

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

915 CAPITOL MALL, ROOM 485  
 SACRAMENTO, CA 95814  
 TELEPHONE: (916) 654-6340  
 FAX: (916) 654-6033



William J. Pavão  
 Executive Director

**MEMBERS:**  
 Bill Lockyer, Chair  
*State Treasurer*  
 Michael C. Genest, Director  
*Department of Finance*  
 John Chiang  
*State Controller*

DATE: November 23, 2009  
 TO: Low Income Housing Tax Credit Stakeholders  
 FROM: William J. Pavão, Executive Director  
 SUBJECT: Proposed Regulation Changes for 2010

Attached for public review and comment are the California Tax Credit Allocation Committee (TCAC) staff's proposed regulation changes for 2010. This summary memorandum highlights what TCAC staff proposes to present to the Committee for their adoption in February, 2010. TCAC staff will conduct public hearings to discuss and solicit comments as follows:

Friday December 4, 2009	<b>Los Angeles</b> The Millennium Biltmore 506 S. Grand Avenue 10:00 a.m. to 12:00 noon
Monday December 7, 2009	<b>Sacramento</b> State Treasurer's Office 915 Capitol Mall, Room 587 1:00 p.m. to 3:00 p.m.
Wednesday December 9, 2009	<b>San Francisco</b> Milton Marks Conference Center 455 Golden Gate Avenue, Lower Level Auditorium 1:00 p.m. to 3:00 p.m.

In summary, the proposed changes are as follows:

**Proposed Regulation Changes:**

1. Increase housing goal percentages for Special Needs and SRO housing types. **Section 10315(i), page 1 of the attached draft.**
2. Clarify geographic apportionment naming styles. **Section 10315(j), page 2.**
3. Extend 9% difficult to develop area (DDA) status for six California counties. **Section 10317(d), page 2.**
4. Require placed-in-service packages, with service amenity information added, within six months of project completion. **Section 10322(i)(2), page 3.**
5. Starting in the second round of 2010, limit a sponsor's credit ceiling (9%) applications to no more than four (4) per round, and no more than two (2) per set-aside or geographic apportionment. **Section 10325(c), page 4.**

6. Clarify that competitive transit buses are to be publicly operated, not private systems. **Section 10325(c)(5)(A)1., page 5.**
7. Clarify, by establishing minimum square footages, the term “full scale grocery store/supermarket.” Also add, and establish a minimum square footage for, the term “neighborhood market,” and delete the term “convenience market.” In addition, provide points for nearby a farmers’ market. Finally, increase distances for lesser points. **Section 10325(c)(5)(A)4., page 6.**
8. Recognize public schools under construction at application as “in place” with evidence that they will be complete before the residential project. **Section 10325(c)(5)(A)5., page 7.**
9. Establish free high speed internet as a two (2) point option under site amenity scoring. **Section 10325(c)(5)(A)10., page 8.**
10. Establish new scoring standards for service amenity scoring. **Section 10325(c)(5)(B)., page 8.**
11. Require documentation of rent subsidies if more than half of a proposed project’s units are targeted at 45% of AMI or less. Also, amend the lowest scoring income table to account for larger percentages of lower income units, and reduce the amount of points available for 50% AMI units. **Section 10325(c)(7)(A), page 12.**
12. Amend the final tiebreaker to combine the ratios of (a) requested unadjusted eligible basis to total development costs, and (b) committed permanent public funding to total development costs. Eliminate the exceptions of land costs and developer fee in the total development cost figure. **Section 10325(c)(10), page 14.**
13. Add service plans provisions to the Special Needs additional threshold requirements. **Section 10325(g)(4), page 15.**
14. Clarify the components included in the builder overhead and profit calculation. **Section 10327(c)(1), page 16.**
15. Require an architect’s certification that basis limit boost-increasing project features will, in fact, be incorporated into the project design. **Section 10327(c)(5)(A) and (B), page 17.**
16. Increase the required debt service coverage ratio to 1.15 to 1. **Section 10327(c)(6), page 18.**
17. Require an additional manager’s unit for every additional 80 units in a property. **Section 10327(g)(1), page 18.**
18. Require an annual service amenity certification confirming the services remain in place as described within the awarded application. **Section 10337(c)(3), page 19.**

Attachment