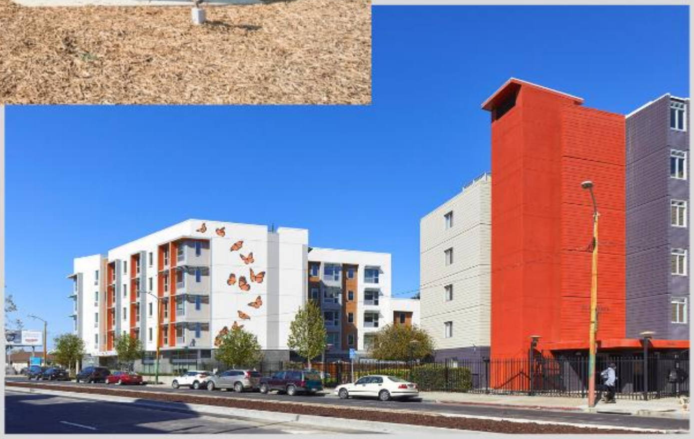

2021 ANNUAL REPORT TO THE LEGISLATURE

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
2021 Annual Report

Report on the Allocation of Federal and State Low-income Housing Tax Credits in California

Section 50199.15 (a) of the California Health and Safety Code requires the California Tax Credit Allocation Committee (Committee) to submit an annual report of the prior year's activities to the Legislature. The statute specifically requires the Committee to report the following information:

- the total amount of low-income housing credits allocated by the Committee
- the total number of low-income units that are, or will be, assisted by the credits occupied by households whose income is 60 percent or less of area median gross income
- the number of credits allocated to each project, other financing available to the project, and the number of units that are, or will be, assisted by the credits
- sufficient information to identify the projects as well as the total units in the project

The Committee shall also include an aggregation of the information which shall be submitted annually by housing sponsors for all projects which have received an allocation in previous years, specifying all of the following:

- information sufficient to identify the project
- the total number of units in the project
- the total number of units assisted by the credit that are required to be occupied by households whose income is 60 percent or less of the area median gross income

The committee shall also include in its annual report to the Legislature, any recommendations for improvement in the low-income housing tax credit.

This entire report can also be viewed online:
http://www.treasurer.ca.gov/ctcac/2021/annualreport.asp

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Voting Committee Members:

Fiona Ma, CPA, Chair
State Treasurer

Keely Martin Bosler, Director
Department of Finance

Betty T. Yee, State Controller

Tiena Johnson Hall, Executive Director
California Housing Finance Agency

Gustavo Velasquez, Director
Department of Housing and Community Development

Advisory Committee Members:

Vivian Moreno
City Representative

Terra Lawson-Remer
County Representative

Front Cover images: Top left, Sequoia Commons in Goshen is Project 20-556; bottom left: California State Treasurer Fiona Ma joined the California Department of Housing & Community Development for a press conference in Oakland announcing the California Housing Accelerator. Ma was joined by HCD Director Velasquez, CA's Business, Consumer Services and Housing Agency Secretary Castro Ramírez, Assembly Committee on Housing and Community Development Chair David Chiu, Assembly Select Committee on Social Housing Chair Buffy Wicks, Deputy Controller Tony Sertich of the California State Controller's Office, and CTCAC Executive Director Nancee Robles; Bottom right is Project 19-408 Monarch Homes in Oakland.

CTCAC Committee Staff:

Nancee Robles, Executive Director

Anthony Zeto, Deputy Director
Ricki Hammett, Deputy Director

Gabrielle Stevenson, Development Section Chief
Elizabeth Gutierrez, Compliance Senior Program Manager
Shannon Nardinelli, Compliance Senior Program Manager
Phyllis Blanton, Compliance Program Manager
Emilio Contreras, Compliance Program Manager
Carmen Doonan, Development Program Manager
Connie Harina, Development Program Manager
Quang Le, Compliance Program Manager
Mayra Lozano, Compliance Program Manager
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Cynthia Compton
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Franklin Cui
Generoso Deguzman
Jyotika Devi
Linda Doan
Justin Espanol
Michelle Fadenipo
Richard Fujitani
Sarah Gullikson
Anthony Griffay

Frank Harper
Joshua Helmich
Crystal Her
Dylan Hervey
Noemy Iniguez
Rhonda Jassal
Frederick Jazmin
Elaine Johnson
Ted Johnson
Shia Lor
Tricia Mitchell
Pheng Moua
Noeh Nazareno
Tiffani Negrete
Alex Ninh

Juan Diego Ochoa
Gerado Rodriguez
JoAnn Rosen
Jonghyun “Tommy” Shim
Karen Snyder
Sopida Steinwert
Jahan Tahaei
Kole Tefft
Eric Turlak
Lucy Vang
Julio Villanueva
Nicholas White
Jerry Yang
Pa Kou Yang

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Executive Summary

2021 Program Year

As recovery from the health and economic effects of the COVID-19 pandemic continued, the mission of the **California Tax Credit Allocation Committee (CTCAC)** was never clearer: California needs more affordable housing. **CTCAC** remained focused on the vital task of managing and allocating the state's precious resources that helped thousands of Californians move into new affordable units throughout 2021.

CTCAC and the **California Debt Limit Allocation Committee (CDLAC)** administered programs that addressed critical needs for the State of California in 2021. **CTCAC** awards nine percent (9%) and four percent (4%) federal tax credits to qualified new construction projects or existing properties undergoing rehabilitation. **CTCAC** also administers the **Low-Income Housing Tax Credit (LIHTC)** program in the State Treasurer's Office, which is a crucial funding source for producing and preserving affordable rental housing and helping reach the Governor's goal of producing 3.5 million units in California by 2025.

Through **CTCAC**, private investors receive federal, and sometimes also state, income tax credits as an incentive to make equity investments in affordable rental housing. Since 1986, more than 500,000 affordable housing units have been supported in California thanks to LIHTC funding.

CTCAC also awarded **State Tax Credits** throughout 2021 with most of those credits working in tandem with **CDLAC**. **CDLAC** provides the private activity tax-exempt bond allocation required to access the 4% tax credits.

In 2021, **CTCAC** awarded $191.4 million in nine percent (9%) annual federal LIHTCs to 106 proposed housing projects, which included an additional $80.7 million in 9% LIHTCs from the Consolidated Appropriations Act, 2021 for disaster relief to assist those counties devastated by wildfires that occurred in 2020. As in previous years, the 9% LIHTCs remained competitive and oversubscribed with 182 applications received in 2021. The 106 projects awarded will generate $1.9 billion in private equity investment for projects, allowing recipients to develop a total of 6,235 affordable rental housing units.

The non-competitive four percent (4%) program awarded $356.9 million in annual federal tax credit to 164 proposed housing projects. Recipients will develop 16,729 affordable rental housing units, funded with approximately $3.6 billion in tax credit equity investments. Included with the 9% and 4% federal tax credit awards listed above, the Committee provided 91 of these projects with state tax credit awards. State credits are instrumental in providing additional equity to projects when federal tax credits fall short of a project's needed financing, and state tax credit awards permit federal credits to be stretched across more projects, resulting in more housing built.

Our goal in 2021 and beyond was to allocate tax credits to provide the much-needed housing and stability to make a difference in the lives of Californians in all corners of this state.

9%

Low-income Housing Tax Credits

Snapdragon, above, is Project 17-105 in Ventura.

I. 2021 Accomplishments & Results - 9% Tax Credits

Overview

In 2021, the per capita annual federal tax credit ceiling was $110,722,719. The Consolidated Appropriations Act, 2021 provided an additional $80,743,338 in annual federal tax credit for disaster relief to assist those counties devastated by wildfires that occurred in 2020. During 2021, $232,951 in net annual federal tax credit[1] was returned to the Committee, and $1,357,757 in annual federal credit was awarded by the IRS to California from the "National Pool."[2] CTCAC forward committed $889,580 in 2020 from the 2021 credit ceiling. California allocated $191,444,125 in annual federal credit. This annual total includes $402,960 in available disaster credits (see page 27) forward committed from the 2022 credit ceiling. While low-income housing tax credits are referred to in annual terms, each award earns investors 10 years of annual federal tax credits. The real value of the $191,444,125 in annual federal credits allocated in 2021 was $1,914,441,250.

California State Treasurer Fiona Ma joined California Tax Credit Allocation Committee (CTCAC) & California Debt Limit Allocation Committee (CDLAC) Executive Director Nancee Robles and City of Roseville Mayor Krista Bernasconi - to celebrate the ribbon-cutting of Main Street Plaza Apartments, a 65-unit affordable development in Roseville for low-income families, vets & individuals with special needs.

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[1] Net of federal credit exchanges

[2] National pool credits are unused tax credits from other states that are divided among states that have allocated all their credit in the preceding year

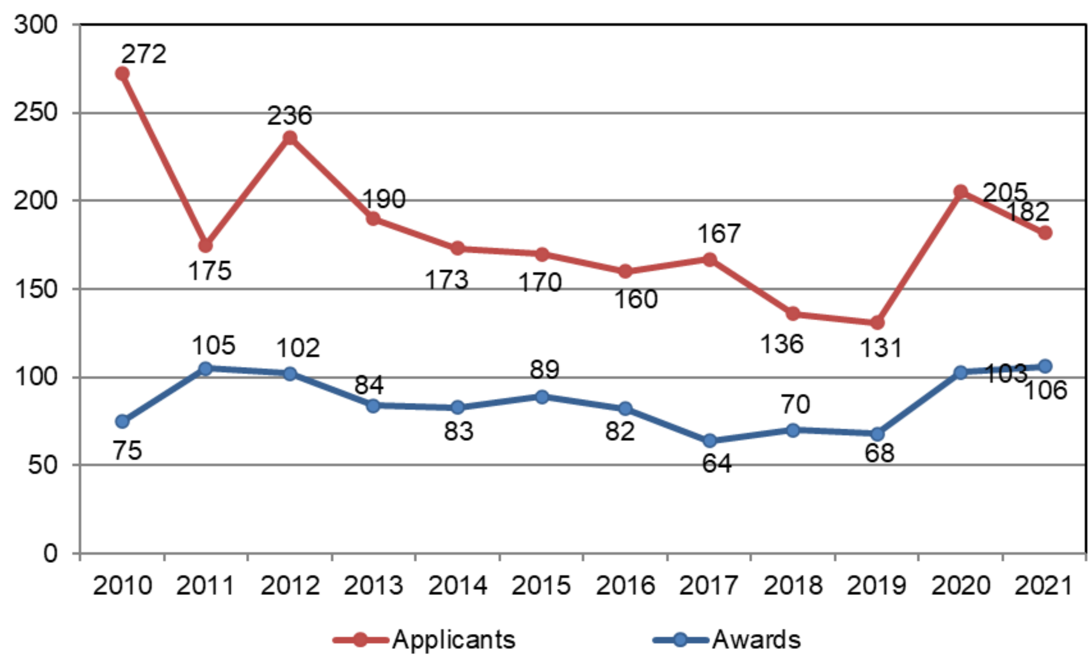
2021 Demand for 9% Tax Credits

Applicants submitted a total of 182 applications for competitive 9% tax credits in 2021 with 106 projects, or 58%, receiving a tax credit allocation. Throughout the previous five years, demand has ranged from 131 to 204 applications. The applicant success rate in 2021 was similar in comparison to the previous year. Application success rates have ranged from 38% (in 2017) to 58% (in 2021) during the previous five years.

Applications

In 2021, 182 applicants requested $330 million in annual 9% federal tax credit, exceeding the nearly $192 million available.[3] Fifty-Three of the 182 applicants also requested $411.8 million in total state tax credit. Chart 1 below provides additional historical data on federal credit ceiling applicants.

