

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: June 4, 2010
 TO: Low Income Housing Tax Credit Stakeholders
 FROM: William J. Pavão, Executive Director
 SUBJECT: Proposed Regulation Changes for 2010 Exchange

Attached for public review and comment are the California Tax Credit Allocation Committee (TCAC) staff's proposed regulation changes in anticipation of a 2010 Exchange. Congress is currently considering the "American Jobs and Closing Tax Loopholes Act of 2010." That bill, in part, would authorize state Low Income Housing Tax Credit allocating agencies to exchange a portion of their nine percent (9%) credits in for cash from the United States Department of the Treasury. This summary memorandum highlights what TCAC staff proposes to present to the Committee for their adoption in July, 2010. TCAC staff will conduct public hearings to discuss and solicit comments as follows:

Tuesday June 15, 2010	Sacramento State Treasurer's Office 915 Capitol Mall, Room 587 10:00 a.m. to 12:00 noon
Wednesday June 16, 2010	Oakland Elihu Harris State Office Building, Room 11 1515 Clay Street 1:00 p.m. to 3:00 p.m.
Friday June 18, 2010	Los Angeles Junipero Serra State Office Building 320 W. 4 th Street, Carmel Room 10:00 a.m. to 12:00 noon

In summary, the proposed changes are as follows:

Proposed Regulation Changes:

1. Establish authority under pending federal legislation to exchange credits in 2010. Also, insert reference to Section 10323(d)(2) regulating the use of any returned TCAP or Section 1602 funding. **Section 10323(a), page 1 of the attached draft.**
2. Define exchange-eligible projects as 2010 nine percent (9%) tax credit reservation recipients, and delete references to earlier year projects. Also, update the expected project completion date to December 2012. **Section 10323(b), page 1.**

3. Establish exchange ratios up to 73 cents per federal tax credit dollar and 50 cents per State tax credit dollar. Set new per-project maximum at \$18.25 million. Delete all references to gap-filler and higher exchange rates. **Section 10323(c), page 2.**
4. Provide 45 days for 9% reservation recipients to exchange in credits to (a) receive exchange dollars non-competitively if one of three classes of projects, or (b) compete for cash in lieu of the returned credits. Adjust scoring factors for competitive feature. Delete references to 4% credit projects accessing federal funds. **Section 10323(d), page 4.**
5. Convert loan and grant references to grants only. Delete references to loan documents, such as promissory notes. Permit post-award syndication of losses for limited purposes. **Section 10323(e) page 9.**
6. Establish an asset management fee schedule. **Section 10323(f) , page 11.**

Attachments