordance with all of the provisions of GC sections 62120 and 62120.5.
2. A provision that prohibits the number of housing units occupied by extremely low, very low, and low income households, including the number of bedrooms in those units, at the time that the plan is adopted, from being reduced in the plan area during the effective period of the plan.

Housing that is part of the CRIA's community revitalization plan must be given priority to receive assistance from other programs by other housing successors pursuant to Health and Safety Code section 34176.1, provided that the program's administration agency has determined that the housing is eligible for assistance. (GC section 62104)

The same notice requirements in GC section 65863.10 also apply to multifamily rental housing if the rental housing receives financial assistance pursuant to GC sections 62100 and 62101. (GC section 62105)

If a CRIA accumulates an excess surplus in its LMIHF (as defined in GC section 62108[g]), the CRIA may, not less than six months following the close of any fiscal year in which the excess surplus accumulates, adopt a plan for expenditure of all moneys in the LMIHF within five years from the end of that fiscal year. The plan does not need to be site-specific, but must include objectives regarding the number and type of housing to be assisted, identification of the entities that will administer the plan, alternate means of ensuring the affordability of housing units for the longest feasible time as specified by GC section 62101(e), the income groups to be assisted, and a schedule by fiscal year for expenditure of the excess surplus. If the CRIA develops a plan for expenditure of excess surplus or other moneys in the LMIHF, a copy of the plan and any amendments to the plan must be included in the CRIA's annual report. (GC section 62107).

If the CRIA fails to expend or encumber excess surplus in its LMIHF within one year from the date the moneys become excess surplus as defined, the CRIA is required to take specific actions as required in GC section 62108(a)(1)(A) and (B). If the CRIA has not encumbered or expended its excess surplus within three years from the date that the moneys become excess surplus, the CRIA is subject to sanctions as specified in GC section 62108(e) until it has expended or encumbered its excess surplus, plus an additional amount equal to 50 percent of the amount of the excess surplus that remains at the end of the three-year period. The additional amount shall

not be paid from the LMIHF. The excess surplus accumulated each year must be separately accounted for either as part of or in addition to an LMIHF. The California Department of Housing and Community Development (HCD) is required to develop and periodically revise the methodology to be used in the calculation of excess surplus.

If the CRIA acquires interest in real property using money from its LMIHF, the CRIA must, within five years from the date it acquires the property interest for the development of housing affordable to persons and families of low and moderate income, initiate activities consistent with the development of the property for that purpose. GC section 62112 describes activities that may be included; this list is not all-inclusive. If the activities have not been initiated within the five-year period, the CRIA may by resolution extend the deadline for one additional period not to exceed five years. The resolution must affirm the intention of the city or county² to use the property for the development of affordable housing to persons and families of low and moderate income. If the development of the property has not commenced by the end of the extended period, or the CRIA does not comply with the requirement, the property must be sold, and the proceeds less reimbursement to the CRIA for the cost of the sale must be deposited into the LMIHF.

GC section 62109 requires that if any portion of the LMIHF is expended for assistance to mortgagors participating in programs whose income exceeds that of persons and families of low or moderate income, as defined, the CRIA must within two years expend or enter into legally enforceable agreements to expend twice that amount to increase and improve the supply of housing available at an affordable housing cost to lower income households. At least 50 percent of these units shall be very low income households.

In addition to the requirements of HSC section,33413(c), the CRIA must require that the units developed by the requirement above remain available at an affordable housing cost to lower and very low income households for at least 45 years, unless the units were developed with the assistance of federal or state subsidy programs, which terminate in a shorter period and cannot be extended or renewed.

Replacement and Location

GC section 62115 requires the CRIA to prepare a feasible method or plan for relocation of:

1. Persons and families to be temporarily or permanently displaced from housing facilities in the plan area.
2. Non-profit local community institutions to be temporarily or permanently displaced from facilities actually used for institutional purposes in the project area.

The relocation plan required by GC section 62115 must comply with relocation plan and assistance requirements of Chapter 16 (beginning with section 7260) of Division 7 of Title 1 of Government Code. Title 25, California Code of Regulations (25 CCR) section 6038(b) lists the required elements of a relocation plans. A copy of a Model Relocation Plan can be obtained from the California Department of Housing and Community Development.

² Throughout these guidelines, “county” is used to describe both an individual county, and/or a city and county.

The governmental entity that created the CRIA must insure that the method or plan of the CRIA for the relocation of persons or families to be displaced by a project shall specify that no persons or families, as specified in GC section 62116, can be displaced unless and until there is a suitable housing unit available and ready for occupancy by those displaced at comparable rents to those displaced and must meet specified conditions.

