

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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July 11, 2011

To: Low Income Housing Tax Credit Interested Parties

From: Lisa Vergolini, Deputy Director

Re: Cost Containment Issue – Forums

The California Tax Credit Allocation Committee (TCAC) will be holding forums throughout the state to discuss the issue of cost containment associated with developing affordable housing. Some projects that have received Low Income Housing Tax Credits (LIHTCs) have significantly higher per unit development costs than the statewide average and/or the average in the areas where the projects reside. These outlier projects have drawn significant public attention and prompted TCAC to study the reasons why they are so costly. The study may lead TCAC to propose program changes to limit development costs within tax credit projects.

In April, TCAC convened a meeting with several stakeholders who had expressed interest in the issue and our sister agencies, the Department of Housing and Community Development, the California Housing Finance Agency and the California Debt Limit Allocation Committee. This meeting was an initial scoping session to help define the problem.

TCAC has continued to meet with our sister agencies over the last two months to further develop an action plan for tackling the cost containment issue. The meetings and internal discussions have led to the development of the following Problem/Goal Statement:

Problem and Goal Statement

Occasionally TCAC and other funding sources make awards to extremely costly projects. TCAC-awarded projects generally may be more costly than necessary, fostering the public perception that affordable housing is too expensive. Effective in 2012, TCAC reservations would go only to cost-reasonable projects, and outlier-cost projects would no longer be awarded by TCAC or other funders.

TCAC is currently in the process of gathering and compiling data to identify cost factors, trends and unique issues associated with the outlier projects as compared to less costly projects.

To gather additional input from LIHTC stakeholders, TCAC will hold forums to meet with those that are interested in discussing the project costs issues as follows:

July 20th, 2011	Sacramento 915 Capitol Mall, Room 587 1:00 p.m. to 4:00 p.m.
July 26th, 2011	Oakland Elihu Harris Building 1515 Clay Street, Room 1 10:00 a.m. to 1:00 p.m.
July 28th, 2011	Los Angeles area Ronald Reagan State Building 300 South Spring Street, Ste. 1726 (Auditorium) Los Angeles, CA 90013 10:00 a.m. to 1:00 p.m.

Sign up to Attend:

To sign up to attend one of the forums, please email Nicole Valenzuela at nvalenzuela@treasurer.ca.gov and let her know which forum you would like to attend. You can also reach Ms. Valenzuela by phone at (916) 654-6340.