

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

Ana J. Matosantos, Director
Department of Finance

John Chiang
State Controller

DATE: January 24, 2012
TO: Tax Credit Applicants
FROM: William J. Pavao, Executive Director
RE: Methodology for Determining Rural Status of Project Site

Under California law, the Tax Credit Allocation Committee (TCAC) must set aside twenty percent (20%) of all annual nine percent (9%) federal credits for projects in rural areas (Revenue and Taxation Code 23610.5(j)(5) and Health and Safety Code 50199.20). Additionally, TCAC regulations require that all projects in rural areas compete for credits in this rural set-aside, with certain limited exceptions (CCR Section 10315(c)). Therefore, all applicants for 9% tax credits must document to the Committee's satisfaction the rural or non-rural status of the project.

"Rural area" is defined in State statute, Health and Safety Code Section 50199.21 as an area that satisfies one of three criteria on **January 1 of any calendar year**. There are two methodologies for determining a project's rural status for TCAC applications:

1) The project must pass one of the three steps provided in this memo and detailed in Health and Safety Code 50199.2;

Or

2) The applicant must provide a current letter from the USDA Rural Housing Services' State Office that the project is in an RHS Section 515 eligible area (CCR Section 10322(i)(9)).

Step 1: Non-metropolitan Counties

Projects in non-metropolitan areas are considered rural. Under the current definition of "metropolitan statistical area" established by the US Office of Management and Budget effective in 2010, 21 of California's 58 counties qualify as non-metropolitan. Projects located in the following counties are not required to provide documentation of rural status, and will be considered rural applicants:

Alpine	Humboldt	Modoc	Tehama
Amador	Inyo	Mono	Trinity
Calaveras	Lake	Nevada	Tuolumne
Colusa	Lassen	Plumas	
Del Norte	Mariposa	Sierra	
Glenn	Mendocino	Siskiyou	

Step 2: Rural Housing Service (RHS) Eligible Area

Beyond the 21 counties listed above, areas eligible for the RHS Section 515 program are also considered rural. The USDA Rural Development website has a list of eligible areas. The website address is: <http://www.rurdev.usda.gov/CA-MFHPrograms.html>.

At the website address, proceed as follows:

Select the

- a) “Sec. 515 Designated Place List (FY11)” link.
- b) Check your project’s location against locations on the PDF file list.
- c) In Tab 3 of the application, submit a printout of the page in the designated places list with the location of your project highlighted, and evidence of your project’s location within the designated place.

Step 3: Small City Status

If neither Steps 1 or 2 result in a rural determination, a project site may be rural if it is within or adjoining a small city, subject to limitations detailed below:

If the project site is within or adjoins an incorporated city, download State Department of Finance’s Report E-1 – January 1, 2010 and 2011 at:

<http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/view.php>. Check the city’s latest population estimate. If located in an incorporated city of 40,000 or less, or in the unincorporated area adjoining that small city, the project may be considered rural if the project’s census tract is not designated as an “urbanized area” or “part of an urbanized area.” Note that the state’s statutory definition specifies “urbanized areas.”

The 2000 Census also designates some areas as “urban clusters” (i.e., areas not defined as an “urbanized area” but still demonstrably urban). A proposed project in an “urban cluster” still meets the rural definition under Step 3. Only the census designation “urbanized area” disqualifies a project for the rural set-aside under this step.

NOTE: Health and Safety Code 50199.20 determines if an area is rural based on its status on **“January 1 of any calendar year.”** As the 2010 Decennial Census Urban and Rural data will be available as of October 2012, for the 2012 calendar year TCAC applicants should use the 2000 Decennial Census data to determine rural status as in previous years. TCAC applicants should use the 2010 Decennial Census data starting January 1, 2013.

Proceed as follows to satisfy step 3:

- a) Go to the NEW American FactFinder at the US Census Bureau website:
<http://factfinder2.census.gov/main.html>
 - 1) Select “Topics” in the left-hand menu
 - 2) Expand “Dataset”
 - 3) Select “2000 SF1 100% Data” under “Dataset”
 - 4) Expand “Product Type”
 - 5) Select “Detailed Table” under “Product Type”
 - 6) “2000 SF 1 100% Data” and “Detailed Table” should now be listed as your selections
 - 7) Select “Geographies” in the left-hand menu
 - 8) Select “Address” Tab
 - 9) Type the project’s existing/anticipated address
 - 10) On the project summary table, click the project’s census tract to add it to your selections
 - 11) Select “Topics” again
 - 12) Click the “Urban and Rural” link in the list on the right
- b) If the table indicates that the total population of the census tract is rural or inside urban clusters, the site will be considered rural. If the proposed project site meets these qualifications, print the census tract table and submit it in Tab 3.
- c) If the table indicates that the population is spread among rural, urban area, and urban cluster categories, further research is required. Census tracts are comprised of blocks and block groups. If the steps outlined above are inconclusive, go back to the address summary table and add the project’s “block group” to your selections to take a deeper look at the area’s rural or urban status. **Alternately, you may contact TCAC analyst Nicola Hil at NHil@treasurer.ca.gov for assistance in determining the rural status of a proposed project site.**

Technical Assistance:

If you have completed the previous steps and are still unsure as to rural status of your project, you may also contact both HCD and RHS and request a status determination:

Mario Angel

Division of Housing Policy Development
California Department of Housing
and Community Development
1800 3rd Street
P.O. Box 952053
Sacramento, CA 94252-2053
Phone: 916-445-3485
Fax: 916-327-2643
<http://www.hcd.ca.gov/hpd>
mangel@hcd.ca.gov

Debra Moretton

Multifamily Housing Program Coordinator
USDA, Rural Development
California State Office
430 G Street, Agency 4169
Davis, CA 95616-4169
Phone: 530-885-6505, ext. 109
Fax: 530-823-5504
www.rurdev.usda.gov/ca
debra.moretton@ca.usda.gov