

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: June 10, 2008
TO: Committee Members
California Tax Credit Allocation Committee
FROM: William J. Pavão, Executive Director
SUBJECT: Proposed Minimum Score for Second Round Four-Percent (4%) Plus State Credit Applications

Under authority provided in regulation Section 10305(h), the committee may establish minimum point requirements prior to a funding round. At its January 23, 2008 meeting, the Committee established a 2008 minimum score of 70 out of a possible 124 for 4%-plus-State credit applications. Staff is proposing that the Committee increase that minimum score in the second round to 110.

Background:

Section 10305(h) states that:

The Committee may, at its sole discretion, reject an application if the proposed project fails to meet the minimum point requirements established by the Committee prior to that funding round. The committee may establish a minimum point requirement for competitive rounds under either Section 10325 (the 9% competition) or 10326 (the 4% plus state credits competition).

The Committee also has authority under Section 10325(c) to reject applications on a case-by-case basis for low scores. In past public forums, stakeholders clearly prefer the Committee to pre-establish a scoring floor, rather than exercise its authority on a case-by-case basis.

Recommendation

TCAC received eleven (11) 4%-plus-State credit applications in the first round this year. Staff is recommending funding the three (3) highest scoring applications, virtually exhausting the entire year's State credit set-aside for 4% applications. By regulation, we may award additional State credits to 4% projects, and staff envisions recommending another two or three applications in round two.

Five first-round applicants earned scores in excess of 110, and the two unfunded projects are likely to reapply in the second round. In light of this, staff recommends limiting additional applications to only those with a likely prospect of competing effectively for the reduced amount of available credits.

Staff recommends, for the second round, establishing a pass point for the second round 2008 4%-plus-State credit competition as follows:

<u>Application Type</u>	<u>Minimum Score</u>	<u>Maximum Score</u>
4% Competitive Applications	110 Points	124 Points

The other 9% point minimums would remain the same as those established in the first round.