If all or any portion of a revitalization plan area is developed with low or moderate income housing units and if any of those housing units are developed with any CRIA assistance or pursuant to GC section 62120, the CRIA shall require in the recorded covenants for those units that they be available for rent or purchase to the persons or families displaced by the project who are given priority in renting or buying in advance of the marketing to the public. The CRIA must keep a list of eligible persons or families displaced by the project who are to be given priority and can establish rules for determining the order or priority on the list, which must be provided to the owner of properties at or prior to any occupancy certificate is issued. (GC section 62117)

Whenever insufficient suitable housing units are available in the plan area for low and moderate income persons and families to be displaced from an area, the city council or board of supervisors that created the CRIA must assure that sufficient land be made available within its territorial jurisdiction for suitable housing for rental or purchase by low and moderate income persons and families. If insufficient suitable housing units are available within the community for use by persons displaced by the project, the CRIA may, to the extent of the deficiency direct or cause the development, rehabilitation, or construction of housing units within the community, both inside and outside the plan area. (GC section 62118)

Permanent housing facilities must be available within two years from when occupants are displaced. Adequate temporary housing facilities must be made available to displaced occupants while the housing facilities are being developed, at rents comparable to the units from which the occupants were displaced. (GC section 62119)

If dwelling units housing persons and families of low or moderate income are destroyed or removed from the low and moderate income housing market as part of a project that is subject to a written agreement with the CRIA or were financially assisted by the CRIA, the CRIA must, within two years of such destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed for rental or sale to persons or families of low or moderate income an equal number of replacement dwelling units with an equal or greater number of bedrooms as the dwelling units destroyed or removed at affordable housing costs in the area of the CRIA. All of the replacement units must be available at an affordable housing cost to persons in the same or lower income category as the persons displaced.

Prior to the time limit on the effectiveness of the plan established pursuant to GC section 62003(g), at least 30 percent of all new and substantially rehabilitated dwelling units developed by the CRIA shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income. Not less than 50 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, persons and families of low or moderate income must be available at affordable housing cost and occupied by very low income households.

Prior to the time limit on the effectiveness of the plan established pursuant to GC section 62003(g) at least 15 percent of all new and substantially rehabilitated dwelling units developed by public or private entities or persons other than the CRIA shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income.

Not less than 40 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, persons and families of low or moderate income must be available at affordable housing cost to, and occupied by, very low income households.

Each CRIA as part of the revitalization and investment plan required by GC section 62003 must adopt a plan to comply with the requirements of GC section 62120(b). The plan must be consistent with the community's housing element. The plan must be reviewed and, if necessary, amended at least in conjunction with the plan implementation cycle. The plan is to ensure that the requirements of GC section 62120(b) are met every 10 years. If not met at the end of each 10-year cycle the CRIA must meet the goals on an annual basis until the requirements for the 10-year period are met. If the requirements are exceeded, the CRIA can count the units that exceed the requirement towards meeting the next 10-year period.

The CRIA will require that all replacement dwelling units and other dwelling units rehabilitated, developed, constructed, or price-restricted pursuant to GC section 62120(a) or (b) remain available at affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, and moderate income households, for the longest feasible time, but not less than 55 years for rental units, 45 years for home ownership units, and 15 years for mutual self-help housing units as defined in GC section 62101(f)(1)(C). The CRIA and the developer of the mutual self-help housing units are not precluded from agreeing to 45-year deed restrictions.

The CRIA may permit the sale of owner-occupied and mutual self-help units prior to the expiration of the 45-year or 15-year periods in excess of a price normally permitted under certain circumstances as specified in GC section 62120(c)(2).

If the land on which the dwelling units are located is deleted from the plan area, the CRIA must continue to require that those units remain affordable as specified by GC section 62120(c)(4).

For each dwelling unit counted towards the requirements of GC section 62120(a) and (b), the CRIA shall, to ensure compliance with GC section 62120(c), require the recording of covenants or restrictions with the county recorder's office; and must comply with the requirements of GC section 62101(f)(3) and (4).

Notwithstanding GC section 62120(a), the CRIA may replace, destroy, or remove dwelling units with fewer replacement dwelling units if the replacement dwelling units meet both of the following criteria:

1. The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed dwelling units with one or no bedrooms are deemed to have one bedroom.
2. The replacement dwelling units are affordable to, and occupied by, the same income level of households as the removed or destroyed dwelling units.

GC section 62120.5 prescribes the timeframes and circumstances under which the CRIA must adopt by resolution a replacement housing plan.

