

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: April 25, 2008
TO: Low Income Housing Tax Credit Stakeholders
FROM: William J. Pavão, Executive Director
SUBJECT: New (Reduced) Applicable Percentages for Application Underwriting

The Internal Revenue Service has announced that the May 2008 applicable percentages for Low Income Housing Tax Credits are:

- 70 Percent Present Value Credits: **7.80%**
- 30 Percent Present Value Credits: **3.34%**

In light of the continuing decline in the federal applicable percentage, the California Tax Credit Allocation Committee (TCAC) is revising downward the applicable percentages used in underwriting projects at the application stage.

Effective June 1, 2008 TCAC will underwrite using the following percentages:

- 70 Percent Present Value Credits: **8.00%**
- 30 Percent Present Value Credits: **3.50%**

These percentages will be represented in TCAC's application forms in Section V.B. Determination of Credit, page 25. Similarly, the above applicable percentages are to be used in TCAC's portion of any Universal Application submittals, line B.2., page 10,

Any received applications currently undergoing TCAC review will be underwritten to the previous standards. Similarly, any 4 percent with tax exempt bond applications received prior to June 1, 2008 will be underwritten using the older percentages. All applications received on or after June 1 will be underwritten to the new, lower percentages, including second round competitive applications due July 24, 2008.

If you have any questions regarding this matter, please contact your regional analyst (see <http://www.treasurer.ca.gov/ctcac/assignments.pdf>).