Chart 1
9% Application Submissions 2010 – 2021



[3] This amount includes second round reapplications.

Housing Types

State regulations require all 9% tax credit applicants to compete as one of five housing types. These include: Large Family (3-bedroom or larger units accounting for at least 25% of total project units); Senior; Special Needs (e.g., persons with developmental, physical, or mental health disabilities, physical abuse survivors, individuals experiencing homelessness, or persons with chronic illness); existing projects “At-Risk” of losing affordability; and Single Room Occupancy (SRO) (90% of all units shall be efficiency or studio units). Table 1 below outlines the distribution of low-income units and tax credits among housing types for 9% federal and state tax credits awarded in 2021. There were zero SRO projects awarded in 2021. The listed “goal” refers to the distribution of federal and state tax credits among housing types, not units, as established by CTCAC regulations.

Table 1
2021 9% Housing Type Units and Credits

Housing Type	Projects	Low Income Units	Total Fed Allocation	Total State Allocation	Total Federal/State Allocation	% of Total	Housing Type Goal
Large Family	59	3,583	$1,132,282,380	$24,530,973	$1,156,813,353	57.51%	65%
Special Needs	21	1282	$409,816,000	$49,516,509	$459,332,509	22.84%	30%
Senior	19	990	$317,675,160	$12,245,745	$329,920,905	16.40%	15%
At-Risk	7	380	$54,667,710	$10,769,535	$65,437,245	3.25%	15%
Total	106	6,235	$1,914,441,250	$97,062,762	$2,011,504,012	100.00%	

Tax Credit Set-Asides

Consistent with federal and state law, CTCAC sets aside 10 percent (10%) of the available 9% tax credits for nonprofit entities. State law also provides that 20% of federal credits be set aside for allocation to rural projects. CTCAC regulations provide for a four percent set-aside for special needs developments and a five percent set-aside for affordable housing at risk of losing affordability. While Table 2 on the following page outlines the 2021 allocation of 9% federal tax credit among the various set-asides and the geographic apportionment, projects initially applying under certain set-asides may have been awarded under a different set-aside or apportionment. This is due to the nature of the 9% competitive system, which allows nonprofit, special needs, and at-risk set-aside projects to compete in the geographic apportionment if unsuccessful in their set-aside.[4] Table 2 provides information on the federal and state allocations for each set-aside. Percentages reflect the non-disaster credit allocations, since the set-asides and geographic apportionment did not include disaster credits.

Table 2
2021 9% Allocations by Set-Aside

Set-Aside		Projects	Low-Income Units	Total Federal Allocation	% of Total	Total State Allocation	% of Total
Nonprofit	Homeless Assistance	3	197	$70,217,140	9.91%	$2,339,856	5.18%
	Nonprofit	2	134	$40,590,030		$2,692,243	
Rural	RHS/Tribal/HOME	4	184	$60,742,890	20.29%	$5,031,337	11.21%
	Rural	14	813	$166,164,640		$5,850,703	
At-Risk		5	239	$57,622,600	5.15%	$5,249,346	5.41%
Special Needs		3	167	$45,866,480	4.10%	$4,636,554	4.78%
Geographic Apportionment		36	2,193	$677,064,290	60.55%	$71,262,723	73.42%
SUBTOTAL		**67**	**3,927**	**$1,118,268,070**	**100.00%**	**$97,062,762**	**100.00%**
Disaster Credit Awards		39	2,308	$796,173,180		$0	
TOTAL		**106**	**6,235**	**$1,914,441,250**		**$97,062,762**	

Qualifying nonprofit awards were not limited to those funded within the Nonprofit Set-Aside. Project applications submitted to the Nonprofit Set-Aside may have been awarded in the above Geographic Apportionment if unsuccessful in the Set-Aside. Of the $111.8 million in annual federal credit ceiling awarded, nearly 10 percent was awarded to Nonprofit Set-Aside applicants.

[4] Please refer to CTCAC Regulation Sections 10315 and 10325(d) for further information.

Geographic Apportionments and Credit Distribution

Table 3 on the following page shows the portion of federal and state tax credit distribution awarded in the geographic apportionments. This table includes only those projects receiving funding from the geographic apportionments and does not include projects funded in these geographic regions under the set-asides. For set-asides, please refer to Table 10. The Target Apportionment of Table 3 does not account for prior years' results and their effect on available tax credit in 2021. Any overage from 2020 reduced the available credit for 2021. In addition, regions awarded less credit than was available for their region in 2021 will have a greater amount of credit available in 2022. The Allocation Percentages shown in Table 3, however, do reflect these additions or subtractions.

Table 3
2021 Federal and State Apportionments and Allocations

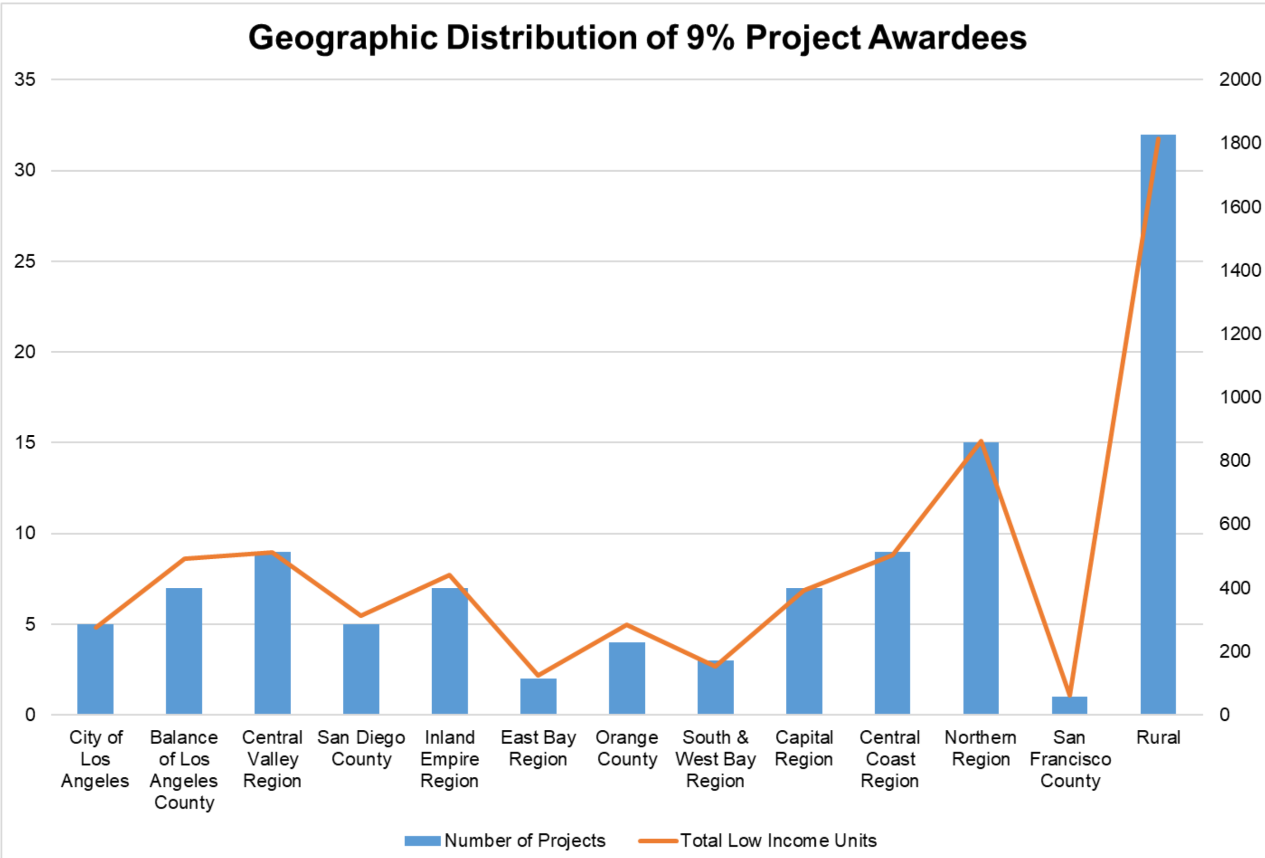
Geographic Region	Allocation Amount	Allocation Percentage	Target Apportionment
City of Los Angeles	$101,636,083	13.6%	17.6%
Balance of Los Angeles County	$132,014,316	17.6%	17.2%
Central Valley Region	$84,196,698	11.3%	8.6%
San Diego County	$58,142,259	7.8%	8.6%
Inland Empire Region	$68,569,790	9.2%	8.3%
East Bay Region	$45,562,311	6.1%	7.4%
Orange County	$65,291,210	8.7%	7.3%
South & West Bay Region	$56,926,040	7.6%	6.0%
Capital Region	$56,779,040	7.6%	5.7%
Central Coast Region	$30,370,120	4.1%	5.2%
Northern Region	$48,839,146	6.5%	4.4%
San Francisco County	$0	0.0%	3.7%
Total	**$748,327,013**	100.0%	100.0%

Table 4 on the next page shows 9% federal and state tax credit distribution for 2021 by CTCAC geographic region and includes projects funded with set-aside allocations and disaster credits.

Table 4
2021 Total Federal and State Allocations by Geographic Area

Geographic Area	Number of Projects	Total Low-Income Units	Total Federal Allocation	% of Total	Total State Allocation	% of Total
City of Los Angeles	5	277	$112,631,400	5.88%	$14,004,683	14.43%
Balance of Los Angeles County	7	493	$157,460,800	8.22%	$31,529,926	32.48%
Central Valley Region	9	511	$143,434,720	7.49%	$9,984,328	10.29%
San Diego County	5	314	$76,256,330	3.98%	$5,836,189	6.01%
Inland Empire Region	7	440	$118,372,010	6.18%	$1,549,636	1.60%
East Bay Region	2	126	$40,397,860	2.11%	$5,164,451	5.32%
Orange County	4	285	$80,881,240	4.22%	$0	0.00%
South & West Bay Region	3	152	$56,926,040	2.97%	$0	0.00%
Capital Region	7	392	$106,490,140	5.56%	$9,009,710	9.28%
Central Coast Region	9	505	$203,190,920	10.61%	$0	0.00%
Northern Region	15	862	$323,223,800	16.88%	$6,409,556	6.60%
San Francisco County	1	63	$25,000,000	1.31%	$2,692,243	2.77%
Rural	32	1815	$470,175,990	24.56%	$10,882,040	11.21%
TOTAL	**106**	**6,235**	**$1,914,441,250**	**100.00%**	**$97,062,762**	**100.00%**

Since disaster credits were not available in previous years, the geographic distribution of the 9% projects funded in 2021 saw many projects awarded in the Northern Region and Rural areas where the greatest number of homes were lost in 2017 and 2018 due to the wildfires. The county allocation of disaster credits, partly determined by the number of lost homes, provided more credit to Butte and Santa Cruz counties, in the Northern and Central Coast Regions as well as some Rural areas. The following graph shows the geographic distribution of all 9% awards based on number of projects and low-income units.



Unit Distribution by Income Levels and Type

In 2021, the 106 projects awarded 9% credits produced 6,235 low-income units. Of the 6,235 low-income units, 1,852 units were targeted to extremely low-income households at income levels at or below 30% Area Median Income (AMI), 2,808 units were targeted to very low-income households at income levels between 30% and 50% AMI, and 1,575 units were targeted to low-income households at income levels between 50% and 80% AMI. Moderate income units exceed 80% AMI and are not considered tax credit units. The 106 projects awarded 9% credits created 6,357 total housing units consisting of 849 SRO/Studio units, 2,255 one-bedroom units, 1,889 two-bedroom units, 1,233 three-bedroom units, 125 four-bedroom units, and six five-bedroom units.