The replacement housing plan must contain all of the following elements:

1. A description of the housing to be destroyed or removed, including the street address, parcel number, and size of the units; whether the units are occupied, and if so, the income categories of the occupants, if such information is available; whether the units are rental or ownership; the rent levels or sale price of the units; and, if the units have existing affordable covenants, the nature and source of the subsidy, and the duration of the covenants.
2. A description of the housing to be rehabilitated, developed, or constructed pursuant to GC section 62120 to replace the units described in paragraph 1, including the general location of the replacement dwelling units, the number and size of the replacement units, the affordability levels of the replacement units, whether the replacement units will be rental or ownership, and the duration of the affordability covenants applicable to the units.
3. An analysis of the cost of producing the replacement dwelling units and a description of the source and adequacy of funds and/or financing available for the rehabilitation, development, or construction of the replacement units.
4. Either a finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that required approval has been obtained.
5. The timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives. A dwelling unit whose replacement is required by GC section 62120 but for which no replacement housing plan has been prepared, shall not be destroyed or removed from the low and moderate income housing market until the CRIA has by resolution adopted a replacement housing plan.

The CRIA is not prevented from destroying or removing from the low and moderate income housing market a dwelling unit which the CRIA owns and which is an immediate danger to health and safety. The CRIA shall, as soon as practical, adopt by resolution a replacement housing plan with respect to that dwelling unit pursuant to Items 1 through 5 listed above. With specified exceptions, GC section 62120.7 requires the CRIA to "give preference to those developments that are proposed to be organized as limited-equity housing cooperatives, when so requested as part of the public review, provided the project is achievable in an efficient and timely manner."

A CRIA is required to monitor on an ongoing basis any affordable housing for persons and families of low or moderate income developed or made available pursuant to Title 6, Division 4, Part 2 of Government Code. As part of this monitoring, a CRIA shall require owners or managers of the housing to submit an annual report to the CRIA. The annual report shall include, for each rental unit, the rental rate and the income and family size of the occupants. The annual report shall include, for each owner-occupied unit, whether there was a change in ownership from the prior year, and, if so, the income and family size of the new owners.

The required income and family size information must be supplied by the tenant in a certified statement on a form provided by the CRIA.

The required information for rental and owner-occupied units, as well as the required income and family size information, shall be included in any reports required by law to be submitted to HCD or the State Controller. The required information on income and family size supplied by the tenant is the only information on income and family size that the owner or manager is required to include in the annual report to HCD.

The CRIA is required to compile and maintain a database of existing, new, and substantially rehabilitated housing units developed with or otherwise assisted by moneys from its LMIHF or otherwise counted towards the requirements of GC section 62120(a) or (b). The database shall be posted in an easily identifiable and accessible location on the CRIA's website and updated on an annual basis. The database shall include the date on which it was most recently updated. Additionally, the database shall contain all of the following information for each owner-occupied or rental unit, or for each group of units if more than one unit is subject to the same covenant:

1. The street address and county assessor's parcel number of the property.
2. The size of each dwelling unit, measured by the number of bedrooms.
3. The year in which the construction or substantial rehabilitation of the dwelling unit was completed.
4. The date of recordation and document number of the affordability covenants or restrictions required under HSC section 33334.3(f).
5. The date on which the covenants or restrictions expire.
6. For owner-occupied units that have changed ownership during the reporting year, as described in GC section 62123(a), the date and document number of the new affordability covenants, or other documents recorded to assure that the affordability restriction is enforceable and continues to run with the land.
7. Whether occupancy in the dwelling unit(s) is restricted to any special population, including, but not limited to, persons with disabilities, and senior citizens.
8. Whether occupancy in the dwelling unit is restricted to an extremely low, very low, low, or moderate income household.

Per GC section 62123, "the database shall omit any property used to confidentially house victims of domestic violence."

The CRIA must provide reasonable notice to the community of the existence of the database.

The CRIA must adequately fund its monitoring activities to insure compliance with applicable laws and agreements with respect to affordable units. A CRIA may establish and impose fees upon owners of properties being monitored. (GC section 62123[d])

1.02 Audit Objective

Determine whether the CRIA, CRIA financing plan, and, if applicable, the city or county that created the CRIA has complied with requirements regarding new housing, rehabilitated housing, replacement housing, and housing assistance issues for affordable housing; and report instances of noncompliance.

