

**California
Tax Credit
Allocation
Committee**

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Executive Director



Topics

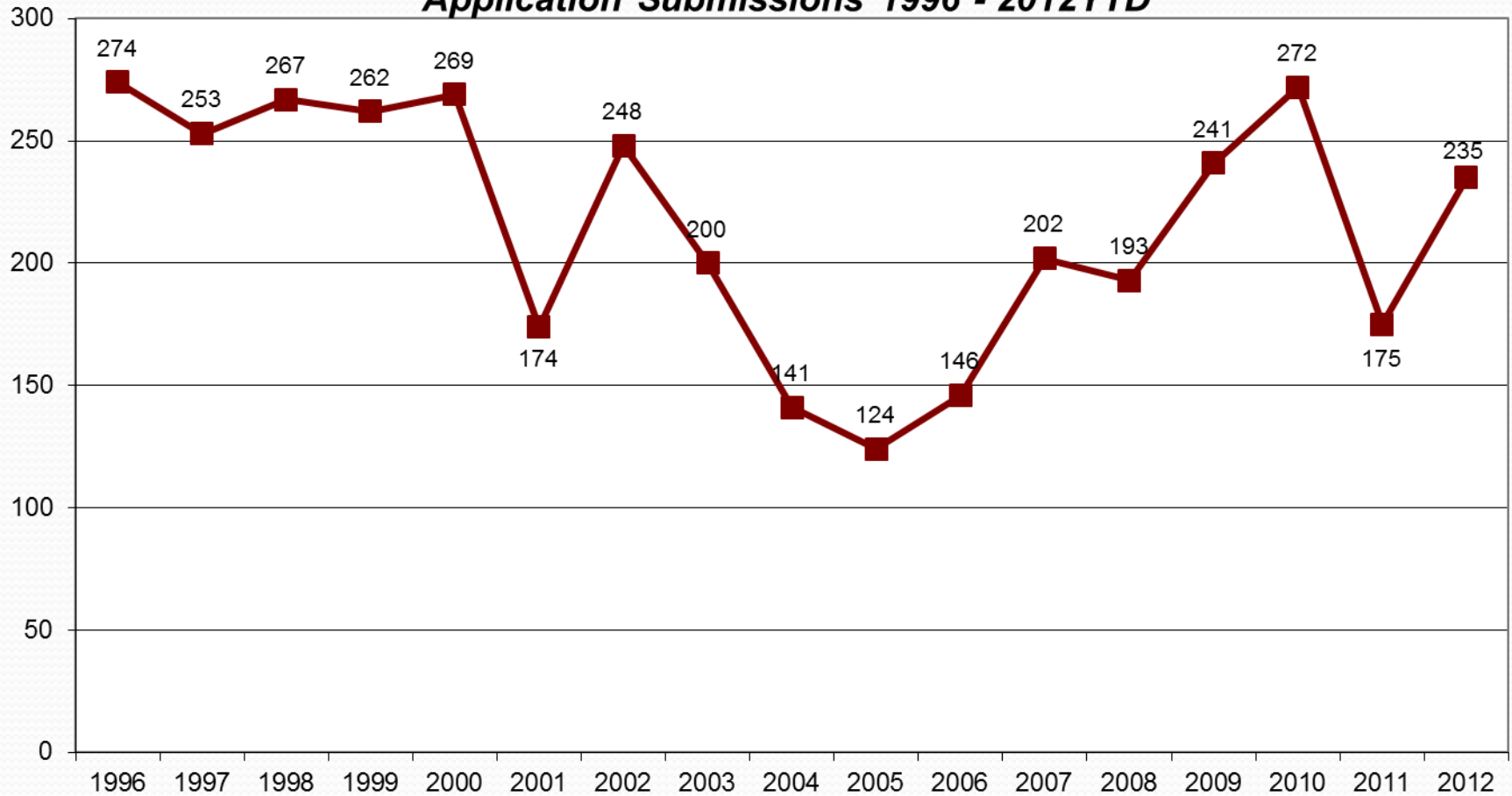
- Recap 2012 of 9% competition
- Regulation Changes for 2013
- The federal and State credit set-asides and apportionments