4%

Low-income Housing Tax Credits

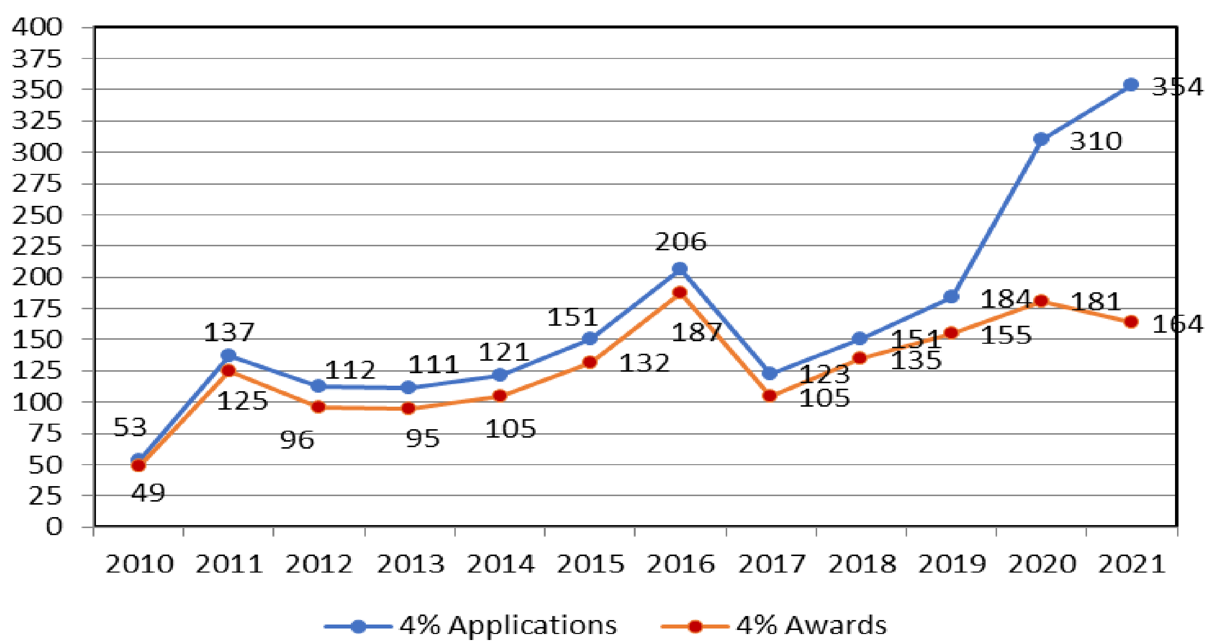

Because of the competitive nature of California's affordable housing tax credits, projects earn points for featuring playgrounds, community rooms and other resident amenities.

II. Accomplishments & Results – 4% Tax Credits

In 2021, the Committee received 354 applications for projects financed with tax-exempt bond proceeds and reserved 4% federal tax credits for 164 projects. The number of 4% applications and awards has varied in recent years with the national economic environment (see Chart 2 below), with recent upward trends beginning in 2014. In 2016, 4% credit had a record high of 187 projects awarded for 29,804 affordable rental housing units, utilizing $229.6 million in 4% federal tax credits. In 2018 and 2019, 4% credit applications and awards increased after a decline in 2017 (see Chart 2 below).

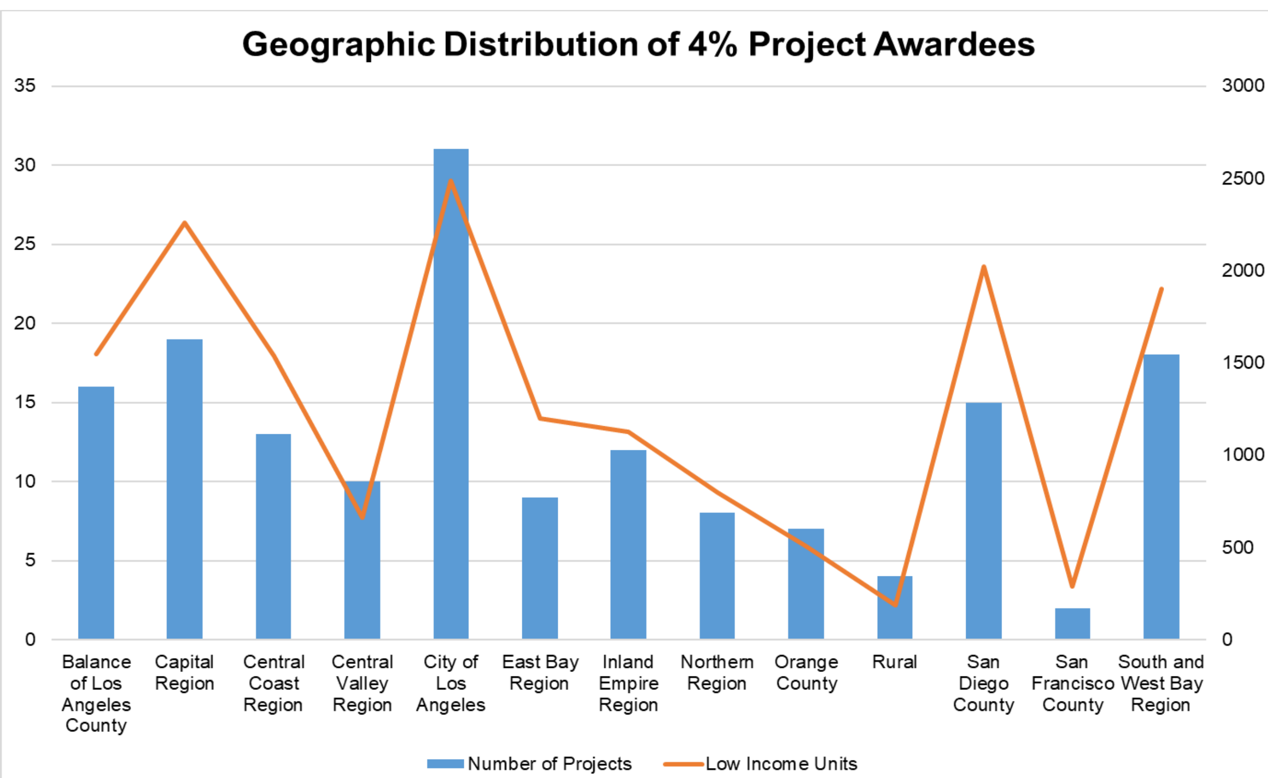
On July 31, 2019, Assembly Bill 101 (AB 101) was signed into law. AB 101 provided $500 million additional state low-income housing tax credits to be combined with 4% federal tax credit to develop new construction multifamily housing projects. This year 354 4% credit applications were submitted, and of those, 164 received a reservation of tax credits – a decrease in total number of projects because the per project awards were larger than the previous year. Of the 164 projects, 72 also received allocations of state credit totaling $504,501,818.

Chart 2
4% Awards 2010 – 2021



The following table and graph show the geographic distribution of all 4% awards based on number of projects and low-income units.

Geographic Region	Number of Projects	Low Income Units[5]
Balance of Los Angeles County	16	1,549
Capital Region	19	2,259
Central Coast Region	13	1,538
Central Valley Region	10	663
City of Los Angeles	31	2,489
East Bay Region	9	1,197
Inland Empire Region	12	1,128
Northern Region	8	797
Orange County	7	505
Rural	4	185
San Diego County	15	2,023
San Francisco County	2	286
South and West Bay Region	18	1,899
Total	164	16,518



[5] See breakdown of unit types on Page 19

In 2021, the average annual federal credit awarded to a 4% project was $2,188,970. The average project size was 101 affordable units, an increase from the previous year, which averaged 94 affordable per project. The average annual federal credit award per unit in 2021 was $21,733, or $217,330 in total federal credit per unit.

Unit Distribution by Income Levels and Type

In 2021, the 164 projects awarded 4% credits produced 16,518 low-income units. Of the 16,518 low-income units, 4,580 units were targeted to extremely low-income households at income levels at or below 30% Area Median Income (AMI), 4,041 units were targeted to very low-income households at income levels between 30% and 50% AMI, and 7,897 units were targeted to low-income households at income levels between 50% and 80% AMI. Moderate income units exceed 80% AMI and are considered not tax credit units. In 2021, the 164 projects awarded 4% credits created 16,729 total housing units consisting of 3,768 SRO/Studio units, 5,308 one-bedroom units, 4,460 two-bedroom units, 3,009 three-bedroom units, and 184 four-bedroom units.

State Low-income Housing Tax Credits Accomplishments

Above, the exterior of Project 17-070 is Junsay Oaks in Marina.

III. Accomplishments & Results - State Tax Credits

Recognizing the high cost of developing housing in California, the state legislature created a state low-income housing tax credit program to augment the federal tax credit program. Authorized by Chapter 1138, Statutes of 1987, the state credit is only available to a project which has previously received, or is concurrently receiving, an allocation of federal credits.[6] Thus the state program does not stand alone, but instead, supplements the federal tax credit program. State tax credits are particularly important to projects outside federally designated high-cost areas or qualified census tracts. For these projects, state tax credits generate additional equity that fills a financing gap remaining after federal tax credits have been allocated. Since the 9% geographic regional apportionments are calculated based on the available federal and state tax credits, state credits increase the geographic apportionments to all regions. Tax-exempt bond financed projects (4% projects) are allocated 15% of the state credit ceiling. On July 31, 2019, Assembly Bill 101 (AB 101) was signed into law. AB 101 provided $500 million additional state low-income housing tax credits to be combined with 4% federal tax credit to construct new construction multifamily housing projects.

In 2021, the total original state credit ceiling available was $109,656,498. The 2021 state credit ceiling was $104,130,097 (excluding the additional $500,000,000 provided by AB 101), however, $5,526,401 from the 2021 state credit ceiling had been carried forward from 2020. In addition, $4,189,063 in farmworker state credit was available for agricultural worker housing. Including the $500,000,000 in state credits (which also includes $15,385,847 carried forward from 2020, as well as $18,449,646 in returned credits), in total, $643,491,991 in state credit was available.

[6] Projects applying for the state farmworker housing tax credit may legally receive these state credits without a federal credit award, but it is very unlikely that an applicant would forego available 4% federal tax credits.

With the second subsequent year of the additional $500 million in state tax credits available, applicants requested $1.6 billion in state credits in 2021, significantly higher than the $947 million requested in 2020. More than 20% of 9% applicants requested state credit in 2021, an increase from 2020 when 15% of 9% credit applicants requested state credit, but still considerably lower than 2019's 38%. The relative lower figures of 2020 and 2021 are due to the fact that disaster credit applications were not permitted to request state tax credits. The 4% applications for state credit increased significantly in 2021, possibly as a result of the additional year with the $500 million available. In 2020, there were 125 applications for 4% federal credit with state credit, and in 2021 CTCAC received 175 applications.

In 2020, the Committee awarded $581,270,935 in total state credits to 91 projects: approximately $87.2 million to 16 9% projects and $494 million to 75 4% projects. In 2021, the Committee awarded $601,564,580 in total state credits to 95 projects. Approximately $97 million in state tax credits was awarded to 23 9% projects and $505 million to 72 4% projects. These 2021 state credit awards will facilitate developing a total of 8,826 affordable housing units.