1.03 Recommended Audit Procedures

Housing for Persons of Low and Moderate Income

GC section 62007 requires the affordable housing compliance audit to be conducted every five years as specified. The recommended audit procedures listed below should be performed for each year of the five-year period unless circumstances indicate otherwise:

1. Verify compliance with GC section 62100 to ensure that at least 25 percent of all taxes allocated to the CRIA were deposited into a separate LMIHF pursuant to GC section 62101 by performing the following:
 - a. Confirm with the county auditor the amount of tax increment received by the CRIA.
 - b. Compute 25% of the amount received.
 - c. Verify that at least 25% of the amount received was deposited into the separate LMIHF.
2. Verify that any interest earned by the LMIHF and repayments or other income to the CRIA for loans, advances, or grants of any kind from the LMIHF accrued to and was deposited into the fund (GC section 62101[b]). If the LMIHF was invested with other CRIA or community funds, review and test the computation to verify that the LMIHF received its proportionate share of interest earned.
 - a. Review the transactions in the LMIHF and inquire with management whether there were any loans, advances, or grants paid out from the fund.
 - b. If loans, advances, or grants exist, review and document the terms of each loan, advance, or grant.
 - c. Test the interest received from each loan or advance to ensure it was deposited in the LMIHF.
 - d. Review, document, and test the procedures employed by the CRIA to ensure that any grant funds were expended according to the grant terms.
3. Document and test planning and administrative costs to verify that the costs were related to the authorized programs and activities, and were only incurred for the costs specified in GC section 62101(e).
4. Verify and test new or substantially rehabilitated housing units developed or assisted by the LMIHF to ensure they remained available at affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, and moderate income households for the longest feasible time but not less than:
 - a. Fifty-five years for rental units.
 - b. Forty-five years for owner-occupied units.

- c. Fifteen years for mutual self-help units that are affordable to, and occupied by, very low and low income households.
 - d. If LMIHF moneys were used to preserve housing units assisted by other federal, state or local programs review and test to determine whether the CRIA has required that the units remain affordable to and occupied by persons and families of low- and moderate-income and extremely low and very low income households for not less than 55 years.
5. Trace new or substantially rehabilitated housing units developed or assisted by the LMIHF to the housing unit listing database.
6. If the CRIA permitted the sale of owner-occupied or mutual self-help units prior to the expiration of the 45-year time period for owner-occupied units or the 15-year time period for mutual self-help units in excess of a price normally permitted, verify that the CRIA met the requirement of GC section 62101(f)(1)(B) or (C), as applicable.
7. If the CRIA removed from the plan area land on which dwelling units were developed or otherwise assisted with moneys from the LMIHF, verify that the CRIA will continue to enforce the affordability requirements.
8. Verify that the CRIA recorded the following documents with the county recorder's office for new or substantially rehabilitated properties:
 - a. The covenants or restrictions for each parcel or unit of real property and that the CRIA obtained and retained a copy of the recorded covenants or restrictions. Document the procedure or method the CRIA uses to maintain the copies for the life of the covenants or restrictions.
 - b. A "Notice of Affordability Restrictions on Transfer of Property" set in 14-point or larger font recorded within 30 days after the date of recordation of the covenants or restrictions for all new or substantially rehabilitated dwelling units developed or assisted by the LMIHF.
9. Verify that the "Notice of Affordability Restrictions on Transfer of Property" contains all of the following information:
 - a. A recitation of the affordability covenants or restrictions and that the recitation references the concurrently recorded document.
 - b. The date the covenants or restrictions expire.
 - c. The street address of the property including unit number, if applicable, unless the property is used to confidentially house victims of domestic violence.
 - d. The county assessor's parcel number of the property.
 - e. The legal description of the property.

10. In the year following the tenth year of the community revitalization plan, the following audit steps must be performed:
 - a. If applicable, verify that the CRIA expended over each 10-year period of the plan the moneys in the LMIHF, for the purposes listed in GC section 62102(a). If applicable, test and verify that the CRIA complied with and made the finding required by GC section 62101(i).
11. If applicable, verify that the CRIA expended over the duration of the plan the moneys in the LMIHF to meet the requirements of GC section 62102(b).
12. Review the revitalization plan and document and verify that it contains the provisions of GC section 62103.
13. Using GC sections 62108(g)(1) and (3)(A) and (B), and the methodology developed by HCD pursuant to GC section 62108(3)(D), determine whether an “excess surplus” exists in the LMIHF.
14. If an excess surplus exists and the audit commenced more than six months after the close of the fiscal year in which the audit is required, verify that the CRIA complied with the requirements of GC section 62107.f. If the current audit is completed within six months after the close of the fiscal year, document the excess surplus and complete the verification during the next audit. The excess surplus should be noted in the audit report. Verify that the CRIA separately accounted for the excess surplus accumulated each year.
15. If an excess surplus exists, verify that upon failure of the CRIA to expend or encumber the excess surplus, the CRIA complied with the requirements of GC section 62108(a)(1) within one year from the date on which the moneys became excess surplus. This procedure may need to be performed in the year following the year that the moneys became excess surplus, or during the next audit.
16. If the CRIA acquired an interest in real property using moneys from the LMIHF, document and verify that the CRIA complied with the requirements of GC section 62112.