Recap of 2012 9% Competition

- Approximately \$88.6 million in annual federal credit awarded in 2012
 - Plus \$63.8 million in State credits (up from \$22.7)
- 235 applications received during two rounds

Applications Over Time

***Demand for 9% Credit
Application Submissions 1996 - 2012YTD***



2012 9% Competition Results

- 102 projects awarded credits (105 in 2011)
- Success rate of applicants: 43% (down from 60% in 2011)
- Will produce 6,393 units (up from 6,150 in 2011)
- Average project size: 63 units (59 in 2011)

Regulation Changes for 2013

Adopted by Committee on
January 23 2013

Regulation Change 1

- Section 515 rural eligibility evidenced by either:
 - Community on USDA 515 Designated Places list, or
 - Letter from USDA California Multifamily Director
- Citation: Regulation Section 10315(c)

Regulation Change 2

- RHS 514 and 515 new construction projects must compete in RHS apportionment
 - If unsuccessful, application cascades into rural set-aside competition
- Citation: Section 10315(d)

Regulation Change 3

- At-risk housing type goal increased from 5% to 15%
 - At-risk projects will not be at a competitive disadvantage under the first tiebreaker so early in the process
 - Does not affect at-risk set-aside: Still 5% of federal credits
- Citation: Section 10315(h)

Regulation Change 4

- New geographic apportionments in 2014
- Eleventh region created in 2013: City of Los Angeles
 - City of Los Angeles: 16.7⁰% apportionment
 - Balance of Los Angeles County: 16.3⁰%
- Citation: Section 10315(i)

Regulation Change 5

- New appraisal language for new construction projects
 - Third-party purchases or agreements need not have land appraisals - display actual acquisition costs in Sources and Uses budget
 - Appraisal needed for donations and related-party sales
- Appraisals still needed for acquisition basis and rehabilitations
- Citation: Section 10322(h)(9)

Regulation Change 6

- Cost certifying CPAs must:
 - Be independent
 - Effective July 1, 2013, have had no advisory or consulting role on the project
 - Provide most recent peer review to TCAC
- Citation: Section 10315(i)(2)(B)

Regulation Change 7

- Re-syndicating special needs projects may claim acquisition basis in 9% credit applications
 - Joining SRO and tax credit projects near end of compliance period in exception to the prohibition
- Citation: Section 10322(k)

Regulation Change 8

- A sponsor's application cannot succeed by that sponsor withdrawing another, higher-scoring application

- Citation: Section 10325(c)

Regulation Change 9

- Public funds scoring
 - Assumed principal from assumed or existing public debt
 - Not publicly guaranteed private loans
 - Interest rate no more than 4% simple, or AFR if compounding
- Citation: Section 10325(c)(1)(C)

Regulation Change 10

- New scoring scale for general partner and management experience
 - Lowest number of projects to score any points increased
 - General partners new to California must hire California-experienced management company
- Citation: Section 10325(c)(2)

Regulation Change 11

- Negative points may be earned for serious, uncorrected noncompliance in 10% or more of projects or units
 - Level 3 physical deficiencies
 - Over-income residents
 - Over-charging rents
- Citation: Section 10325(c)(3)(R)

Regulation Change 12

- For amenity proximity, establish 250 feet as:
 - The maximum property entryway length beyond which the measuring arc must be struck from site's body
 - The distance from an amenity embedded within a larger commercial area to which the arc may be struck from the subject property
- Citation: Section 10325(c)(5)(A)

Regulation Change 13

- Deletes “transit oriented development strategy” from transit scoring
- Specifies headway service is Monday through Friday
- Creates exception for planned rail station arriving within one year of the housing development completion
- Citation: Section 10325(c)(5)(A)(1)

Regulation Change 14

- Explicitly lists grocery portions of larger stores as amenity points-eligible
- Must meet relevant size requirements for neighborhood market or full-scale grocery (5,000 or 25,000 square feet respectively)
- Citation: Section 10325(c)(5)(A)(4)

