
Regulation Changes for 2010

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Executive Director
California Tax Credit Allocation Committee
(TCAC)

1. Special Needs and SRO Goals

- Increase the percentage goals:
 - Special Needs: From 5% to 15%
 - SROs: From 10% to 15%
- Affects first tiebreaker

2. Extend DDA Status for Six Counties

- Restore Difficult to Develop Area status for six counties in 2010
 - Alameda, Contra Costa, El Dorado, Placer, Sacramento, San Joaquin
 - Applies only to 9% applications
- Clarify that projects in these counties may elect State credits rather than the 30% basis boost

3. Limit Sponsor Applications

- Sponsors limited to four (4) 9% awards per round
 - Rule starts in 2010, round 2
- Applies to applicants, developers, owners, GPs, as well as parent companies, principals, and family members

4. Transit Systems

- Transit points are for public bus systems
- Exception is for similar private systems operated free of charge to the residents
 - Exception requires prior Executive Director approval
- Multiple bus lines to an employment center

5. Supermarkets and Groceries

- Defines “full scale grocery/supermarket” as exceeding 25,000 sq. ft.
 - Now receives five (5) points
- Eliminates “inner city” exceptions
- Provides partial points for longer distances
 - 1.5 miles (3 for rural) = 3 points

Groceries cont.

- Defines “neighborhood market” as exceeding 5,000 sq. ft.; four (4) points
 - Two (2) points for nearby farmers’ market at least 5 months/year
 - California Federal of Cert. Farmers’ Markets
 - 5 months per calendar year
 - Convenience stores points eliminated
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6. Schools Under Construction

- Recognize public schools under construction as “in place” at the time of application, if evidence provided that its completion would pre-date the residential project.

7. Free Internet as Site Amenity

- Award two points as a site amenity, rather than a service amenity.
 - Three (3) points for rural applications
 - At least an average of 768 kilobytes/sec capacity
 - Will serve letters from local internet provider are sufficient

8. New Service Amenity Standards

- Establishes minimum experience for service providers (24 months)
- Establishes ratios for residents per services staff, as well as minimum hours and licensing.
 - Note FTE per 600 bedrooms standard for coordinator and specialist

9. Lowest Income Points

- New table enlarges options for garnering points
- Limits the points available for 50% AMI targeting

10. Final Tiebreaker

- Combine 2008 tiebreaker with modified 2009 tiebreaker.

$$1 - \frac{\text{Requested unadjusted eligible basis}}{\text{Total project costs}}$$

$$+ \frac{\text{Committed Perm Public Funding}}{\text{Total project costs}}$$

Final Tiebreaker cont.

- Includes all development costs in denominators
 - Land costs
 - Developer fee

Final Tiebreaker cont.

- For mixed-use projects. public funds shall be
 - Financing for nonresidential space only will reduce discounting for public funds
- Permanent foundation grants or residual receipt loans may count along with public funds

11. Debt Service Coverage Ratio

- Increase DSCR to 1.15 to 1
- Exception added for FHA/HUD funded projects

12. Manager's Units

- For each 80 non-manager residential units, require additional resident manager
 - 16-159 non-manager units = one on-site manager's unit
 - 160 non-manager units = two on-site manager's units
- For special needs projects, 24-hour desk service may substitute for an on-site manager