Replacement and Location

Inquire whether the CRIA is displacing persons or families. If so, perform the following procedures:

1. Verify and document the relocation plan required by GC section 62115.
25 CCR section 6038 lists the required contents of a relocation plan.
2. Verify that the relocation plan complies with the relocation and assistance requirements of Chapter 16 (beginning with section 7260) of Division 7 of Title 1 of Government Code.
3. Document the method that the governmental entity that created the CRIA uses to ensure that the method or plan of the CRIA for the relocation of persons or families to be displaced by a project meets the requirements of GC section 62116.

4. If all or any portion of a plan area is developed with low or moderate income housing units and if any of those units are developed with any CRIA assistance or pursuant to GC section 62120, perform the following procedures:
 - a. Obtain a list of eligible persons or families displaced by the project who are to be given priority.
 - b. Document the CRIA's rules for determining the order of priority of displaced persons on the list. Determine whether the rules for determining priority are reasonable.
 - c. Verify in the recorded covenants that the housing units are made available for rent or purchase to the persons or families displaced by the project, and that those persons or families are given priority in renting or buying a housing unit in advance of marketing the units to the public. If the requisite priority was not given, ensure that the housing unit is not considered as a replacement or production unit for requirements specified in GC section 62120.
 - d. Verify that the list was provided to the owner of the property at or prior to any occupancy certificates being issued.
5. If an insufficient number of suitable dwelling units were available in the plan area for low and moderate income persons and families displaced from an area, perform the following procedures:
 - a. Review and document the assurance by the city council or board of supervisors that created the CRIA that sufficient land is made available within its jurisdiction for suitable housing for rental or purchase by low and moderate income persons and families.
 - b. Document the actions of the CRIA to alleviate the deficiency; if the CRIA developed, rehabilitated, or constructed housing units outside of the CRIA's revitalization plan area, ensure that the number of housing units outside of the plan area did not exceed the number of housing units needed to correct the deficiency.
6. Document whether permanent housing facilities were made available within two years from when occupants were displaced. During the time permanent housing facilities were being developed, verify that adequate temporary housing was made available to displaced occupants at rents comparable to the units from which the occupants were displaced.
7. If dwelling units housing persons and families of low or moderate income were destroyed or removed from the low and moderate income housing market as part of a project that is subject to a written agreement with the CRIA or were financially assisted by the CRIA, verify and document that the CRIA met the requirements of GC section 62120(a), including ensuring that an equal number of replacement units with an equal or greater number of bedrooms as those destroyed or removed are available at an affordable housing cost within the territorial jurisdiction of the CRIA.
8. Verify that, prior to the time limits on the effectiveness of the plan established pursuant to GC section 62003(g), the following conditions occurred:
 - a. At least 30 percent of all new and substantially rehabilitated dwelling units developed by the CRIA were made available at affordable housing cost to, and occupied by, persons and families of low or moderate income and that 50 percent of these units were available at affordable housing costs, and occupied by, very low income households.

- b. At least 15 percent of all new and substantially rehabilitated dwelling units developed within the plan area by public or private entities or persons other than the CRIA were made available at affordable housing cost to, and occupied by, persons and families of low or moderate income; and that not less than 40% of these units were made available at affordable housing costs to, and occupied by, very low income households. To satisfy the 15% requirement, two units outside the plan area may be substituted for each unit that would be needed for inside the plan area.
- c. For the calculations performed in (b) above, only use substantially rehabilitated dwelling units that (1) were rehabilitated with authority assistance and (2) value of the rehabilitation exceeds 25% of the value of the dwelling inclusive of land value.
- d. For the calculations performed in (b) above, long-term covenants on multifamily units that restrict the cost of renting or purchasing those units may be used as described in GC section 62120(b)(2)(B) and the units must meet the requirements as specified in GC section 62120(b)(2)(C).
- e. For the calculations performed in (b), mutual self-help housing, as defined in GC section 62101(f)(1)(C), shall only be counted as one-third of a unit if subject to a 15-year or more deed restriction.
- f. Verify that all of the housing units used for the calculations performed in (a) and (b):
 - a. all replacement dwelling units and other dwelling units rehabilitated, developed, constructed, or price-restricted pursuant to GC section 62120(a) or (b) remained available at affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, and moderate income households for the longest feasible time but not less than:
 - i. 55 years for rental units.
 - ii. 45 years for home ownership units.
 - iii. 15 years for mutual self-help housing units as defined in GC section 62101(f)(1)(C).
 - b. If the CRIA permitted the sale of owner-occupied or mutual self-help units prior to the expiration of the 45-year time period for owner-occupied units or 15-year time period for mutual self-help units in excess of a price normally permitted, verify that the CRIA met the requirement of GC section 620120(c)(2).
 - c. If the CRIA removed land from the plan area on which dwelling units are located, identify and verify the method the CRIA will use to continue to enforce the affordability requirements of GC section 620120(c)(4).
- 9. Verify that the revitalization and investment plan required by GC section 62003 complied with the requirements of GC section 62120(b) and was consistent with the housing element of the community's general plan.
 - a. Verify that the plan was reviewed, and if necessary, amended in conjunction with the plan implementation cycle.
 - b. Verify the plan ensures that the requirements of GC section 62120(b) are met every 10 years. If applicable, if the requirements were not met, verify that the CRIA met the goals on an annual basis until the requirements for the 10-year period are met.