Regulation Change 15

- Broadens availability of public school points to projects wherein 30% of the units are three-bedroom or larger
- Rather than to “Large Family” housing type projects only
- Citation: Section 10325(c)(5)(A)(5)

Regulation Change 16

- Competitively scored medical clinics must now accept MediCal, Medicare for senior-only projects, or Healthcare for the Homeless payments
- Citation: Section 10325(c)(5)(A)(8)

Regulation Change 17

- Within geographic apportionments, eliminates requirement that 50% of requested amount remain
- Permits skipping only when:
 - Recipient project has score equal to the first skipped application
 - Recipient's tiebreaker at least 75% of first skipped
- Citation: Section 10325(d)(2)

Regulation Change 18

- Permits TCAC Executive Director to waive market study value ratio for rehabilitation projects with existing rental assistance or operating subsidies

- Citation: Section 10325(f)(1)(B)

Regulation Change 19

- Minimum construction standards to permit:
 - Clarified energy efficiency measures
 - Fiberglass-faced exterior doors
 - Various flooring thicknesses
 - 100-yard scattered site distances viewed as single property for resident management
- Citation: Section 10325(f)(7)

Regulation Change 20

- Requires general partners and management companies with less California experience to receive TCAC training
 - “Partner” means contract with or otherwise enter into a relationship with
- Citation: Section 10326(g)(5)

Regulation Change 21

- Clarifies prevailing wage basis limit boost only when public funding source requires prevailing wages
- Provides parking boost for two-story on-site structures, beyond just podium
- Relocates Local Development Impact Fee boost from basis limit definition to “Exceptions to limits”
- Citation: Section 10327(c)(5)(A)

Regulation Change 22

- Codifies TCAC policy regarding loss of rental subsidies

- Citation: Section 10337(a)

Set-Asides and Apportionments

2013 Nine Percent Credit Competition

CTCAC ALLOCATION PROCESS FOR SET ASIDES AND GEOGRAPHIC REGIONS
Estimated as of February 1, 2013

Step 1 - Calculate Total Federal Credit Ceiling (1)

| | | | |
|-------------------------------------|-------------------|--------------------|----------------------|
| | <i>Per Capita</i> | <i>Population*</i> | |
| New Population Based Credits | \$2.25 | 37,678,563 | \$84,776,767 |
| Forward Committed 2013 Credit | | | (\$3,865,547) |
| Available Returned Credit | | | \$0 |
| Total Federal Credit Ceiling | | | \$80,911,220 |

Step 2 - Determine Set Asides (2)

| | | | |
|--------------------------|----------|-------------------------|--------------------------|
| | | Annual Set Aside | Round 1 Set Aside |
| Set Asides (a) | % | Amount | Amount |
| Nonprofit | 10% | \$8,091,122 | \$4,045,561 |
| Rural | 20% | \$16,182,244 | \$8,091,122 |
| <i>RHS Apportionment</i> | 14% | \$2,265,514 | \$1,132,757 |
| <i>Other</i> | 6% | \$13,916,730 | \$6,958,365 |
| At-Risk | 5% | \$4,045,561 | \$2,022,781 |
| Special Needs/SRO | 4% | \$3,236,449 | \$1,618,225 |
| Supplemental Set Aside** | 3% | \$2,427,337 | \$0 |
| Total Set Asides | | \$33,982,713 | \$15,777,688 |

Step 3 - Determine Geographic Apportionments (3)

| | | |
|---|-----------------------|-----------------------|
| | Federal Annual | State Total |
| Total Credit Ceiling | \$80,911,220 | \$91,630,511 |
| <i>Less Set-Asides (not including Returned Credits)</i> | <i>(\$33,982,713)</i> | |
| <i>Less State Credits for 4% Competitive Projects</i> | | <i>(\$13,744,577)</i> |
| <i>Remaining Balance</i> | <i>\$46,928,507</i> | <i>\$77,885,934</i> |
| <i>State Credit Adjuster</i> | | <i>65%</i> |
| Credit Ceiling Balance to Geographic Regions | \$46,928,507 | \$50,625,857 |