The average state credit award of $4.2 million for 9% projects decreased in 2021, from an average award of $5.4 million in 2020. The average state credit award per 9% project has varied over the past five years, ranging from $2.7 million in 2016 to $5.4 million in 2020. From 2018-2020, state credit awards to 9% projects averaged $4.3 million per project. The average state credit award per tax-exempt bond financed project has varied over the past five years, ranging from $2.9 million in 2017 to $7.0 million in 2021. From 2018-2020, state credit awards to 4% projects averaged $4.9 million per project.

In previous years, CTCAC forward committed significant portions of the state credit ceiling (see Table 8) in part because of applicants forgoing federal credit in exchange for more state credit, which made them more competitive for a credit award. This practice and trend discontinued in 2018 because of a program change.

Table 5
9% Historical State Credit Ceiling Data

	2017	2018	2019	2020	2021
Total State Award	$84,395,506	$63,863,106	$87,268,614	$87,233,658	$97,062,762
Total Number of Projects	17	20	22	16	23
Total Units	1,192	1,205	1,454	1,305	1,438
Total Low-Income Units	1,174	1,184	1,426	1,152	1,412
Average Award	$4,688,639	$3,361,216	$3,966,755	$5,452,104	$4,220,120
Credit per Low-Income Unit	$71,887	$53,938	$61,198	$75,724	$68,741
Avg. Tax Credit Factor at App.	$0.74	$0.74	$0.78	$0.76	$0.81

State Tax Credits for Special Needs Housing

Changes to state law in 2013 enabled special needs housing projects to receive state credit awards with larger federal credit awards. The volume of competitive applications for 9% credits for special needs projects increased significantly beginning in 2014. In both 2012 and 2013, one 9% special needs project requested state credit; 17 special needs housing applicants requested state credit in 2014. In 2021, 10 9% special needs housing applicants requested state credit and 25 4% special needs housing applicants requested state credit all of which were awarded a total of $196.9 million in state credit awards, or 33% of the total state credit awarded, which will develop 2,410 housing units.

State Tax Credits for 4% New Construction

In July 2019, Assembly Bill 101 (AB 101) provided $500 million additional state low-income housing tax credits for the 4% credit program in combination with tax-exempt bond financing. These additional state low-income housing tax credits were designated for 4% credit new construction multifamily housing projects able to begin construction within 180 days from award. The bill also provided a higher rate of tax credit per project for this tranche of state tax credits (30% versus the 13% typically available to 4% credit projects). It also increased the rate to 95% for low-value projects needing substantial rehabilitation, applicable to the original state ceiling. Of the $500 million, CTCAC set aside $150 million for projects receiving financing from the California Housing Finance Agency's Mixed-Income Program (MIP). AB 101 required that, for 2021, CTCAC allocate the state tax credits utilizing the minimum program requirements for 4% credit applications. In 2021, 176 applications were received for these state credits and 71 were awarded. Of the 71 awards, seven projects from the $350 million set aside were awarded $460.7 million (made possible because $107,409,604 was transferred from the 2021 CalHFA MIP Allocation, to add to the balance of $15,385,847 left over from the 2020 General Allocation) and seven projects from the CalHFA MIP $150 million set aside were awarded approximately $42.6 million. The state tax credits from AB 101 resulted in the new construction of 7,414 low-income units.

Certificated State Credit

In 2016, the Legislature provided authority for CTCAC to "certificate" state low-income housing tax credits for reservations made between 2017 and 2019, and in 2019 the Legislature made this permanent. "Certificated" state credits allow the state tax credit investor to take no ownership interest in the project partnership but rather buy the credits outright. Breaking the ownership link changes the federal tax treatment of the state credit, which increases the value of the state tax credits. Because traditional credits reduce an investor's federal deductions and therefore increase the investor's federal tax liability, traditional credits had historically been worth only $0.65 to the investor (based on the old 35% federal corporate tax rate) and now with tax law changes are worth $0.79 to the investor (based on the new 21% federal corporate tax rate). Certificated credits do not reduce an investor's federal deductions. As a result, certificated credits are worth closer to $1 to the investor. The net effect is that investors will pay more for certificated state credits and the state realizes more private investment into affordable housing for the same tax expenditure.

In 2017, 11 of 22 projects (50%) receiving state tax credits elected to certificate their credits. In 2018, five of 24 projects receiving state tax credit awards elected to certificate their credits. For 2018, CTCAC originally expected a greater percentage of projects to certificate state credits, but this may have been affected by the federal tax cuts. The reduction in the federal corporate tax rate reduces the marginal price benefit of certificated credits over traditional credits. Nonetheless, certificated credits remain more valuable. In 2019, nine of 25 projects receiving state tax credit awards elected to certificate their credits. In 2020, 44 of 91 projects receiving state tax credit awards elected to certificate their credits. In 2021, 58 of 95 projects receiving state tax credits elected to certificate their credits. The average certificated state credit price in 2021 was $0.83 per dollar of credit. The range was $0.80 to $0.91, with more than half of projects having a price of $0.80. The average traditional state credit price was $0.81.

Federal and State Credit Exchanges

Beginning in 2017, CTCAC began exchanging state credit awarded for additional federal credit due to a trend of allocating significantly more state credit than available. This trend began in 2015 (see Table 8), but in 2018 the over-allocation of state credit decreased, likely influenced by a regulation change requiring projects requesting state credit to also request the maximum federal credit permitted. In 2018, four projects exchanged awarded state credit for federal credit, reducing the initial forward commitment from the 2018 state credit ceiling by $13.3 million. In 2019 and 2020, no state credit for federal credit exchange was necessary.

Farmworker State Tax Credits

In 2009, the California legislature established an annual set-aside of state tax credits for farmworker housing developments, eliminating a separate, stand-alone farmworker tax credit program established in 1997. CTCAC receives a $500,000 farmworker state tax credit allocation each year, available for projects dedicating 50% of their affordable units to agricultural workers and their families. Beginning in 2016, CTCAC regulations permitted applicants to request farmworker state credits through a non-competitive "over the counter" process. Recently enacted legislation has made the farmworker housing credits more attractive. Projects will be allowed to receive both the 130% federal basis boost and state credits, and the state credit percentage was increased. Between 2015 and 2021, four projects received awards of farmworker state tax credit, and one project returned the award. As of December 31, 2021, the available farmworker state tax credit was $4,189,063.

2021

Key Events

CTCAC Executive Director Nancee Robles, above left, helped celebrate the grand re-opening of Paradise Community Village with Seana O'Shaughnessy, President of the Community Housing Improvement Program. Above right, the interior courtyard for Project 17-025 in Los Angeles.

Project 16-001 is the Mosaic Gardens at Westlake in Los Angeles, above.

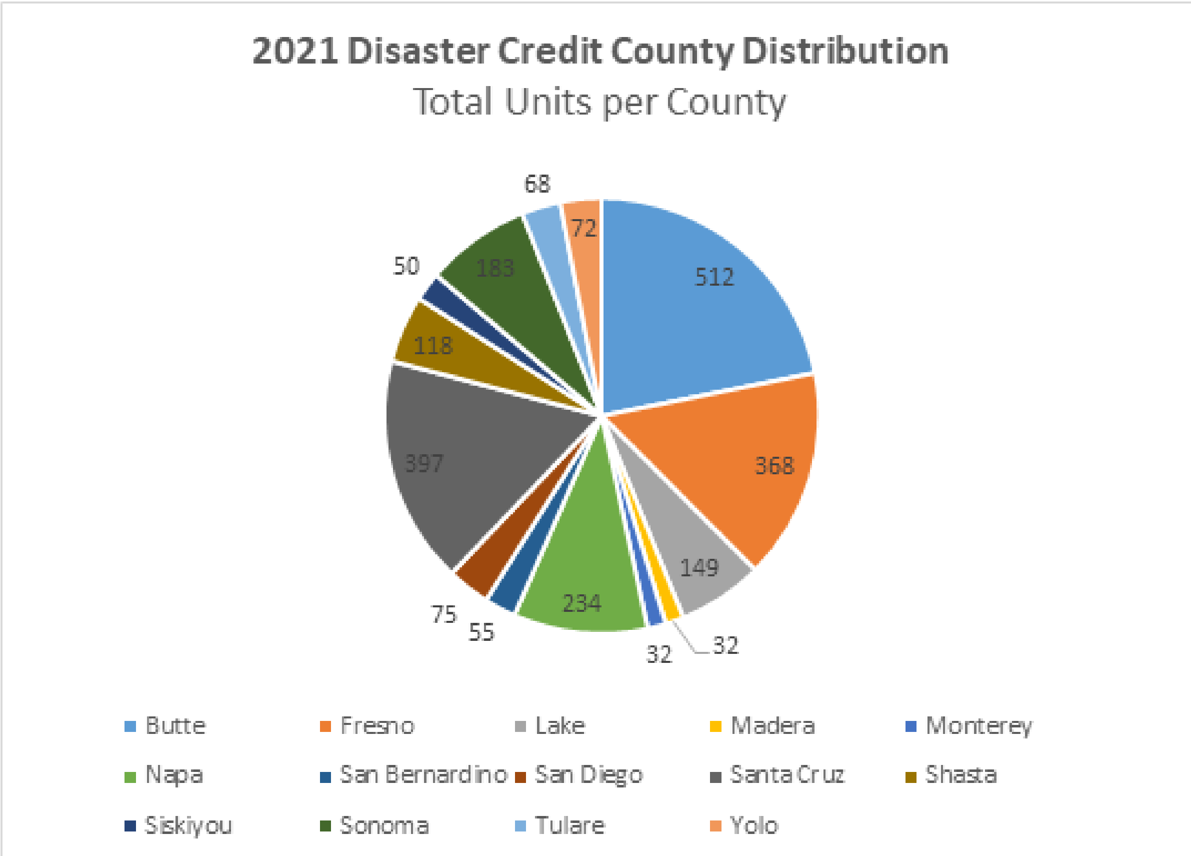
2021 Key Events

IV. Additional Tax Credit Assistance in 2021

Due to the success of the State Tax Credit allocations made in 2020 when the total allocation for State Tax Credit funding was increased from $109 million to more than $600 million, Governor Newsom approved another $500 million in State Tax Credits for housing in 2021.

Paradise Village Before and After: Paradise Village, originally financed with CTCAC's Low Income Housing Tax Credits in 2011, was seen here (below left) after the 2018 Camp Fire destroyed the entire property. The rebuilt property opened to residents in the fall of 2021.

In recognition of the recent disasters occurring in California, the U.S. Congress passed the Consolidated Appropriations Act of 2021 (CAA) on December 21, 2020. This legislation provided CTCAC with an additional $80.7 million in 2021 in Federal Tax Credits for its 9% program -- in addition to the $110 million annually it already receives. The additional $80.7 million was marked to be used in 2021-22 for projects in declared disaster areas, including 22 California counties struck by devastating wildfires in 2020. CTCAC adopted regulations on June 16, 2021, to allocate these credits, which were awarded to 39 projects producing 2,345 housing units in those counties. The CAA also established a minimum credit rate of 4% for LIHTC projects providing additional equity in financing affordable housing projects.

