

MEMORANDUM

June 4, 2003

To: Interested Parties

From: Jeanne Peterson *JJP*
Executive Director

Re: Summary of 1st Funding Round

In the first funding round of 2003, the Tax Credit Allocation Committee received a total of 93 applications (one of which was disqualified because it did not arrive at our offices on the deadline date). The 92 applications that were considered requested a total of over \$73 million in federal tax credit and \$63 million in state tax credit. There was a total of \$24.7 million in federal credit, and \$27 million in state credit available to reserve.

Staff is recommending that you authorize \$28.7 million in federal credit and \$27 million in state credit to a total of 38 projects, that will result in 2,344 affordable apartments, once completed. Of the developments recommended for funding, one is an SRO, three are Special Needs, one is At-Risk, six are seniors, and twenty-seven are large family.

In the set-asides, there are four Non-profit Homeless developments, three non-profit developments, nine rural developments, two small developments, and one special needs development recommended for funding.. Additionally, Riverside, San Mateo, Contra Costa, San Bernadino, Sacramento, Santa Clara, San Francisco, Alameda, and Orange Counties each have one development recommended for funding under the geographic areas, while San Diego and All Others have two, and Los Angeles five.

Each funding round has its own unique characteristics. In this funding round, three geographic areas had only one application. In many of the set-asides and geographic areas, applicants scored the total number of points available, meaning that the tie-breakers determine which developments, amongst many excellent ones, have been recommended for funding. This, in turn, may be responsible for the extraordinarily heavy emphasis on four bedroom units, since the more four bedroom units a development has, the better it will do in the last tie-breaker (eligible basis per bedroom).

Because there was such an emphasis on four bedroom units, staff looked very closely at the unit mixes that were being suggested, at the market studies submitted by the applicants, at the responses of the local reviewing agencies, and at public housing authority waiting lists, before accepting that need and demand had been properly shown. In some areas, there is definitely a need for such large bedrooms, in other areas, whether this is the greatest affordable housing need is questionable. In total, 405 affordable, four bedroom units are recommended for funding in this round, including 90 in one development. For next year, staff will consider whether using eligible basis per bedroom is the best tie-breaker, in light of our experiences this year.

Attached is the list of developments recommended for funding.