



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
ctcac@treasurer.ca.gov
www.treasurer.ca.gov/ctcac

MEMBERS

BILL LOCKYER, CHAIRMAN
State Treasurer

JOHN CHIANG
State Controller

ANA J. MATOSANTOS
Director of Finance

EXECUTIVE DIRECTOR

William J. Pavão

DATE: February 21, 2013

TO: 2013 Low Income Housing Tax Credit Stakeholders

FROM: Anthony Zeto, Development Manager

SUBJECT: 2013 Application Workshop Questions and Answers (Q&As)

The California Tax Credit Allocation Committee (TCAC) conducted its 2013 Application Workshop training in Oakland, Sacramento, San Diego, and Los Angeles in early February. Staff responded to many questions during those sessions. The attached list of Q&As is posted to further assist the stakeholder community as they prepare their 2013 tax credit applications.

If you have any questions regarding the Q&As, please contact your regional analyst at <http://www.treasurer.ca.gov/ctcac/assignments.pdf>



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
ctcac@treasurer.ca.gov
www.treasurer.ca.gov/ctcac

MEMBERS

BILL LOCKYER, CHAIRMAN
State Treasurer

JOHN CHIANG
State Controller

ANA J. MATOSANTOS
Director of Finance

EXECUTIVE DIRECTOR
William J. Pavão

California Tax Credit Allocation Committee (TCAC) 2013 Application Workshop Questions and Answers (Q&As) REVISED 6/7/13

1. How many copies of the electronic applications must be submitted?

Due to some problems experienced by TCAC staff, TCAC now requires that two (2) copies of the electronic application and checklist items be submitted on 2 separate CDs/DVDs/Flash Drives.

2. Will TCAC accept an electronic signature on the TCAC attachments in lieu of an original signature?

Yes. TCAC will accept electronic signatures on the TCAC attachments. Applicants are still required to provide a signature and notary for the Applicant Statement and may be in the form of a scanned electronic document.

3. What is TCAC seeking for redevelopment agency (RDA) funding documentation?

The required documentation in the application must include: 1) RDA funding commitment date(s) and type(s) of commitment(s) (executed loan agreement, disposition and development agreement, etc.), 2) Date the cash was on hand with the originating agency, 3) Status of the RDA funds on the EOPS or ROPS lists, and 4) Department of Finance (DOF) status or approval documentation. If a final determination letter from the DOF is available, please also include it in the application. Please refer to the list on Tab 20 of the TCAC checklist.

4. If off-site costs are not being paid for by public sources, will TCAC still discount the public funds numerator by the amount associated with ineligible off-site costs?

Yes. Since TCAC is unable to determine which funds will pay for the off-site costs, TCAC will discount the public funds numerator by the ineligible off-site costs.

- 5. Should the interest shown on the public funds commitment letters for assumed public debt show the accrued interest through when the applicant intends to close, so by the Readiness closing deadline in most cases?**

Since accrued interest is no longer counted as public funds, the accrued interest may be shown in the sources and uses budget through when the applicant expects it to stop accruing.

- 6. For projects with a Section 8 Mark-up-to-Market application pending with HUD, what documentation of the anticipated contract rents is TCAC seeking?**

For an existing contract, provide the existing contract outlining the current contract rents. For a pre-existing contract that is being renewed where the contract rents have yet to be established, provide the existing contract outlining the current contract rents. For a new contract that is not a renewal of a pre-existing contract, provide the preliminary contract/agreement or letter from the subsidy provider and TCAC will assume 60% AMI rents as the contract rents.

- 7. For a New Construction project applicant that already owns the property, would a grant deed be sufficient to show that it was a 3rd party purchase in the case where there is no appraisal required since it is not a land donation from a public source?**

In addition to the grant deed and the preliminary title report, the 3rd party purchase contract must be provided in order to document that this is indeed a 3rd party purchase and does not require an appraisal.

- 8. Will TCAC accept “short form” appraisals for vacant land appraisals or does TCAC required full appraisals?**

No. TCAC does not accept “short form” appraisals.

- 9. For an acquisition and rehabilitation project where a public agency purchased the land and improvements several years ago and has now recently been donated it to the applicant, would the appraisal have to be current or within 120 days before or after the original purchase date?**

For purposes of the appraisal and site control, TCAC is viewing the land donation from the public agency to the applicant as the transfer taking place. Therefore, a current appraisal is required to be submitted to account for the value of the donated land and improvements.

- 10. For a 3rd party purchase of land and improved property, where the improvements will be demolished, should the sources and uses budget include the entire purchase price? If public funds are used to purchase the improved property, will the numerator be discounted by the improvement to be demolished?**

For the sources in use budget, the entire purchase price, which includes the improvements to be demolished, must be shown. If public funds are used to purchase the land and improvements, where the improvements will be demolished, the numerator will be discounted by improvements to be demolished leaving only the land value. If a portion of the improvements will be demolished, that portion will be discounted from the numerator.

- 11. If a project meets two different housing types, how will TCAC treat it for purposes of the First Tiebreaker (Section 10325(c)(10))?**

The First Tiebreaker will be based on the housing type selected by the applicant in the application.

