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DATE: October 3, 2011

TO: Low Income Housing Tax Credit Stakeholders

FROM: William J. Pavão, Executive Director

SUBJECT: Explanation of Committee Allocation Action

This memorandum explains a Committee decision regarding one project application that considered factors beyond the established priorities and selection criteria of regulation Section 10325(c).

Federal law (IRC §42(m)(1)A)(i)) requires that California Tax Credit Allocation Committee (TCAC or the Committee), when considering an application for credits, "notifies the chief executive officer (or the equivalent) of the local jurisdiction within which the building is located of such project and provides such individual a reasonable opportunity to comment on the project."

Paragraph (iv) of that same IRC section further requires that "a written explanation is available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria of the housing credit agency." TCAC regulation Section 10325(e) reiterates this federal requirement.

At its September 28, 2011 public meeting the Committee awarded reservations of nine percent (9%) Low Income Housing Tax Credits (credits) to 48 applicant projects. The Committee did not act on a staff recommendation to award a credit reservation for 1000 Mississippi Street (CA-2011-175) due to the lack of a motion. The Committee carefully considered the opposition of the City and County of San Francisco (the City) to the proposed credit award, as well as points made by the project sponsor at the meeting. In light of concerns raised by the City, TCAC staff's award recommendation failed due to the lack of a motion by the voting Committee members.