10. If the CRIA removed land from the plan area on which dwelling units are located, identify and verify the method the CRIA will use to continue to enforce the affordability requirements of GC section 62120(c)(4).
11. For each dwelling unit counted towards the requirements of GC section 62120(a) and (b), review and verify that the CRIA required the recording of covenants or restrictions in the office of the county assessor that ensure compliance with GC section 62120(c) and the requirements of GC section 62101(f)(3) and (4); dwelling units that are not in compliance should not be counted.
12. If the CRIA replaced, destroyed, or removed dwelling units with fewer replacement dwelling units, verify the replacement units meet the following requirements:
 - a. The total number of bedrooms in the replacement units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units with one or no bedrooms are deemed to have one bedroom.
 - b. The replacement units are affordable to, and occupied by, the same income level of households as the removed or destroyed units.
13. Verify that the CRIA met the timeframes and circumstances under which the CRIA must adopt by resolution a replacement housing plan as prescribed in GC section 62120.5(a) and (b).
14. Verify that the replacement housing plan contains all of the following information, pursuant to GC section 62120.5(a):
 - (1) A description of the housing to be destroyed or removed, including the address, parcel number and size of units, whether the units are occupied, and if so, the income categories of the occupants, if that information is available, whether the units are rental or ownership, the rent levels or sale price of the units, and if the units have existing affordable covenants, the nature and source of the subsidy and duration of the covenants.
 - (2) A description of the housing to be rehabilitated, developed, or constructed pursuant to Section 62120 to replace the units described in paragraph (1), including the general location of the replacement units, the number and size of the replacement units, the affordability levels of the replacement units, whether the replacement units will be rental or ownership, and duration of the affordability covenants applicable to the units.
 - (3) An analysis of the cost of producing the replacement units and a description of the source and adequacy of funds or financing, or both, available for the rehabilitation, development, or construction.
 - (4) A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained.
 - (5) The timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives. A dwelling unit whose replacement is required by Section 62120 but for which no replacement housing plan has been prepared, shall not be destroyed or removed from the low- and moderate-income housing market until the agency has by resolution adopted a replacement housing plan.

15. Document that, as part of the public review of the replacement housing plan or the revitalization plan, the CRIA gave preference to limited-equity housing cooperatives when requested to do so.
 - a. If a limited-equity housing cooperative was approved, test and document that the cooperative met the requirements of GC section 62120.7.
16. Verify that the CRIA provided relocation assistance and made payments required by Chapter 16 (commencing with section 7260) of Division 7 of Title 1 of Government Code, including the making of those payments financed by the federal government.
17. Test and document the procedures the CRIA uses to monitor any affordable housing, to persons and families of low or moderate income, developed or made available pursuant to Title 6, Division 4, Part 2 of Government Code.
18. Review the annual reports submitted by owners or managers to the CRIA as part of the monitoring process. Perform the following procedures:
 - a. Verify that the annual report includes for each rental unit the rental rate and the income and family size of the occupants. Trace the information from the certified reports to the annual report.
 - b. Verify that the annual report includes, for each owner-occupied unit, whether there has been a change in ownership since the prior annual report was issued, and if so, the income and family size of the new owners. The required income information should be supported by a statement certified by the tenant on a form provided by the CRIA.
 - c. Verify and review for accuracy any reports required by law to be submitted to HCD or the State Controller to ensure that the data from the annual reports is included.
19. The CRIA maintains a database of existing, new, and substantially rehabilitated housing units developed or otherwise assisted with moneys from the LMIHF or otherwise counted towards the requirements of GC section 62120(a) or (b).

Verify that the database is posted in an easily identifiable and accessible location on the CRIA's website and is updated annually.

Verify that the database includes the most recent date on which it was updated.

Review and verify that the database contains the following information for each owner-occupied or rental unit, or for each group of units if more than one unit is subject to the same covenant:

- a. The street address and county assessor's parcel number of the property.
- b. The size of each dwelling unit, measured by the number of bedrooms.
- c. The year in which the construction or substantial rehabilitation of the dwelling unit was completed.
- d. The date of recordation and document number of the affordability covenants or restrictions required under HSC section 33334.3(f).

