



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

JOHN CHIANG, CHAIRMAN
State Treasurer

BETTY YEE
State Controller

MICHAEL COHEN
Director of Finance

EXECUTIVE DIRECTOR
Mark Stivers

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (TCAC) 2017 LOW-INCOME HOUSING TAX CREDIT (LIHTC) APPLICATION WORKSHOPS QUESTIONS AND ANSWERS (Q&As)

POINT SECTION / TIE BREAKERS

1. **For the Final Tie Breaker, TCAC Regulation Section 10325(c)(10)(A) states, “On or after January 1, 2017, the numerator of projects of 50 or more newly constructed Tax Credit units shall be multiplied by a size factor equal to seventy five percent plus the total number of newly constructed Tax Credit units divided by 200 (75% + (total newly constructed units/200)).” Does the term “Tax Credit units” include the manager’s unit?**

The only case where the manager’s unit is a “Tax Credit unit” is if the unit will be restricted in the TCAC regulatory agreement as a low-income unit where the on-site manager occupying the unit is a qualified low-income tenant at or below 60% of area median income (AMI). In the case where the manager’s unit is an exempt unit, it is not a “Tax Credit unit.”

APPLICATION QUESTIONS

2. **For the project’s lifetime rent benefit requirement in Section 10322(h)(10), which rents for the market rate comparable projects should be used to compare against the subject property’s rents? Is the utility allowance included in the calculation for the subject property’s rents?**

The rents for the market rate comparable projects that are measured against the subject property’s gross rent limits are the adjusted weighted averages of the market rate comparable projects. Since the subject property’s rents are the gross rent limits, the utility allowances are included. A lifetime rent benefit calculator is available on the TCAC website.

3. **Should a lifetime rent benefit be calculated for acquisition/rehabilitation projects that provide a written statement by a third party market analyst and are not required to submit Market Study Rent Comparability Matrices?**

For an acquisition/rehabilitation project that provides a written statement by a third party market analyst, TCAC staff will calculate the lifetime rent benefit.

4. **For a new construction competitive project with a land donation documented in a signed Disposition and Development Agreement (DDA) more than one year ago, does the appraisal need to be dated within 120 days of the signed DDA, or is a current appraisal dated within one year of the application acceptable?**

The appraisal submitted with the application must have a date of value within 120 days before or after the execution of a purchase contract (or DDA) or the transfer of ownership. An appraisal with a date of value within one year of the application, when the contract or ownership took place previous to this, is not in compliance with the TCAC regulations. If an appraisal was not completed within 120 days of the purchase contract, DDA, or ownership transfer, an appraisal may be completed now if the appraiser uses a date of value within 120 days of the purchase contract, DDA, or ownership transfer.

5. **New construction 9% projects described in [Government Code Section 65915\(p\)\(2\) or \(3\)](#) are required to exclude from basis certain parking costs. Are all projects described in Section 65915 required to exclude basis as described in TCAC Regulation Section 10327(c)(10)?**

A project that is described in Government Code Section 65915(p)(2) or (3), as altered by TCAC, must comply with TCAC Regulation Section 10327(c)(10). This includes a project that receives a density bonus, or parking reduction pursuant to density bonus law, or a project that qualifies for but does not utilize the density bonus or parking reduction. TCAC altered the parameters of Government Code Section 65915 by using a narrower definition of “major transit stop” and allowing more parking than the density bonus law in certain cases.

The TCAC regulations cite a definition of “major transit stop” that states, “a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.” This means that projects with lesser transit service, even if eligible for the parking reduction under the broader definition in density bonus law, are not considered to be within ½ mile of a major transit stop for purposes of TCAC’s limitation on parking basis. TCAC maintains the statutory standard for special needs projects. For special needs projects, the TCAC ratio is only relevant to those special needs projects that have

paratransit service or unobstructed access within ½ mile of fixed bus route service that operates at least 8 times per day.

TCAC further altered the parking allowances beyond which a project must exclude basis as follows:

- Large family projects within ½ mile of a major transit stop: 1 space per unit.
- Non-large family projects within ½ mile of a major transit stop: 0.5 spaces per unit.
- Senior projects more than ½ mile of a major transit stop: 1 space per unit.
- Special needs projects: 0.3 spaces per unit – except non-special needs units can be 1 space per unit for studio & 1 bedroom, 2 spaces per unit for 2+ bedrooms.