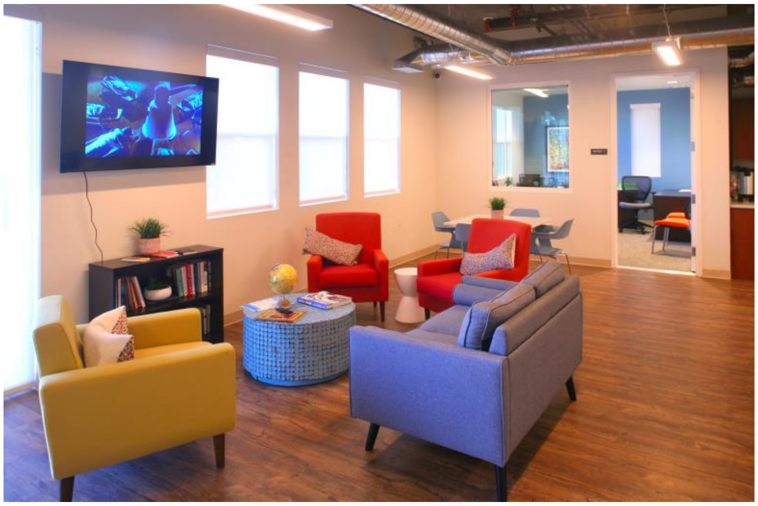


Diversity Inclusion During Application Process

In 2021 CDLAC created the Black, Indigenous, and People of Color (BIPOC) Pool for Qualified Residential Rental Projects (QRRP). The BIPOC Pool is an allocation of the state ceiling provided for Black, Indigenous, and People of Color developers that are emerging in the industry and that do not have the minimum level of experience required in the competitive application process. In its first year, three projects were awarded in the BIPOC Pool totaling nearly $112 million in bond allocation, $9,681,619 in federal tax credits and $37,034,388 in state tax credits.

OTHER PROGRAM TRENDS

Many projects are built specifically for senior residents. At left, Project 17-103 is a kitchen in the Schmale Senior complex in San Diego and at right, the exterior of the building for Project 17-107 in Hollister.



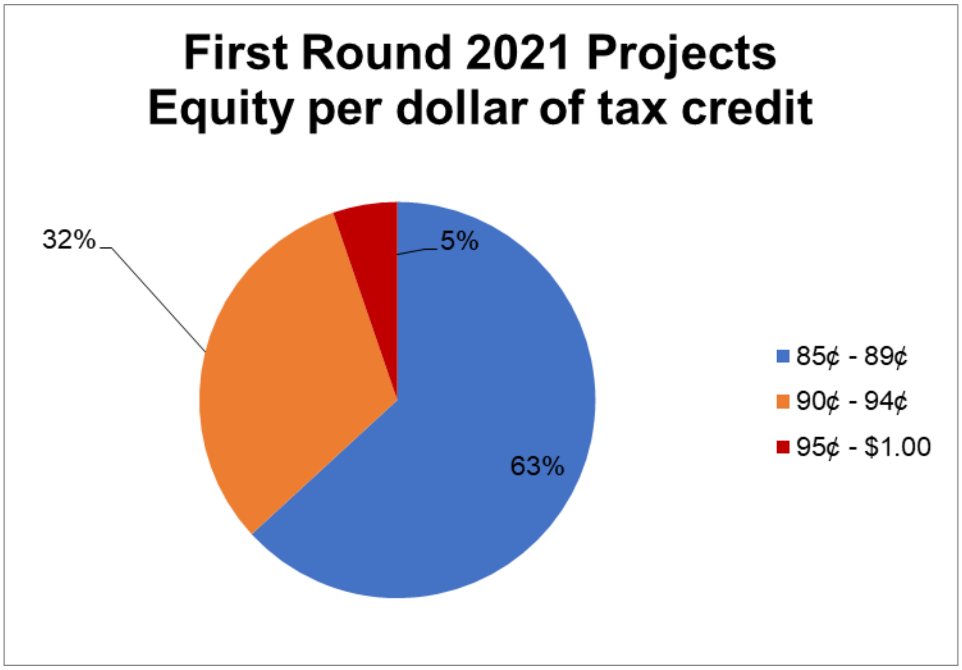
Above, the community room for Project 17-030 in Compton, Los Angeles.

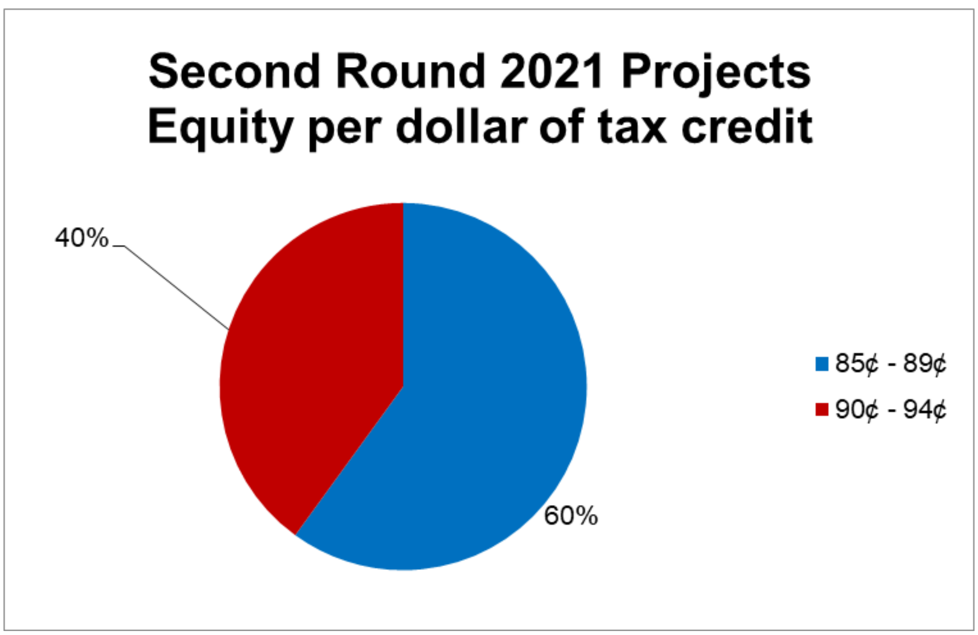
V. Other Program Trends

Federal Credit Pricing

Tax credits are generally offered through partnerships to investors, and its value is the price investors judge the tax credits to be worth in terms of dollars. As a result of the federal tax reform and decrease in corporate tax rates, tax credit pricing declined in 2017. This meant that, beginning in 2017 and continuing into 2020, projects needed more credit to be feasible. While rising interest rates and cost also had some effect, the tax cut effect has had a bigger impact, effectively locking in lower investor equity pricing. In the 9% credit program, the average annual federal credit award was $1.5 million in 2017 and 2018, an increase from the $1.1 million average of 2013-2015. Prior to 2017, the average federal 9% tax credit price was more than $1 per tax credit dollar. In 2017, the average price fell to $0.92 (see Table 6 on page 41). From 2018 to 2021, credit pricing remained below levels seen in 2015 and 2016. In 2021, the average annual federal credit award was $2 million, and the average tax credit price was $0.88. In periods where the credit pricing is lower, the need for more credit to generate the same amount of tax credit equity is expected.

The following charts depict pricing reflected in 9% applications submitted in the first and second rounds of 2021.





Federal credit pricing continued to vary by region and project type, with the highest pricing occurring in bank CRA investment areas and some of the lower pricing occurring in rural areas. At the time of application, the estimated federal and state tax credit equity for 9% projects in 2021 was approximately $1.8 billion. This amount provided on average approximately 62% of the financing necessary to fund the 106 projects awarded in 2021. Other financing sources for these projects included local, state, and federal funds, and private loans.

Native American Set-aside

In 2012, CTCAC staff began meeting with California Native American tribal representatives and discussing Native American affordable housing needs. California is home to 109 federally recognized Native American tribes. Many tribal reservations are in California's rural areas, and some reside in remote rural areas. Prior to 2014, no affordable housing projects had been built on reservation land in California using low-income housing tax credits. To reverse this trend, CTCAC staff began meeting with tribal representatives in 2013 to formulate regulation changes enabling Native American tribes to utilize the tax credit program and compete more effectively for 9% credit awards. In 2014, the Committee established a two-year pilot program, a Native American annual apportionment of $1 million from the existing 9% Rural set-aside. In 2016, CTCAC established an ongoing Native American annual apportionment of $1 million from the existing 9% Rural set-aside and resolved to disregard site amenity points within this apportionment given the often-remote location of tribal lands. In 2021, CTCAC awarded $1,601,401 in annual federal credit and $5,031,337 in state credit to two projects from the Native American set-aside for the construction of tribal housing. Awards were made to the Chukchansi Tribe for Chukchansi LIHTC # 1 in Oakhurst (Madera County) and to the Quechan Tribe for QHA Homes #111 in Winterhaven (Imperial County). In total, 43 units were awarded for tribal housing.

High Opportunity

Effective in 2018 and 2019, the Committee approved incentives to locate new construction projects for families in areas of "high opportunity." Historically, CTCAC's new construction family projects have been located disproportionately in areas that academics consider having low "opportunity" – census tracts with high segregation and poverty. CTCAC made efforts to improve this record and assist low-income families with more choices in where they may live. In other words, CTCAC wants to be part of the solution of overcoming economic and racial inequity in California. CTCAC's goal is also to improve life outcomes for our residents, as numerous studies have shown that "zip codes matter." The maps were developed by a task force of academics, led by The Othering & Belonging Institute at UC Berkeley (formerly the Haas Institute at UC Berkeley). The maps received significant feedback and revision before final adoption, and CTCAC will continue to refine the maps as data changes. For the methodology and maps, see http://www.treasurer.ca.gov/ctcac/opportunity.asp.

In 2021, seven of the 106 9% projects awarded were in high opportunity areas and represented nearly 7% of the 9% projects awarded. The seven projects created 448 low-income units. With 2020 CDLAC regulatory changes now incentivizing projects located in high opportunity areas, 27 of the 164 4% projects awarded in 2021, totaling 2,867 low-income units, were in high opportunity areas representing 16.6% of the 4% projects awarded. In 2021, this figure increased drastically from 2020, in which 3.9% of 4% projects awarded were in high opportunity areas, indicating a noticeable effect because of the CDLAC regulatory incentives.

Hybrid Projects

In 2017, the Committee approved incentives for "hybrid" projects. Most of the competitive 9% tax credit applicants request fewer credits than they are eligible for. In other words, they have excess "basis" that they do not use. If they split the project into two components, one a 9% tax credit component and one a 4% tax credit component, this excess basis can be used to generate additional non-competitive 4% tax credits and equity, thereby reducing the 9% credit request even further. In other words, CTCAC can stretch out the scarce 9% credits and fund more units overall if these applicants generate 4% credits with their unused basis. In 2018, CTCAC awarded 9% and 4% credit to all of the four hybrid applicants who applied. In 2019, 9% and 4% credit was awarded to three hybrid projects. No hybrid applications were received in 2020. In 2021, two hybrid projects were received, and one was awarded. Additionally, the Main Street Plaza Apartments celebrated its grand opening in Roseville in 2021 (image on page 8).

Monitoring

Program Compliance

Project 16-002 in Los Angeles features community rooms, patio space and more for its residents.

VI. Monitoring – Project Performance & Program Compliance

As required by federal law, CTCAC monitors a tax credit project for progress in meeting milestones and reservation requirements up until it is completed and placed in service. Additionally, Internal Revenue Code Section 42 and state statutes require CTCAC to monitor compliance throughout the entire term of the project's regulatory period. The Internal Revenue Service (IRS) requires CTCAC to monitor projects when "placed-in-service" and then every three years during the 15 years of the federal credit compliance period and notify the IRS of any owner non-compliance or reporting failures. For the remaining term of the regulatory agreement, ranging from 30 for older projects to 55 years for new projects, CTCAC is solely responsible for enforcement and monitors projects on a five-year schedule. The Committee must determine, among other requirements, whether the income of families residing in low-income units and the rents they are charged are within agreed upon limits stated in the regulatory agreement. Additionally, CTCAC staff must conduct physical inspections of units and buildings in each development to ensure they are in safe, sanitary, and habitable condition.