- e. The date on which the covenants or restrictions expire.
- f. For owner-occupied units that have changed ownership during the reporting year, as described in GC section 62123(a), the date and document number of the new affordability covenants or other documents recorded to ensure that the affordability restriction is enforceable and continues to run with the land.
- g. Whether occupancy in the dwelling unit or units is restricted to any special population, including, but not limited to, senior citizens, and persons with disabilities.
- h. Whether occupancy in the dwelling unit is restricted to an extremely low, very low, low, or moderate income household.

The database shall omit any property used to confidentially house victims of domestic violence.

- 20. Test and verify the procedure or method the CRIA used to provide notice to the community of the existence of the database. The notice should have been provided within a reasonable time before or after the establishment of the database.
- 21. Review and document the method the CRIA uses to adequately fund its monitoring activities to insure compliance with applicable laws and agreements with respect to affordable units including the imposition of fees on owners of properties being monitored.

Appendix A: Compliance and Internal Control Report Example

Unmodified Opinion on Compliance, No Material Weaknesses or Significant Deficiencies in Internal Control Over Compliance Identified (Statement on Auditing Standards No. 117), effective for compliance audits for fiscal years ending on or after December 15, 2021, by Statement on Auditing Standards No. 140

Independent Auditor's Report

[Addressee]

Report on Compliance

Opinion on [indicate the reporting level pursuant to governmental audit requirement]

We have audited **Audited Entity**'s compliance with the affordable housing requirements of the California Government Code (GC) commencing with GC sections 62100 and 62115 applicable to the **Audited Entity**'s community revitalization and investment activities for the period of **month date, 20XX** through **month date, 20XX**.

In our opinion, **Audited Entity** complied, in all material respects, with the compliance requirements referred to above for the period of **month date, 20XX** through **month date, 20XX**.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of Community Revitalization and Investment Authorities (Guidelines)*, issued by the California State Controller's Office. Our responsibilities under those standards and these *Guidelines* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Audited Entity** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of **Audited Entity**'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the **Audited Entity**'s government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **Audited Entity's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *Guidelines for Compliance Audits of Community Revitalization and Investment Authorities* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Audited Entity's** compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Audited Entity's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Audited Entity's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of **Audited Entity's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

[*Signature*]

[*City and state where the auditor's report is issued*]

[*Date*]

Appendix B: Housing Assistance

The affordable housing provisions contained in the Community Revitalization and Investment Authority (CRIA) law generally impose, under specified circumstances, on all CRIAs a requirement to make affordable housing available, through either direct or indirect development and assistance, to persons and families of targeted income levels. Along with the procedures noted in Chapter 1: Affordable Housing, this appendix is intended to assist the auditor in testing a CRIA's compliance for selected areas of housing assistance law—namely, those of Replacement Housing and Project Area Housing Production.

Duration of Affordability Requirements

Minimum Time Periods³

The units must remain affordable for the longest feasible time (i.e., unlimited duration, but not less than 15 years for mutual self-help housing units [see definition below], 45 years for owner occupied units, and 55 years for rental units).

Enforcement of Affordability Requirements

Affordability Covenants⁴

The affordability and occupancy requirements must be made enforceable by recorded deed restrictions with the county recorder's office. The covenants or restrictions shall run with land and shall be enforceable against the original owner and successors in interest, by the CRIA or community.

Affordable Housing Cost Definition

Rental Housing⁵

The housing cost of a rental (the rent) is defined as the total of monthly payments for: (a) use and occupancy of a housing unit, land, and facilities associated therewith; (b) separately charged fees or service charges, other than security deposits, assessed by the lessor required from all tenants; (c) a reasonable allowance for utilities that are paid by the tenant, but not including telephone service; and (d) any taxes or fees charged for the use of the land and facilities by an entity other than the lessor. Monthly rent is the average of estimated costs for the next twelve months.

³ As defined in Government Code (GC) sections 62101(f)(1)(A) through (C)

⁴ As defined in GC section 62101(f)(7)

⁵ As defined in Title 25, California Code of Regulations (25 CCR), section 6918

Owner-Occupied Housing⁶

The housing cost of a purchaser is all of the following costs associated with a specific housing unit: (a) principal and interest on mortgage loans, and any loan fees associated therewith; (b) property taxes and assessments; (c) fire and casualty insurance; (d) property maintenance and repairs; (e) a reasonable allowance for utilities, not including telephone; (f) homeowners association dues or fees; and (g) space rent, if any. Monthly housing cost of a purchaser shall be an average of estimated costs for the next twelve months.

