

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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William J. Pavão
Executive Director

MEMBERS:

Bill Lockyer, Chair
State Treasurer

Ana J. Matosantos, Director
Department of Finance

John Chiang
State Controller

DATE: September 10, 2010

TO: American Recovery and Reinvestment Act of 2009 (ARRA)
Section 1602 Exchange Fund Recipients

FROM: William J. Pavão, Executive Director

RE: 30% Test Requirements

All projects awarded ARRA Section 1602 Exchange Funds (“1602 Funds”) from the California Tax Credit Allocation Committee (TCAC) that have not drawn down 100% of their 1602 Funds by December 31, 2010 must have paid or incurred at least 30% of the project’s total adjusted basis in land and depreciable property that is reasonably expected to be part of the low-income housing project by December 31, 2010 (the “30% Test”).

The 30% Test documentation must be received by TCAC no later than **November 30, 2010**. If a project does not meet the 30% Test, all 1602 Funds that have not been drawn down by that date to pay for eligible costs incurred, will be forfeited by the owner. Please see the link below for the 30% Test form to be utilized by owners of projects that have received an award of 1602 Funds from TCAC (http://www.treasurer.ca.gov/ctcac/arra_apps/expenditures.doc).

If an owner has drawn down 100% or will draw down 100% of the 1602 Funds awarded to them by December 31, 2010, the 30% Test will not be applicable.

If you have any questions regarding the 30% Test, please contact Anthony Zeto, Development Program Manager, at (916) 654-9854.