| Apportionments by Region | % | Annual Federal Credit | Total State Credit | Annual Adjusted Credit (b) | Adjusted Surplus/Deficit From 2012 (c) | Estimated Adjusted Credit for Round 1 (d) |
|-------------------------------|-------|-----------------------|--------------------|----------------------------|--|---|
| City of Los Angeles | 16.7% | \$7,837,061 | \$8,454,518 | \$8,682,512 | \$44,316 | \$4,385,572 |
| Balance of Los Angeles County | 16.3% | \$7,649,347 | \$8,252,015 | \$8,474,548 | \$43,310 | \$4,280,584 |
| Central Valley Region | 10.0% | \$4,692,851 | \$5,062,586 | \$5,199,109 | <i>(\$99,819)</i> | \$2,499,736 |
| North and East Bay Region | 10.0% | \$4,692,851 | \$5,062,586 | \$5,199,109 | \$325,344 | \$2,924,899 |
| San Diego County | 10.0% | \$4,692,851 | \$5,062,586 | \$5,199,109 | \$1,286,821 | \$3,896,376 |
| Inland Empire Region | 8.0% | \$3,754,281 | \$4,050,069 | \$4,159,287 | \$15,575 | \$2,065,219 |
| Orange County | 8.0% | \$3,754,281 | \$4,050,069 | \$4,159,287 | \$781,830 | \$2,861,474 |
| South and West Bay Region | 6.0% | \$2,815,710 | \$3,037,551 | \$3,119,466 | \$191,124 | \$1,750,857 |
| Capital and Northern Region | 6.0% | \$2,815,710 | \$3,037,551 | \$3,119,466 | <i>(\$430,453)</i> | \$1,129,280 |
| Central Coast Region | 5.0% | \$2,346,425 | \$2,531,293 | \$2,599,555 | <i>(\$80,902)</i> | \$1,218,875 |
| San Francisco County | 4.0% | \$1,877,140 | \$2,025,034 | \$2,079,644 | \$2,563,088 | \$3,602,910 |
| | 100% | \$46,928,507 | \$50,625,857 | \$51,991,093 | | \$30,635,780 |

Note: All numbers in *(italics bracketed with parens)* are negative numbers.

* Population estimate from 2012. Population estimate for 2013 will be released at a later date

** Supplemental Set-Aside does not reflect Federal credit returned after February 1, 2013

(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 2012

(d) Estimated Adjusted Credit totals were calculated as follows: (the adjusted annual credit x 50%) + surplus or deficit from 2012

(1) "Credit Ceiling is defined at 10302 (j) to include all elements shown below, following Ceiling definition in RG 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(d)

Step 1: Total Federal Credit

Estimated as of February 1, 2013

Step 1 - Calculate Total Federal Credit

| | Per Capita | Population | Credits |
|----------------------------------|------------|-------------------------------------|---------------------|
| New Pop. Based Credits | \$2.25 | 37,678,563 | \$84,776,767 |
| Forward Committed 2013 Credit | | | (\$3,865,547) |
| Returned Credit | | | \$0 |
| | | | <hr/> |
| | | Total Federal Credit Ceiling | \$80,911,220 |