- 12. Would TCAC accept unaudited 2012 financial statements for the March 6, 2013 First Round deadline?**

Yes. Since audited 2012 financial statements may not be available, TCAC will accept 2011 audited financial statements along with the 2012 unaudited financial statements.

- 13. Is a Special Needs Housing Type project applying in the Nonprofit or Special Needs Set Aside limited to only requesting points in the General Partner Experience points using scale involving 3 to 4 Special Needs projects?**

No. These projects may request experience points for having 3 to 7 projects. The 3 to 4 Special Needs project option is simply an alternative option for Special Needs Housing Type projects applying in the Nonprofit or Special Needs Set Aside. The application allows for either criteria for Special Needs Housing Type projects applying in the Nonprofit or Special Needs Set Aside. However, the Special Needs Housing Type projects must still demonstrate experience with Special Needs projects as required by Regulation Section 10325(g)(4).

- 14. If an experienced California management company has partnered with another out-of-state management company in order to meet the requirements for Management Experience points, how long do they have to be partnered?**

The experienced California management company must stay on through the first TCAC Compliance monitoring visit and following prior approval from TCAC.

- 15. May two management companies split management duties? In other words, can the experienced California management company perform tasks such as review files and income qualifications while the out-of-state management company performs the day-to-day operations?**

No. TCAC requires that both management companies share the management duties in order to gain experience in all aspects of operation.

- 16. Is it possible to use one manager unit for adjacent properties that are not subsequent phases of the same project?**

No. TCAC requires that each project maintain its own on-site manager.

- 17. For a project with Department of Mental Health financing committed, may the service contract or memorandum of understanding (MOU) between the applicant and the service provider be in draft form since the service provider has not yet been finalized?**

At a minimum, the applicant must provide include a signed copy of the County Mental Health Sponsorship and Services Commitment (Exhibit E) of the MHSA Application as evidence of Supportive Services and Service Provision in the TCAC application. If available, the applicant shall include the executed MOU in the TCAC application. Please be aware that the TCAC application must still include the executed service contract or MOU between the applicant and the service provider for the non-MHSA units consistent with TCAC regulations.

- 18. For the Special Needs Housing Type requirement (Section 10325(c)(5)), does the applicant need to submit a board resolution from the service provider, or would a letter on letterhead suffice?**

A letter signed by the service provider's executive director would suffice in lieu of resolution.

- 19. Will Google Earth "street views" be accepted instead of photographs taken by the applicant for verification of site amenities?**

Yes. However, "street views" photos must be current so TCAC staff can verify that the amenity is in place by the application deadline date.

- 20. For the "Rail station" transit amenities point category, what documentation is required to be submitted in the application if the "rail station" is planned and will be in place within one year of the project completion consistent with Section 10325(c)(5)(A)(1)?**

The application must include documentation in the form of a board approval from a Regional or State Transportation Improvement Program clearly identifying the expected completion date, the financing structure and an approved budget.

21. Is the “Application Phase” Worksheet of the Sustainable Building Method and Energy Efficiency Requirements Workbook required to be submitted in the application?

The “Application Phase” worksheet and accompanying documentation will not be required for competitive applications submitted in the first round of 2013. However, all competitive applications submitted in the second round and non-competitive 4% applications are required to submit the completed “Application Phase” worksheet in Tab 10 or Tab 25. Please refer to the TCAC website (<http://www.treasurer.ca.gov/ctcac/2013/sustainable.asp>) for specific instructions.

Please keep in mind that first round awarded project owners should review the entire Sustainable Building Method and Energy Efficiency Requirements Workbook carefully since its instructions and worksheets are required with all placed in service package submissions. This requirement is also applicable to 2012 awarded projects.

22. Do the energy efficiency requirements associated with Minimum Construction Standards (Regulation Section 10325(f)(7)), Sustainable Building Methods (Regulation Section 10325(c)(6)), and Threshold Basis Limit Increases (Regulation Section 10327(c)(5)(B)) apply to the project as whole or by each building?

At the application stage, the energy efficiency modeling must be incorporated into each building type of the project. At the placed in service stage, the energy efficiency requirements must be met for each building of the project.

23. Is vinyl an approved material from TCAC for purpose of meeting the floor covering minimum construction standards requirement?

Yes. TCAC’s intent in the recent regulation change was to remove the minimum thickness requirement, and not the vinyl material reference. The use of vinyl does not require a waiver approval from the Executive Director.

24. Will nine percent (9%) applicants requesting state tax credits be eligible to request two (2) points for “state credit substitution” in the Miscellaneous Federal and State Policies point category?

Yes. TCAC had previously discussed not making the “state credit substitution” option available to applicants already requesting state tax credits, but felt this was a policy change that could not be made under such short notice. However, TCAC will review this option and make the appropriate change(s) in regulation in 2014.

25. If a bond issuer requires payment of prevailing wages, is the applicant eligible to request the 20% prevailing wage threshold basis limit increase?

No. Prevailing wages may be included in the sources and uses budget but the applicant will not receive the 20% prevailing wage threshold basis limit increase. The 20% prevailing wage threshold basis limit increase is only available to applicants where a development is paid for in whole or in part out of public funds and is required by a public awarding body to pay state or federal prevailing wages.