



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: March 9, 2020

TO: 2019 Second Round Competitive Tax Credit Recipients

FROM: Gina Ferguson, Development Section Chief

SUBJECT: 180-Day and 194-Day Deadline to Meet Readiness to Proceed Requirements and Updated Application Submittals

This letter is to remind all 2019 2nd Round competitive low-income housing tax credit recipients of the deadline for meeting the readiness criteria cited in the California Tax Credit Allocation Committee (TCAC) Regulation Section 10325(c)(7).

On September 25, 2019, your project was approved to receive a reservation of 2019 low-income housing tax credits. Your success was dependent, in part, on the full readiness points you received.

As part of the requirements to achieve the full readiness points, an applicant must be able to begin construction within 180-days or 194 days (see Preliminary Reservation Letter) of the Credit Reservation date. **It is critical that all required documentation is received by TCAC no later than 5:00 p.m. on the deadline (March 23, 2020 for 180-days or April 6, 2020 for 194 days).** TCAC will accept the required documentation electronically in the form of a flash drive or by email at TCACdocs@sto.ca.gov. For tracking purposes, please **do not** email the 180-Day or 194-Day Readiness to Proceed documents to the regional analyst directly. For email submissions through TCACdocs@sto.ca.gov, please include the following in the subject line:

CA-19-XXX (TCAC Project Number) / **Project Name** / **180-Day or 194-Day Readiness** (Deadline Requirement)

Failure to meet the 180-day or 194-day deadline, shall result in rescission of the Tax Credit Reservation or negative points. If you anticipate not meeting the readiness deadline, please notify TCAC immediately.

The following is a list of the required documentation:

- completed updated application form (in Excel format) along with a detailed explanation of any changes from the initial application,¹ including:
 - completion of Post-Award Project Cost Changes, noting reasons for increases or decreases (land and acquisition cost cannot increase);
 - an explanation if the construction cost does not match the construction contract;
 - an explanation if the tax credit equity does not match the total equity from the limited partnership agreement;
- if off-site costs have changed since the original application, provide a breakdown of the off-site costs, updating the costs as listed in the original application's Attachment 12;
- an executed construction contract;
- recorded deeds of trust for all construction financing;
- binding commitments for permanent financing;
- binding commitments for any other financing required to complete project construction;
- a limited partnership agreement executed by the general partner(s) and the investor providing the equity;
- an updated Attachment 16 – Terms of Syndication Agreement executed by the investor;
- proof of payment of all construction lender fees;
- issuance of building permits for all residential buildings (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design-build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin); and
- notice to proceed delivered to the contractor.

There should be no changes made to the unit or targeting mix. If minor changes are anticipated, contact TCAC staff for approval. There should be no changes made to the financing for which the project received competitive points/tie breaker scoring. If minor changes are anticipated, contact TCAC staff to discuss.

Competitive nine percent (9%) tax credit recipients who did not receive the full 10 readiness points are not required to submit the documentation referenced in TCAC Regulation Section 10325(c)(7). However, competitive nine percent (9%) tax credit recipients are required to submit a completed updated application form (in Excel format) along with a detailed explanation of any changes from the initial application no later than 180 days or 194 days following the Credit Reservation date consistent with TCAC Regulation Section 10328(c). **The updated application form (in Excel format) must be received by TCAC no later than 5:00 p.m. on the deadline noted on your Preliminary Reservation Letter (March 23, 2020 for 180-days or April 6, 2020 for 194 days).**

If you have any questions regarding this deadline, please contact the TCAC staff report analyst or your regional analyst at the following link: <http://www.treasurer.ca.gov/ctcac/assignments.asp>

We look forward to working with you to ensure successful completion of your affordable housing project.

¹ Applicants who made an election to fix the acquisition credit percentage at the Carryover Allocation stage must use that credit percentage in all future application submittals including the 180-Day or 194-Day Readiness to Proceed deadline.