Targeted Income Levels

Extremely Low Income Levels⁷

For rental housing to be available at affordable housing cost, annual rents, including a reasonable utility allowance, may not exceed 30 percent of 30 percent of the area median household income, adjusted for family size appropriate for the unit. For owner-occupied housing to be available at affordable housing cost, the housing cost shall not exceed 30 percent of 30 percent of the area median household income, adjusted for family size appropriate for the unit.

Very Low Income Levels⁸

For rental housing to be available at affordable housing cost, annual rents, including a reasonable utility allowance, may not exceed 30 percent of 50 percent of the area median household income, adjusted for family size appropriate for the unit. For owner-occupied housing to be available at affordable housing cost, the housing cost shall not exceed 30 percent of 50 percent of the area median household income, adjusted for family size appropriate for the unit.

Lower Income Levels – Gross Income Exceeds the Maximum Income for Very Low Income Households⁹

For rental housing to be available at affordable housing cost, annual rents, including a reasonable utility allowance, may not exceed 30 percent of 60 percent of the area median household income, adjusted for family size appropriate for the unit. Additionally, if the household's gross income exceeds 60 percent of the area median household income, adjusted for family size, rents may be set at a level not to exceed 30 percent of the household's actual gross income.

For owner-occupied housing to be available at affordable housing cost, if the gross income does not exceed 70 percent of the area median household income, the housing cost shall not exceed 30 percent of 70 percent of the area median household income, adjusted for family size appropriate for the unit. Additionally, if the household's gross income equals or exceeds 70 percent of the area median household income, housing costs may be set at a level not to exceed 30 percent of the household's actual gross income.

⁶ As defined in 25 CCR section 6920

⁷ As defined in Health and Safety Code (HSC) sections 50052.5(b)(1) and 50053(b)(1)

⁸ As defined in HSC sections 50052.5(b)(2) and 50053(b)(2)

⁹ As defined in HSC sections 50052.5(b)(3) and 50053(b)(3)

Moderate Income Levels¹⁰

For rental housing to be available at affordable housing cost, annual rents, including utility allowance, may not exceed 30 percent of 110 percent of the area median household income, adjusted for family size appropriate for the unit. Additionally, if the household's gross income exceeds 110 percent of the area median household income, rents may be set at a level not to exceed 30 percent of the household's actual gross income.

For owner-occupied housing to be available at affordable housing cost, the housing cost shall not exceed 35 percent of 110 percent of the area median household income, adjusted for family size appropriate for the unit, nor be less than 28 percent of the household's actual income. Additionally, if the household's gross income exceeds 110 percent of the area median household income, housing costs may be set at a level not to exceed 35 percent of the household's actual gross income.

Mutual Self-Help Housing Unit¹¹

A mutual self-help housing unit is defined as "an owner-occupied housing unit for which persons and families of very low and low income contribute no fewer than 500 hours of their own labor in individual or group efforts to provide a decent, safe, and sanitary ownership housing unit for themselves, their families, and others authorized to occupy that unit."¹¹ The CRIA and the developer of the mutual self-help housing unit may agree to 45-year deed restrictions.

Income Households Definitions

"Extremely low income households" is defined in HSC section 50106.

"Very low income households" is defined in HSC section 50105.

"Persons and families of low or moderate income" is defined in HSC section 50093.

"Lower income households" is defined in HSC section 50079.5.

Excess Surplus Definition¹²

Any unexpended and unencumbered amount in a CRIA's LMIHF that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the LMIHF pursuant to GC sections 62100 and 62104 during the CRIA's preceding four fiscal years. The first fiscal year to be included in this computation is fiscal year 2016-17, and the first date on which an excess surplus may exist is July 1, 2021. The CRIA may adjust this amount as specified in GC section (g)(3).

California Department of Housing and Community Development¹³

The California Department of Housing and Community Development is required to develop and periodically revise the methodology to be used in the calculation of excess surplus. The Director is required to appoint an advisory committee with members specified in the section to advise in the development of the methodology.

¹⁰ As defined in HSC sections 50052.5(b)(4) and 50053(b)(4)

¹¹ As defined in GC section 62101(f)(1)(C)

¹² As defined in GC sections 62108(g)(1) and (3)

¹³ As defined in GC section 62108(g)(3)(D)

Substantial Rehabilitation¹⁴

“Substantial Rehabilitation” is defined as rehabilitation, the value of which constitutes 25 percent of the post-rehabilitation value of the dwelling, inclusive of the land value.

Longest Feasible Time¹⁵

“Longest feasible time” as used in this section, includes, but is not limited to, unlimited duration.

¹⁴ As defined in GC section 62120(b)(2)(A)(iv)

¹⁵ As defined in GC section 62120(f)

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