

STATE OF CALIFORNIA



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Date: January 21, 2005

To: Tax Credit Users

From: Lynn Wehri
Executive Director, TCAC

Subject: Second Draft, Proposed Regulations Revisions Dated January 21, 2005

The second draft of the regulations is posted with this memorandum for your review. As you will see, several of the initially proposed changes have been modified or eliminated altogether in response to public comment that we received by mail and through the hearings. The original first draft was used as a starting point for the second, so that you can see both sets of changes. All of the significant changes made are highlighted in gray so that they are readily identifiable. (Minor changes for matters such as section references, punctuation, capitalization and similar insignificant corrections have not been highlighted, because that would have made the document even more difficult to read.)

I would also like to thank all of you who took the time to provide comments to the first draft. We received many detailed, thoughtful responses and recommendations. Many of these are integrated into the second draft, and many more will be seriously considered in the future. A few key areas that I hope to work on with you in the future include further definition of the Net Zero Solar Pilot Project, use of new minimum operating expense data, substitution of better cost limits, revisions to site amenity scoring, and adjustments to the RHS Set-Aside. Our operating data will be posted shortly for your review, so that it can be discussed and adopted soon.