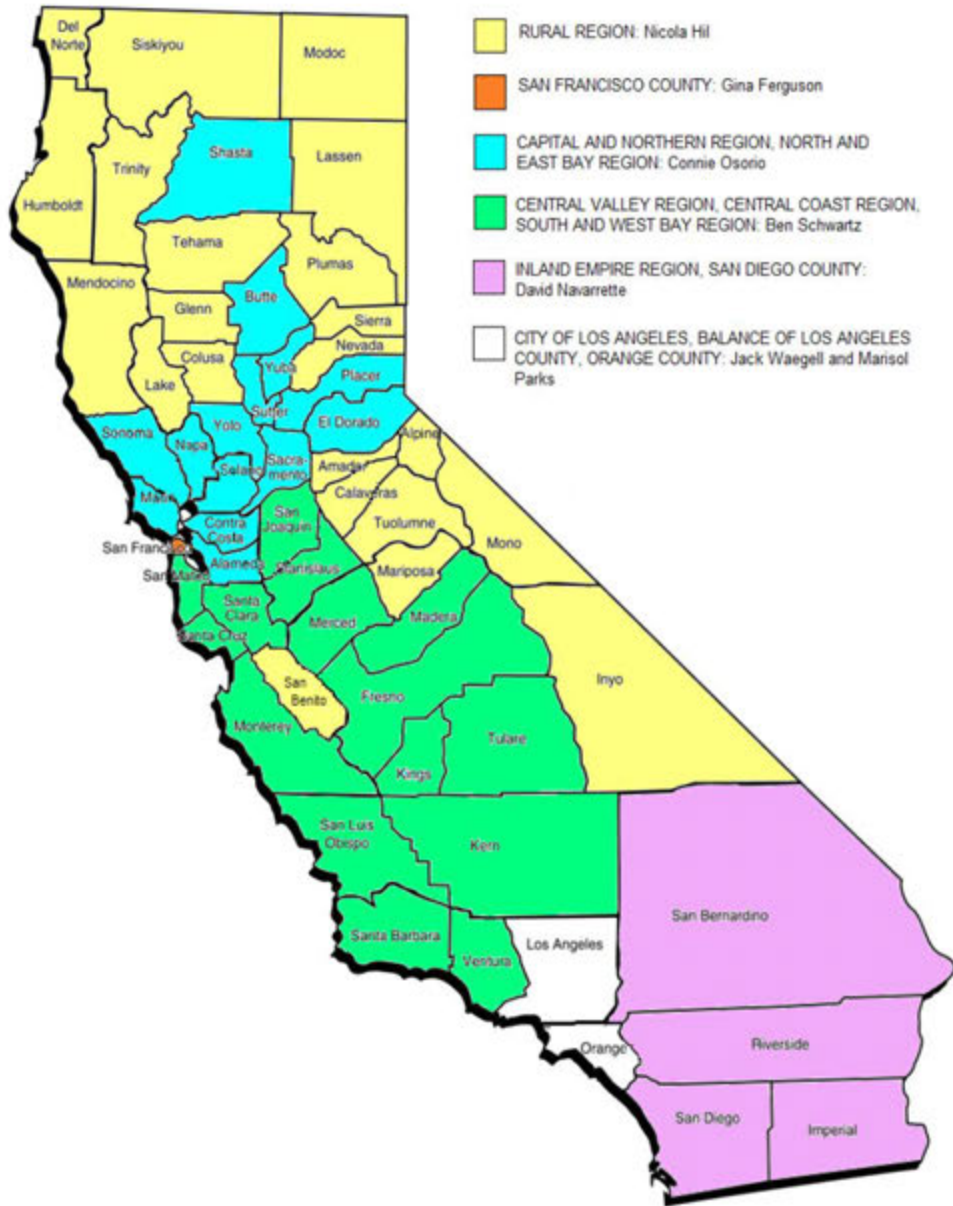
Step 2: Set Asides

| Set Asides | | Annual Set Aside Amount | Round 1 Set Aside Amount |
|-----------------------------------|------------|------------------------------------|---|
| Nonprofit | 10% | \$8,091,122 | \$4,045,561 |
| Rural | 20% | \$16,182,244 | \$8,091,122 |
| <i>RHS</i> | | | |
| <i>Apportionment</i> | <i>14%</i> | <i>\$2,265,514</i> | <i>\$1,132,757</i> |
| <i>Other</i> | <i>86%</i> | <i>\$13,916,730</i> | <i>\$6,958,365</i> |
| At Risk | 5% | \$4,045,561 | \$2,022,781 |
| Special Needs/SRO | 4% | \$3,236,499 | \$1,618,225 |
| Supplemental Set Aside | 3% | \$2,427,337 | N/A |
| Total Set Asides | 42% | \$33,982,713 | \$15,777,688 |