CTCAC's compliance monitoring program requires project owners to submit annual tax credit unit information. The information is reported on several CTCAC forms: the Annual Owner Certification, the Project Ownership Profile, Annual Owner Expense report, and Tenant Demographic Data Collection. Committee staff analyzes the information for completeness, accuracy, and compliance. In most instances, CTCAC allows a grace period to correct non-compliance, although the IRS requires that all non-compliance during the credit compliance period be reported to the IRS, even when the violation is corrected.

Investors are at great risk if non-compliance is discovered since the IRS could recapture credits claimed during any years of non-compliance. The Committee's compliance monitoring program provides for newly placed-in-service projects to receive an early review of rent-up practices so that compliance problems may be avoided.

Monitoring Activities

In 2021, due to the ongoing COVID-19 pandemic, the IRS released Notice 2021-12, extending the temporary relief provisions outlined in IRS Notice 2020-53. To ensure project compliance and prevent projects from a significant gap between monitoring reviews during the moratorium from Notice 2021-12 (January 1, 2021 – September 30, 2021), CTCAC staff conducted remote desk audits to review the project files in lieu of physical review of the files at the project as originally scheduled for monitoring review in 2021. The committee staff completed desk audits for 710 projects. Of the 710 projects, 443 or 62.4% had some incident of non-compliance, though a large majority of the non-compliance issues were corrected. The most common noncompliance incidents were missing forms or inadequately documenting files. Of the total violations only 9 of 710 or 1.3% of the developments were reported to the IRS as required for ineligible households or over-charged rents. In cases where excessive rent was charged, the project owner provided refunds to all residents who were able to be located.

In October of 2021, committee staff resumed physical compliance audits. Full file and physical audits were completed on 192 projects. Of those projects, 190 or 98.9% had some incident of non-compliance. Other than income ineligible households, over charging rents, and inadequately documenting files, most of the non-compliance issues for the full file and physical audits were Uniform Physical Conditions Standards (UPCS) violations.

Compliance Report for Projects Placed in Service

In addition to the monitoring activities for the 902 projects previously referenced, project owners are required to report the occupancy status of the tax credit units as a part of their annual reporting. The information may be used for determining file inspection selections for projects in which owners have either not reported occupancy information or have not successfully rented units to qualifying tenants.

Compliance Report for Projects in Extended Use Portfolio

In addition to performing compliance monitoring functions during the 15-year federal compliance period, Committee staff conducted desk audits on 231 projects in the extended use period, stipulated in the recorded regulatory agreement (up to an additional 40 years). The extended use monitoring is performed on a five-year monitoring rotation and 10% of files and units were randomly selected. The Committee's compliance monitoring procedures for extended use projects ensure new households are income qualified, rents remain restricted, and the units and project are physically maintained during the extended use period.

In 2021, compliance staff conducted desk audits for approximately 37.6% of projects in the extended use portfolio. Due to the COVID-19 pandemic and to alleviate the burden on owners, CTCAC staff deferred inspections on 384 extended use projects until 2022. For the 231 projects inspected, staff reported the non-compliance incidents to the project owners and established a 60-day correction period for owners to correct non-compliance findings. The owners responded with documentation evidencing corrections to the non-compliance issues with a large majority of the inspections closed out.

Compliance Report for Projects Receiving American Recovery and Reinvestment Act of 2009 Funds

The Committee is also responsible for asset management functions performed on projects awarded American Recovery and Reinvestment Act of 2009 (ARRA) funds to ensure the long-term viability of those projects. Asset management reviews on the 138 ARRA projects are performed by either a contractor, presently Boston Capital Asset Management LP, or in cases where financing was also being provided by another agency, that agency performed the reviews. The agencies who share their asset management reviews include the California Housing Finance Agency (CalHFA), the State Department of Housing and Community Development (HCD), or the United States Department of Agriculture – Rural Development (USDA-RD). In addition, staff conducts the standard IRS Section 42 compliance monitoring inspections initially within the first two years of a project being placed in service and then every 3-years thereafter during the initial 15-year federal compliance period. In 2021, CTCAC conducted desk audits on 61 ARRA projects while physical inspections were suspended due to the COVID-19 pandemic. Another 13 ARRA projects had full file and physical audits.

External Training

In addition to performing compliance monitoring functions during the 15-year federal compliance period, CTCAC staff conducted seven Advanced Compliance Workshops and 12 Basic Compliance Workshops for approximately 1,900 registrants. These registrants represented owners, developers, investors, management company agents, and asset managers. Due to the COVID-19 pandemic, these workshops were presented in a virtual format rather than the typically used in-person format. The workshops provided updated guidance on IRS and CTCAC policies, procedures, and monitoring requirements.

History

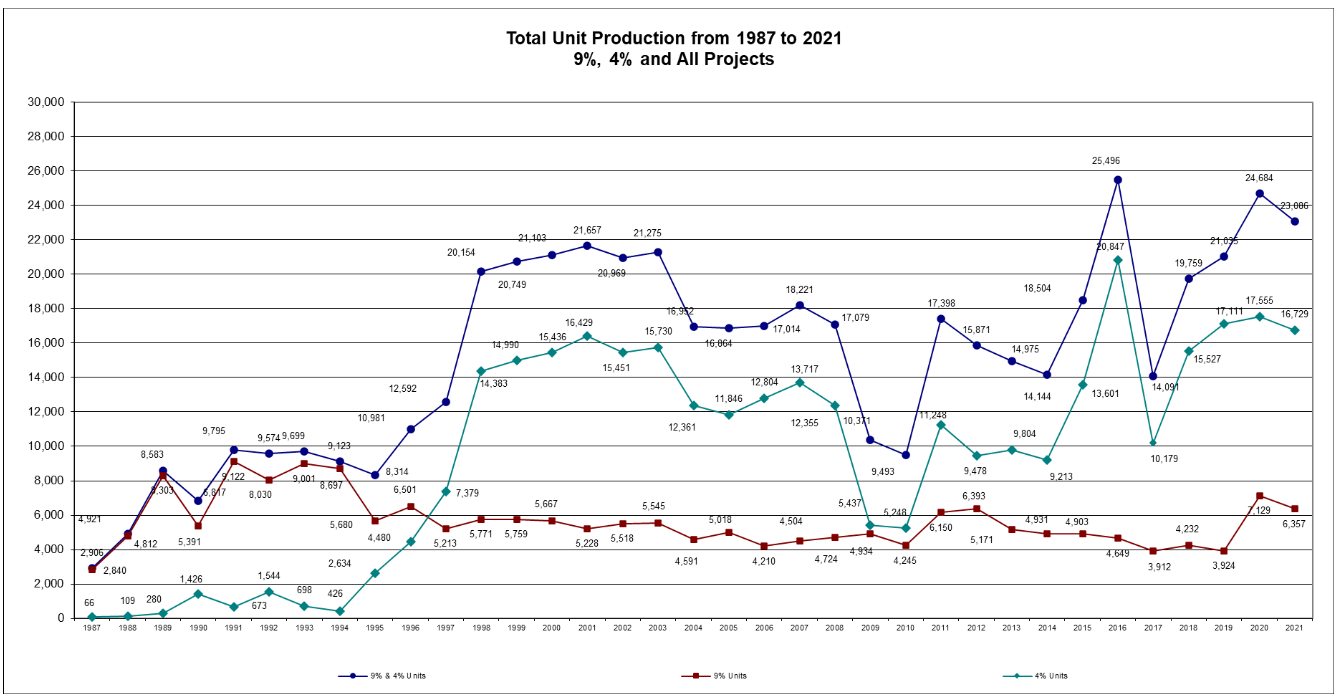
Data & Trends

VII. Historical Data & Trends

Including 2021 awards, California has awarded $25.9 billion in annual 9% credits since the program's inception in 1987. These awards will result in more than 3,100 housing projects with approximately 196,000 units. Including tax-exempt bond financed projects receiving 4% credits, CTCAC has assisted more than 500,000 affordable units with tax credit awards since the program's inception. More than 1,000 projects have also utilized state tax credits totaling more than $3.3 billion.

Chart 3[7] below displays historical data of the total units awarded each year for 9% and 4% projects from 1987 to 2021:

Chart 3



[7] These figures include projects whose original compliance period has expired and that have returned to TCAC for a second award of tax credits for rehabilitation. The award and affordable unit totals are based on TCAC's annual reports, and also include some projects with two separate awards counted in each year of awarding.

LIHTC Investment

CTCAC estimates that in the past decade alone, approximately $10.8 billion in investor equity has been, or will be, funded from the allocations of federal and state tax credits of 9% projects. CTCAC estimates the total equity invested in both 9% and 4% projects over the past five years is estimated to be more than $20 billion.[8] Tax credits are generally offered through partnerships to investors, and its value is the price investors determine the tax credits to be worth in terms of the immediate and future tax benefits received from the credits, along with other benefits received by owning a project. Table 6 below provides some summary information on various measurement factors of the 9% program.

Table 6
9% Historical Federal Credit Data

	2017	2018	2019	2020	2021
Annual Federal Award	$97,105,701	$108,955,667	$111,548,104	$210,190,924	$191,444,125
Total Number of Projects	64	70	68	103	106
Total Units	3,912	4,232	3,924	7,129	6,357
Total Low-Income Units	3,844	4,143	3,851	6,884	6,235
Average Award	$1,517,277	$1,556,510	$1,640,413	$2,040,689	$1,806,077
Credit per Low-Income Unit	$25,262	$26,299	$28,966	$30,533	$30,705
Average Project Cost	$25,045,910	$25,402,389	$25,772,989	$30,442,009	$27,909,158
Average Cost per Unit	$409,749	$420,172	$446,627	$439,827	$473,037
Avg. Tax Credit Factor at App.	$0.92	$0.93	$0.94	$0.91	$0.88
Average LI Units per Project	60	59	57	67	59

[8] Calculated using TCAC historical investor equity data from awarded 9% applications, and from 4% applications.

Charts 4 and 5 provide historical annual federal credit per unit.

