



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: October 21, 2013
TO: Low Income Housing Tax Credit Stakeholders
FROM: William J. Pavão, Executive Director
SUBJECT: Proposed Regulation Change to 2013 First Round Readiness Requirement

Attached for public review is California Tax Credit Allocation Committee (TCAC) staff's proposed regulation change of Section 10325(c)(8), which affects a portion of first-round 2013 tax credit reservation recipients (nine percent federal credit and four percent federal plus state credit). The proposed change would allow some 2013 credit recipients with federal funding an additional 45 days to close their construction period financing as required under Readiness to Proceed point scoring. This change is being proposed as a result of the recent federal government shutdown, which has caused delays in the processing of these federal funds and impacted the projects' ability to meet the Readiness to Proceed requirements.

Staff proposes to present this recommended regulation change to the Committee for adoption at their November 13, 2013 meeting.

Attachment

Proposed change:
Section 10325(c)(8)

Readiness to Proceed. 20 points will be available to projects that meet ALL of the following, and are able to begin construction within 180 days of the Credit Reservation, as evidenced by submission, within that time, of: an executed construction contract, a construction lender trade payment breakdown of approved construction costs, recorded deeds of trust for all construction financing, a limited partnership agreement executed by the general partner and the investor providing the equity, payment of all construction lender fees, issuance of building permits (a grading permit does not suffice to meet this requirement) and notice to proceed delivered to the contractor. If no construction lender is involved, evidence must be submitted within 180 days after the Reservation is made that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.

For projects that are federal funding recipients and receiving competitive reservations in the first round of 2012-2013, the 180-day references in the preceding paragraph shall be extended by ~~thirty (30)~~ forty-five (45) days. The extension is provided to projects documenting that the federal government shutdown impacted their ability to meet Readiness to Proceed requirements.

In addition to the above, all applicants receiving any readiness points under this subsection must provide an executed Letter of Intent (LOI) from the project's equity partner within 90 days of the Credit Reservation. The LOI must include those features called for in the CTCAC application. Failure to meet these two timelines shall result in rescission of the Tax Credit Reservation. The following must be delivered:

- (A) enforceable commitment for all construction financing, as evidenced by executed commitment(s) and payment of commitment fee(s);
- (B) evidence, as verified by the appropriate officials, of site plan approval and that all local land use environmental review clearances (CEQA and NEPA) necessary to begin construction are either finally approved or unnecessary;
- (C) evidence of all necessary public approvals except building permits; and
- (D) evidence of design review approval.

For paragraphs (B), (C), and (D) an appeal period may run up to 30 days beyond the application due date. The applicant must provide proof that either no appeals were received, or that any appeals received during that time period were resolved within that 30-day period to garner local approval readiness points.

In the event that one or more of the above criteria have not been met, 5 points may be awarded for each one that has been met, up to a maximum of 15 points. The 180-day requirements shall not apply to projects that do not obtain the maximum points in this category.

Statement of Reasons:

This change is being proposed as a result of the recent federal government shutdown, which has caused delays and impacted the ability of project owners to close construction financing within the required time of 180 days after the award date. TCAC staff has

contacted first round credit recipients and determined that out of twenty-one (21) projects with federal funding, approximately thirteen (13) project owners are uncertain as to their ability to meet the 180 day deadline due to the federal government shutdown. These 21 projects are listed below, with the 13 projects in **bold**. It is the intent of this regulation change to extend by 45 days to January 23, 2014 the Readiness to Proceed deadline for these 13 projects. TCAC Staff requests project owners contact their regional analyst with any questions about this list.

2013 First Round Awards with Federal Funding Impacted by the Federal Government Shutdown

CA-13-018	Mutual Housing at Spring Lake
CA-13-028	Mesa Grande
CA-13-031	Patterson Place Apartments
CA-13-032	Rio Dell Apartments
CA-13-033	Riverview Garden Apartments
CA-13-048	University Avenue Cooperative Housing
CA-13-054	Palm Grove Apartments
CA-13-065	Vista Del Mar Commons
CA-13-073	Crescent City Senior Apartments
CA-13-081	Whittier Senior Housing
CA-13-088	Mendota Rental Assistance Demonstration (RAD)
CA-13-089	Orange Cove Rental Assistance Demonstration (RAD)
CA-13-090	Fresno Rental Assistance Demonstration (RAD)

Additional 2013 First Round Awards with Federal Funding

CA-13-002	Residences at Old Town Kern
CA-13-024	Pescadero Lofts
CA-13-083	Step Up On Colorado
CA-13-085	Third Avenue Apartments
CA-13-091	Riverwalk Apartments
CA-13-831	Cochrane Village
CA-13-832	460 Grand Avenue Apartments
CA-13-835	Oak Ridge Family Apartments