Step 3: Geographic Apportionments

| | Federal Annual | State Total |
|---|---------------------------|-----------------------|
| Total Credit Ceiling | \$80,911,220 | \$91,630,511 |
| Less Set Asides | (\$33,982,713) | |
| Less State Credits for 4% Competitive Rds. | | (\$13,744,577) |
| Balance for 9% Regions | \$46,928,507 | \$77,885,934 |
| State Credit Adjuster | | 65% |
| Credit Ceiling Balance to Geographic Regions | \$46,928,507 | \$50,625,857 |

| Appportionments by Region | % | Annual Federal Credit | Total State Credit | Annual Adjusted Credit | Adjusted Surplus or Deficit From 2012 | Estimated Adjusted Credit for Round 1 |
|--------------------------------------|-------------|--------------------------------------|-------------------------------|---------------------------------------|--|--|
| City of LA | 16.7 | \$7,837,061 | \$8,454,518 | \$8,682,512 | \$44,316 | \$4,385,572 |
| Balance LA Co. | 16.3 | \$7,649,347 | \$8,252,015 | \$8,474,548 | \$43,310 | \$4,280,584 |
| Central Valley | 10 | \$4,692,851 | \$5,062,586 | \$5,199,109 | (\$99,819) | \$2,499,736 |
| N/E Bay Area | 10 | \$4,692,851 | \$5,062,586 | \$5,199,109 | \$325,344 | \$2,924,899 |
| San Diego Co. | 10 | \$4,692,851 | \$5,062,586 | \$5,199,109 | \$1,286,821 | \$3,886,376 |
| Inland Empire | 8 | \$3,754,281 | \$4,050,069 | \$4,159,287 | \$15,575 | \$2,095,219 |
| Orange County | 8 | \$3,754,281 | \$4,050,069 | \$4,159,287 | \$781,830 | \$2,861,474 |
| S/W Bay Area | 6 | \$2,815,710 | \$3,037,551 | \$3,119,466 | \$191,124 | \$1,750,857 |
| Capital/Northern | 6 | \$2,815,710 | \$3,037,551 | \$3,119,466 | (\$430,453) | \$1,129,280 |
| Central Coast | 5 | \$2,436,425 | \$2,531,293 | \$2,599,555 | (\$80,902) | \$1,218,875 |
| San Francisco | 4 | \$1,877,140 | \$2,025,034 | \$2,079,644 | \$2,563,088 | \$3,602,910 |
| | 100 | \$46,928,507 | \$50,625,857 | \$51,991,093 | | \$30,635,780 |





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CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Utility Energy Efficiency & Solar Programs for Multifamily and Single Family Housing



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Program Areas

The California Tax Credit Allocation Committee (CTCAC) administers the federal and state [Low-Income Housing Tax Credit Programs](#). Both programs were created to encourage private investment in affordable rental housing for households meeting certain income requirements.

The CTCAC also administers a [Farmworker Housing Assistance Program](#) and a [Commercial Revitalization Deduction Program](#).

Fast Facts 2012 Totals as of 12/31/12

Federal (9%) Credit Awards

Annual Federal Credits Awarded: \$87,171,023
 Total State Credits Awarded: \$85,508,947
 Projects Awarded: 102
 Total Number of Units: 6,393
 Total Number of Low Income Units: 6,248

Federal (4%) Plus State Credit Awards

Annual Federal Credits Awarded: \$8,503,472
 Total State Credits Awarded: \$26,322,456
 Projects Awarded: 13
 Total Number of Units: 1,228
 Total Number of Low Income Units: 1,212

Federal (4%) With Tax-Exempt Bond Financing Awards

Annual Federal Credits Awarded: \$61,399,336
 Projects Awarded: 96
 Total Number of Units: 8,249
 Total Number of Low Income Units: 7,809

The Latest

Current News

- Memo Regarding Adopted 2013 Regulations
Posted 1/25/13
- Low-Income Housing Tax Credit (LIHTC) Workshops
Posted 1/24/13
- January 23, 2013 Adopted Regulations
Posted 1/23/13
- 2013 TCAC Application Workshop Registration Form
Posted 1/18/13
- 2011 Final Reservation Reminder
Posted 1/11/13
- Minor Adjustments to Final Proposed Regulation Changes
Posted 1/11/13
- 2012 First (1st) Round 180-Day Readiness Reminder
Posted 1/4/13