Chart 4

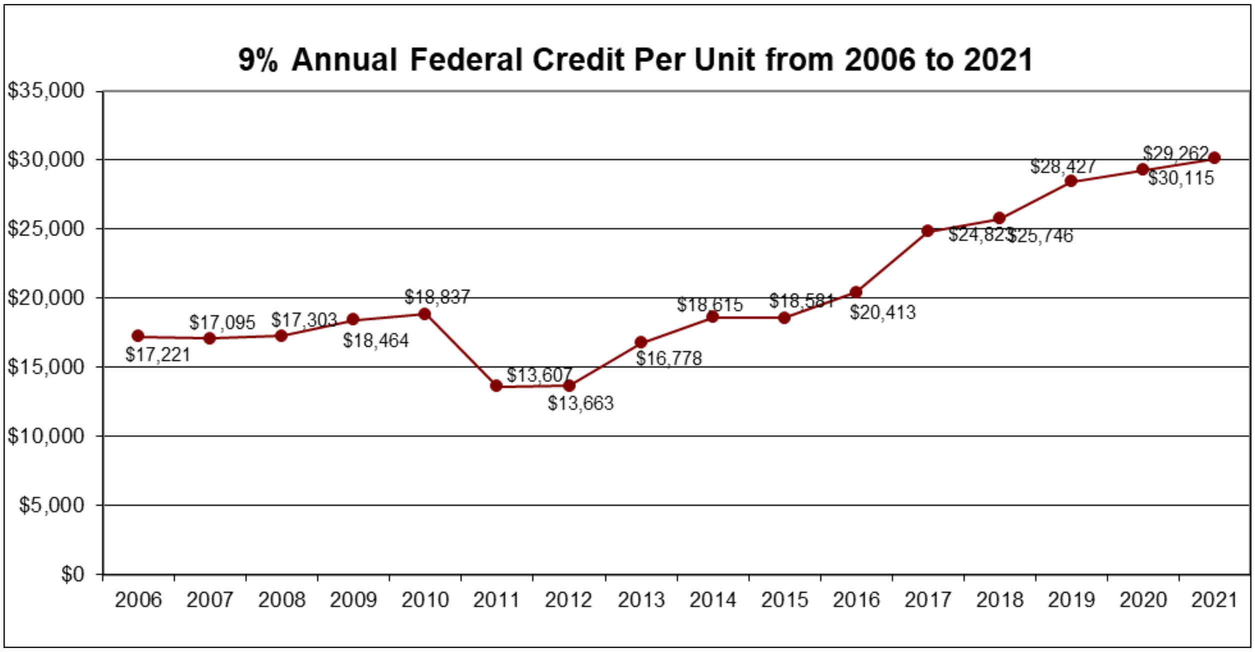
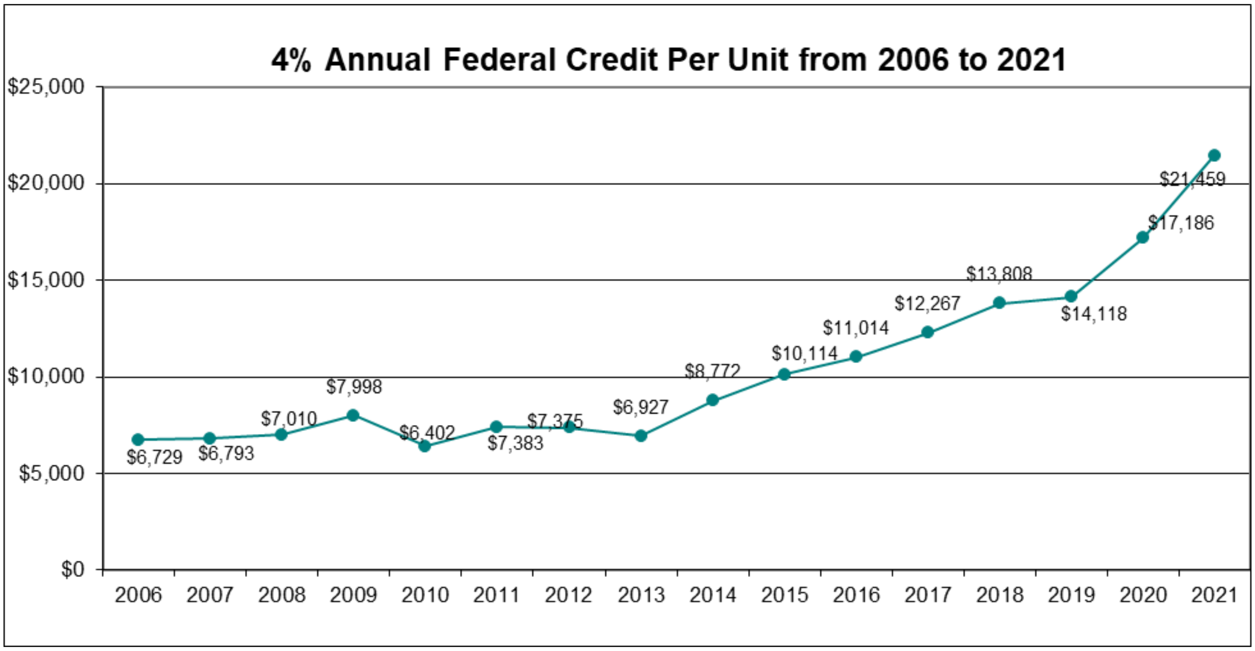


Chart 5



Historical Data for the 4% Program

Table 7 provides selected summary data for historical 4% federal awards.

Table 7
4% Historical Federal Credit Data

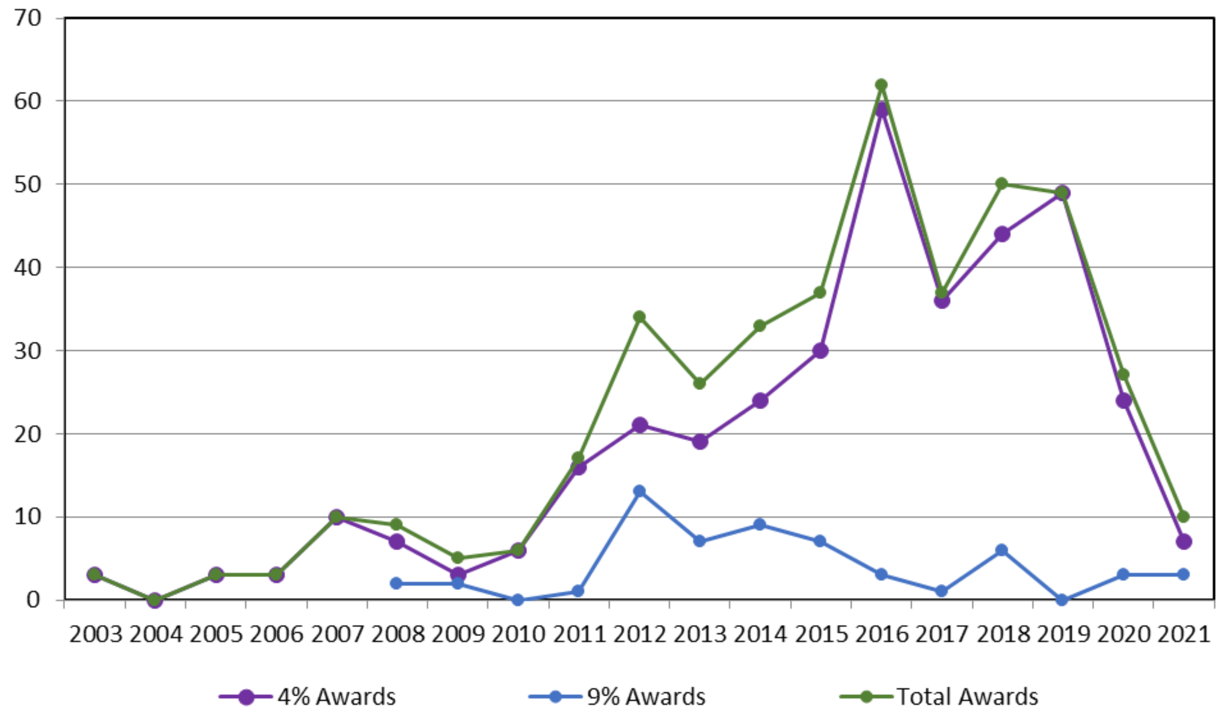
	2017	2018	2019	2020	2021
Annual Federal Award	$124,868,779	$214,395,831	$241,573,051	$301,706,282	$358,991,060
Total Number of Projects	105	135	155	181	164
Total Units	10,179	15,527	17,111	17,555	16,729
Total Low-Income Units	9,492	14,619	16,619	16,908	16,518
Average Award	$1,189,226	$1,588,117	$1,558,536	$1,666,886	$2,188,970
Credit per Low-Income Unit	$13,155	$14,666	$14,537	$17,186	$21,733
Average Project Cost	$36,861,993	$48,411,990	$47,053,133	$48,542,709	$49,889,485
Average Cost per Unit	$407,765	$420,920	$426,231	$500,498	$495,331
Average LI Units per Project	90	108	107	94	101

Re-syndications of Existing & Former Tax Credit Projects

Starting in 2003, the Committee began receiving applications for existing tax credit projects requesting a new award to rehabilitate and upgrade the property. In addition, CTCAC has received applications from former tax credit projects no longer under a regulatory agreement. Applications for existing tax credit projects currently under a regulatory agreement are known as “re-syndications.”[9] Since 2003, CTCAC has awarded 411 applications for re-syndication (see Chart 6). In 2021, CTCAC awarded 10 re-syndication projects, fewer than the 27 awards in 2020. In 2020, three of the 27 re-syndications received 9% credit awards. In 2021, three of the 10 awards were 9% credit awards. The 2021 re-syndication awards will help rehabilitate 718 existing affordable housing units.

[9] Data in this section includes project applications with either existing or expired regulatory agreements.

Chart 6
Re-syndication Awards 2003 – 2021



New Construction and Rehabilitation Trends

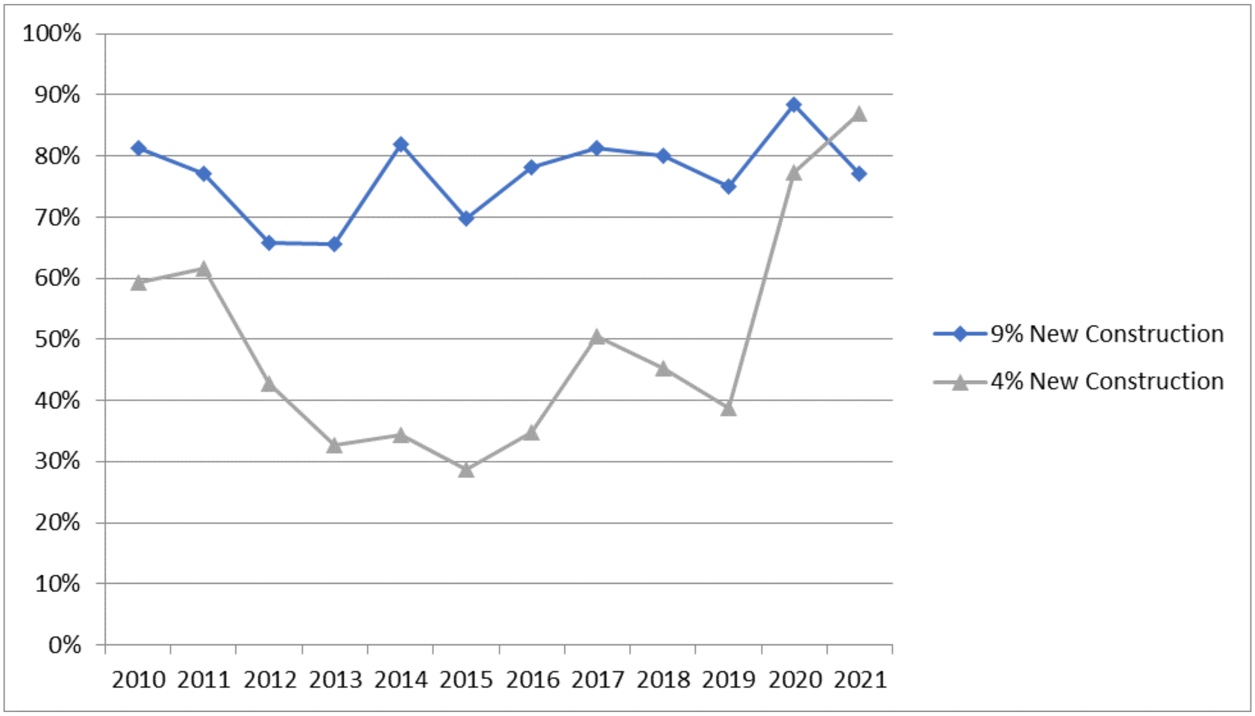
In 2021, 82 of the 106 (77%) credit ceiling (9%) awards were new construction projects. Historically, acquisition/rehabilitation applicants have been a distinct minority of 9% projects. Throughout the past 10 years, 65% to 88% of the credit ceiling projects awarded have been new construction projects. In 2021, 16%, or 17 projects, were rehabilitation projects, a slight increase from 2020 when 12 awards were to rehabilitation projects (12%). New construction 9% annual federal tax credit awards totaled $163.5 million (85%) in 2021.