2010 Set-Asides and Geographic Apportionments

CTCAC 9% Credit
Competition

CTCAC ALLOCATION PROCESS FOR SET ASIDES AND GEOGRAPHIC REGIONS						
Estimated as of February 1, 2010						
Step 1 - Calculate Total Federal Credit Ceiling (1)						
	<i>Per Capita</i>	<i>Population*</i>				
New Population Based Credits	\$2.10	36,961,664		\$77,619,494		
Forward Committed 2010 Credit				(\$4,412,252)		
Available Returned Credit				\$0		
Total Federal Credit Ceiling				\$73,207,242		
Step 2 - Determine Set Asides (2)						
		Annual Set Aside	Round 1 Set Aside			
Set Asides (a)	%	Amount	Amount			
Nonprofit	10%	\$7,320,724	\$3,660,362			
Rural	20%	\$14,641,448	\$7,320,724			
<i>RHS Apportionment</i>	14%	\$2,049,803	\$1,024,901			
<i>Other</i>	86%	\$12,591,645	\$6,295,823			
Small Development	2%	\$1,464,145	\$732,072			
At-Risk	5%	\$3,660,362	\$1,830,181			
Special Needs/SRO	2%	\$1,464,145	\$732,072			
Supplemental Set Aside	3%	\$2,196,217	\$0			
Total Set Asides	42%	\$30,747,042	\$15,373,521			
Step 3 - Determine Geographic Apportionments (3)						
		Federal Annual	State Total			
Total Credit Ceiling		\$73,207,242	\$87,957,147			
<i>Less Set-Asides</i>		(\$30,747,042)				
<i>Less State Credits for 4% Competitive Projects</i>				(\$13,193,572)		
Credit Ceiling Balance to Geographic Regions		\$42,460,201		\$74,763,575		
Apportionments by Region	%	Annual Federal Credit	Total State Credit	Annual Adjusted Credit (b)	Adjusted Surplus or Deficit From 2009 (c)	Estimated Adjusted Credit for Round 1 (d)
Los Angeles County	33%	\$14,011,866	\$24,671,980	\$16,479,064	\$147,955	\$8,387,487
Central Region	10%	\$4,246,020	\$7,476,357	\$4,993,656	(\$579,163)	\$1,917,665
North and East Bay Region	10%	\$4,246,020	\$7,476,357	\$4,993,656	(\$456,038)	\$2,040,790
San Diego County	10%	\$4,246,020	\$7,476,357	\$4,993,656	(\$828,559)	\$1,668,269
Inland Empire Region	8%	\$3,396,816	\$5,981,086	\$3,994,925	\$237,264	\$2,234,726
Orange County	8%	\$3,396,816	\$5,981,086	\$3,994,925	(\$926,156)	\$1,071,306
South & West Bay Region	6%	\$2,547,612	\$4,485,814	\$2,996,193	(\$52,251)	\$1,445,846
Capital and Northern Region	6%	\$2,547,612	\$4,485,814	\$2,996,193	(\$160,773)	\$1,337,324
Central Coast Region	5%	\$2,123,010	\$3,738,179	\$2,496,828	\$604,051	\$1,852,465
San Francisco County	4%	\$1,698,408	\$2,990,543	\$1,997,462	\$830,964	\$1,829,695
	100%	\$42,460,201	\$74,763,575	\$49,936,558	(\$1,182,706)	\$23,785,573
Note: All numbers in <i>(italics bracketed with parens)</i> are negative numbers.						
* Population estimate from July 2009. Population estimate for 2010 will be released in March 2010.						
(a) State credit allocated to projects in the set-asides is taken from the geographic apportionment, and any awards made in these set-asides will reduce the appropriate geographic set-aside's total credit available.						
(b) The Adjusted Credit amounts are calculated as follows: (Annual Federal Credit x 10 + Total State Credit)/10.						
(c) The Adjusted Surplus or Deficit: the full adjusted credit balance from 2009, i.e., - annual federal credits allocated to projects throughout 2009 and - state credits allocated to projects in 2009 divided by ten.						
(d) Estimated Adjusted Credit totals were calculated as follows: (the adjusted annual credit x 50%) + surplus or deficit from 2009.						
(1) "Credit Ceiling is defined at 10302 (j) to include all elements shown below, following Ceiling definition in IRS Code Section 42.						
(2) Health and Safety Code part 50199.2 establishes Rural Set Aside at "...20 percent of the federal ceiling." TCAC Regs Part 10315 also defines Set-Asides with reference to a given percentage of the "Federal Credit Ceiling".						
(3) Similar language applies to Geographic Apportionments in Regs part 10315(k).						

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	100%	\$42,460,201	\$74,763,575	\$49,936,558	<i>(\$1,182,706)</i>	\$23,785,573

CALCULATION OF STATE TAX CREDIT CEILING AND HOUSING TYPE GOALS

Step 4 - Calculate State Credit Ceiling

Statutory Base State Credit Number	\$70,000,000
Plus State Credit CPI Adjustment	\$16,330,268
2010 Calculated State Tax Credits Available	\$86,330,268
Plus Carry Forward of Prior Year's Credits	\$1,626,879
Less Advance Allocations in Prior Year	\$0
Plus Returned Credits	\$0
Total State Tax Credit Available for 2010	<u>\$87,957,147</u>

Step 5 - Calculate Bond Financed Project Set Aside

	Set Aside Percentage	Set Aside Amount
Bond Financed Projects	15%	\$13,193,572
Other (9%) Projects	Balance of Total	<u>\$74,763,575</u>
Total		\$87,957,147

Step 6 - Calculate Housing Type Goals, Federal & State Tax Credits

Total Federal Tax Credit Ceiling (Annual Amount Multiplied By Ten)	\$732,072,424			
State Credit Ceiling After Set Aside for Bond Projects	<u>\$74,763,575</u>			
Total Stated As Annual	\$80,683,600			
Housing Type Goals	Type	Percentage	Annual	Round 1
	Large Family	65%	\$52,444,340	\$26,222,170
	SRO	15%	\$12,102,540	\$6,051,270
	At Risk	5%	\$4,034,180	\$2,017,090
	Special Needs	15%	\$12,102,540	\$6,051,270
	Seniors	15%	\$12,102,540	\$6,051,270