

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 485
SACRAMENTO, CA 95814
TELEPHONE: (916) 654-6340
FAX: (916) 654-6033



William J. Pavão
Executive Director

MEMBERS:

Bill Lockyer, Chair
State Treasurer

Michael C. Genest, Director
Department of Finance

John Chiang
State Controller

Date: June 22, 2009

To: 2007 & 2008 and early 2009 4% Tax Exempt Bond Reservation Holders

From: William J. Pavão, Executive Director

Subject: Application for Cash in Lieu of Credits and Gap Financing – American Recovery and Reinvestment Act (ARRA) of 2009 Funds

The Tax Credit Allocation Committee (TCAC) announces the availability of \$75 million of an anticipated \$100 million in ARRA funds for projects that currently have a 4% Tax Exempt Bond Reservation and have been unable to secure an equity investor or have a committed equity partner yet still have a funding gap. This application is for 2007, 2008 and 2009 4% Tax Exempt Bond Reservation holders, including those that have submitted an application scheduled for approval (and ultimately approved) at the July 8, 2009, TCAC meeting. Please refer to TCAC Regulation Section 10323(c) for award amounts. One exception to this rule is that projects with a pending 4% application already determined to be complete by TCAC, and with committed HCD or MHSA funding may apply for ARRA funds at this time.

To be eligible for cash in lieu of credits, project applicants must demonstrate that they have made an exhaustive effort to obtain investment commitments for the tax credits, and that the project remains the same as originally proposed. Specific instructions on compliance with this requirement are included in the application. **Please note:** where TCAP funds are awarded as cash in lieu of credits, the project shall retain at least a nominal amount of credits and adhere to Section 42 requirements. “Nominal” shall mean at least \$100 of annual federal Low Income Housing Tax Credits, that the awardee will be expected to sell to an investor or purchase themselves.

Applications must be submitted by **4:00 pm on July 9, 2009**. TCAC will score these applications based on TCAC Regulation Section 10323(d)(2)(C) and plans to take recommendations from this application process to the August 5, 2009 Committee meeting.

Your application could result in a preliminary reservation of ARRA funds. An actual award would be contingent on further underwriting and review of your subsequent Grant or Loan application package. The final form of award is contingent upon additional clarification from the Federal

government. In addition, a loan or grant application fee will be required. Further information regarding the fee is contained in the proposed regulations found at http://www.treasurer.ca.gov/ctcac/programreg/20090610_cover.pdf.

If you have any questions related to this application, please contact Anny Beeson, Development Program Manager at (916) 654-0015 or Ed Johnson, Development Program Manager (Specialist) at (916) 654-5882.