



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: November 4, 2013
TO: Low Income Housing Tax Credit Stakeholders
FROM: William J. Pavão, Executive Director
SUBJECT: October 16th Committee Meeting Decision by Committee

At its October 16, 2013 meeting, the California Tax Credit Allocation Committee (TCAC or the Committee) awarded credit ceiling (9%) credits to Playa Senior Affordable Housing (CA-13-105). In making this preliminary reservation award, the Committee forward-committed \$1,628,616 in annual federal credits from the City of Los Angeles geographic apportionment's first round 2014 credits. Consistent with federal statute and State regulations, this memorandum explains that allocation decision.

California Code of Regulations Section 10325(e) states that:

The Committee shall make available to the general public a written explanation for any allocation of Tax Credits that is not made in accordance with the established priorities and selection criteria of these Regulations.

Internal Revenue Code §42(m)(1)(A) and (A)(iv) state:

In general. Notwithstanding any other provision of this section, housing credit dollar amount with respect to any building shall be zero unless

- (iv) a written explanation is available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria of the housing credit agency.

Explanation:

On or about September 11, 2013 TCAC staff released a "2013 Second Round Preliminary Recommendation for the Geographic Regions" list. That preliminary list included the last two projects to be recommended in the City of Los Angeles region as Turner Apartments (CA-13-168) and Crenshaw Family Apartments (CA-13-135).

The City of Los Angeles' Housing and Community Investment Department (HCID) opposed both of the two recommended projects in their submitted Local Reviewing Agency documentation, and at the Committee's September 25, 2013 meeting. In addition, at the September 25th meeting a representative from the City of Los Angeles' Mayor's Office spoke in opposition to the two projects.

At the September 25th meeting, both HCID and the Mayor's Office advocated, instead, funding a third project: Playa Senior Affordable Housing. While this project had a higher final tiebreaker score (49.826%) than either Turner Apartments (18.894%) or Crenshaw Family Apartments (5.005%), the latter two projects prevailed on the first tiebreaker. That is, Playa Senior

Affordable Housing lost due to its Senior housing type, a housing type whose goal TCAC had met with recommended projects earlier in the proscribed project recommendation sequence.

After putting the matter over one month, the Committee made its final award decisions at its October 16, 2013 meeting. The Committee awarded 2013 credit ceiling credits to Turner Apartments and Crenshaw Family Apartments, and awarded 2014 credit ceiling credits to Playa Senior Affordable Housing. The Committee forward-committed Playa Senior Affordable Housing's credits from the City of Los Angeles' first-round 2014 regional apportionment. This award amount (\$1,628,616) shall be deducted from the City's first round 2014 regional apportionment.

The Committee saw merit to all three projects, and declined to deny credits to the two City-opposed projects. However, recognizing the City's interest in the third project, the Committee elected to forward-commit regional credits to facilitate Playa Senior Affordable Housing's timely development. While such a forward commitment is not expressly anticipated in regulation, the Committee believes its action is consistent with the program's intent to award credits to the most meritorious competitive applications. Strong City support for Playa Senior Affordable Housing greatly influenced the Committee's reservation of credits for that project.