For 4% projects, new construction and rehabilitation awards have historically been more equitable. Between 2001 and 2006, new construction awards accounted for more than half of 4% projects. This trend reversed in 2007, and from 2007-2009, more than 50% of 4% awards were made to rehabilitation projects. In both 2010 and 2011 new constructions projects again accounted for higher percentages of the awarded 4%

projects. From 2012-2019, 4% rehabilitation awards increased, accounting for more than half of the total number of 4% awards. In 2020 the rehabilitation trend reversed, and 22% of the projects awarded were for rehabilitation. New construction annual federal tax credit awards to 4% projects in 2021 totaled $318.4 million (89%). Rehabilitation projects were awarded $32.7 million in annual federal credit.

Chart 7 shows recent historical construction trends. The percentage of new construction 9% projects exceeds that of rehabilitation projects, ranging from 75% to 88% during the past five years. Between 2015 and 2019, the percentage of 4% new construction projects ranged from 29% to 50%. With the additional state tax credit resources and changes to the tax-exempt bond financing program, this trend has reversed and the majority of 4% projects awarded credits in 2020 and 2021 were for new construction projects (78% & 86% respectively).

Chart 7
New Construction Trends 2011-2021



Geographic Distribution

In 2012, CTCAC staff proposed updating the geographic apportionments (created in 1997 and last updated in 2004) to align the distribution of tax credits with statewide housing needs. The updated percentages were adopted into CTCAC regulations in 2013 and made effective in 2014. Included in the update was a newly established geographic apportionment for the City of Los Angeles, with a separate apportionment for the balance of Los Angeles County. This addition was made effective in 2013 by prorating the existing Los Angeles County apportionment. Effective in 2018, a new region was created by taking northern counties from the existing North and East Bay and Capital and Northern Regions and creating the Northern Region.

Since the inception of the program in 1987, federal 9%, federal 4%, and state tax credits have been allocated for affordable housing developments in all 58 counties in California. County data for active tax credit projects awarded 1987 to 2021 can be viewed using the link at the bottom of this report. This table compares tax credit project data to county population as a percentage of total state population, and includes each county's number of projects, number of rental units in service, and tax credit allocation dollars. These tables reflect data as of December 31, 2021.

Annual Historical Data

Table 8 summarizes the amount of federal and state tax credits awarded to 9% projects from 1987 through 2021. Table 9 summarizes the amount of federal and state tax credits awarded to 4% projects from 1995 through 2021. These tables provide data representing award activities as of December 31 of the year in which the awards were made. The data contained in these tables are the results of actions taken that year and reflect only a snapshot of the program at that point in time.

Table 8
9% Credits Awarded as of December 31 of the Allocation Year, 1987-2020

Year	Federal Credits Available	Federal Credits Awarded*	Number of Projects and Units		State Credits Available**	State Credits Awarded*	Number of Projects and Units	
1987	$33,730,000	$5,090,439	66	2,497	$34,578,625	$6,818,086	17	755
1988	$34,578,750	$18,889,759	169	4,812	$34,578,625	$35,461,086	67	2,545
1989	$35,060,129	$35,060,129	155	7,960	$35,000,000	$61,433,913	74	3,792
1990	$34,717,032	$34,717,032	84	5,391	$35,000,000	$28,976,550	26	1,490
1991	$68,885,066	$68,885,066	78	9,122	$35,000,000	$34,855,113	28	1,547
1992	$64,261,202	$64,017,031	133	8,030	$35,000,000	$48,699,970	29	2,183
1993	$70,434,569	$70,434,569	128	9,001	$35,000,000	$49,043,203	32	2,185
1994	$68,944,489	$67,113,568	121	8,612	$35,000,000	$47,220,796	29	2,085
1995	$49,716,643	$48,616,533	83	5,680	$47,133,862	$48,469,566	28	2,006
1996	$48,286,953	$48,992,572	107	6,482	$33,599,382	$38,894,819	31	1,878
1997	$42,851,707	$41,911,674	77	5,213	$35,038,813	$33,913,707	17	1,384
1998	$43,688,538	$44,093,456	86	5,757	$51,453,018	$45,658,584	30	2,061
1999	$43,800,383	$44,267,928	83	5,347	$51,784,811	$50,311,562	30	2,141
2000	$50,672,338	$50,667,206	81	5,057	$56,684,151	$56,040,292	32	2,218
2001	$51,574,882	$52,078,900	67	5,119	$71,207,244	$35,918,710	23	1,581
2002	$60,302,560	$62,802,560	68	5,392	$105,652,910	$91,928,018	24	2,492
2003	$62,732,155	$59,694,578	86	5,450	$83,835,104	$74,152,009	29	2,164
2004	$69,253,801	$61,038,716	65	4,508	$74,528,807	$67,423,784	22	1,526
2005	$71,582,089	$70,613,062	71	4,916	$78,593,303	$54,900,296	19	1,192
2006	$72,776,635	$72,500,934	70	4,098	$80,613,481	$67,913,607	18	1,146
2007	$75,897,915	$76,997,954	70	4,424	$92,450,265	$71,062,246	19	1,352
2008	$82,594,947	$81,738,210	72	4,640	$88,761,840	$67,371,340	19	1,195
2009	$88,399,735	$91,099,781	79	4,840	$107,996,565	$72,515,252	19	1,370
2010	$79,886,455	$79,964,641	75	4,170	$91,242,275	$31,372,828	14	742
2011	$80,902,713	$83,682,515	105	6,026	$129,463,639	$86,979,826	34	2,114
2012	$86,676,609	$87,345,016	102	6,246	$109,510,155	$85,508,947	28	1,822
2013	$89,963,084	$86,760,169	84	5,080	$93,102,456	$77,737,478	29	1,707
2014	$92,229,552	$91,789,133	83	4,846	$103,894,360	$97,523,148	29	1,705
2015	$92,309,204	$91,101,325	89	4,794	$89,452,736	$111,069,513	39	1,938
2016	$95,461,381	$94,897,880	82	4,513	$67,118,373	$73,548,126	27	1,421
2017	$97,699,609	$97,105,701	64	3,844	$61,808,069	$84,395,506	18	1,213
2018	$108,789,910	$108,955,667	70	4,143	$62,368,748	$63,863,106	19	1,129
2019	$111,080,957	$111,548,104	68	3,851	$84,366,903	$87,268,614	22	1,426
2020	$212,319,567	$210,190,924	103	6,884	$86,343,919	$87,233,658	16	1,152
2021	$193,376,736	$191,444,125	106	6,357	$109,656,498	$97,062,762	23	1,438
TOTAL	**$2,665,438,295**	**$2,606,106,857**	**3,130**	**193,102**	**$2,426,818,797**	**$2,172,546,021**	**960**	**60,095**

*Federal Credits Awarded reports current year awarded and includes any forward commitment made. Projects receiving awards in multiple years or returning credits and reapplying in a subsequent year are counted for each award received. Staff has been unable to verify the complete accuracy of data from the early years of the program. State Credit Awarded from 1987-1993 is estimated based on available data. In 2020, $110,660,980 in federal credits were available from the credit ceiling and an additional $98,620,247 million in federal credits was made available by the FCAA disaster allocation.

**State Credits Available is estimated in some years based on available data. Beginning in 2003, 15% of State Credits Available was set aside for 4% projects.

Table 9

4% Credits Awarded as of December 31 of the Allocation Year, 1987-2020

Year	Federal Credits Awarded*	Number of Projects and Units		State Credits Available**	State Credits Awarded	Number of Projects and Units	
1995	$5,593,972	15	2,431		$0	0	0
1996	$7,064,992	26	3,976		$0	0	0
1997	$15,573,917	71	6,076		$0	0	0
1998	$32,565,503	116	12,743		$4,575,223	7	628
1999	$38,151,075	110	13,905		$3,246,160	2	293
2000	$47,010,344	109	14,759		$0	0	0
2001	$58,249,828	123	14,864		$0	0	0
2002	$62,496,934	130	12,627		$0	0	0
2003	$73,099,179	138	13,329	$12,575,266	$9,683,098	8	713
2004	$65,748,903	112	11,066	$11,179,321	$3,248,707	3	140
2005	$73,893,061	120	11,279	$11,788,995	$19,092,357	10	963
2006	$86,164,472	115	12,356	$12,092,022	$13,597,161	9	583
2007	$93,173,118	119	12,795	$13,867,540	$23,395,641	9	1,003
2008	$86,604,695	122	11,433	$13,314,276	$27,512,886	10	759
2009	$43,486,921	64	5,236	$16,199,485	$6,718,223	3	183
2010	$33,596,704	49	4,481	$13,686,341	$22,964,367	9	789
2011	$83,046,843	125	10,473	$19,419,546	$23,833,168	16	1,134
2012	$69,902,808	96	9,021	$16,426,502	$26,322,456	13	1,212
2013	$67,917,076	95	9,292	$13,965,368	$9,004,034	7	451
2014	$80,820,170	105	9,004	$15,584,154	$14,553,964	8	533
2015	$137,554,828	132	13,317	$13,417,910	$12,978,507	8	578
2016	$229,615,414	187	19,804	$14,183,335	$13,802,178	5	386
2017	$124,868,779	105	9,492	$14,477,647	$14,410,723	5	351
2018	$214,395,831	135	14,619	$14,782,992	$14,551,552	4	348
2019	$241,573,051	155	16,619	$15,065,371	$13,484,975	3	351
2020	$301,706,282	181	16,908	$515,409,634	$494,037,277	75	6,808
2021	$358,991,060	164	16,729	$533,835,493	$504,501,818	72	7,503
TOTAL	**$2,732,865,760**	**3,019**	**308,494**	**$1,291,271,198**	**$1,275,514,475**	**286**	**25,709**

*Federal Credits Awarded totals the awards made in each year. Projects receiving awards in multiple years or returning credits awarded in one year and reapplying in a subsequent year are counted for each award received. Although 4% credit awards were made from 1987-1994, staff has been unable to accurately verify the tax-exempt bond financed projects receiving tax credit awards in the early years of the program. Data presented is based on CTCAC annual reports. In 2020, $15,409,634 in state credits was available from the credit ceiling and an additional $500 million in state credits was made available by AB101.

**Beginning in 2003, 15% of the State Credits Available was set aside for 4% projects.

Looking Forward

VIII. Looking Forward

Recommendations

To further facilitate housing units in the state, CTCAC recommends the state increase the state tax credits in an amount to allow for all projects awarded tax exempt bonds and are also requesting state tax credits to proceed. In 2021, tax credits ran out and some affordable housing projects that were awarded bonds had to return the bond allocation since the project couldn’t obtain the needed tax credits needed to complete the financing. This shortfall was due to the current demand and oversubscription to the program. In addition, CTCAC and State Treasurer Fiona Ma are actively supporting changes being considered by the U.S. Congress such as the reduction of the 50% test to 25% for projects financed with tax-exempt bonds and 4% federal tax credits as well as additional federal 9% disaster credits in recognition of the continuing disasters occurring in California. The changes would increase the number of projects awarded to provide additional housing units throughout the state.

Additional Data

Please use the link below to access additional data, including historical and mapping information.

http://www.treasurer.ca.gov/ctcac/2021/annualreport.asp