



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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**DATE:** July 1, 2020

**TO:** 2019 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

On September 25, 2019, 2019 second round projects were approved to receive a reservation of 2019 low-income housing tax credits. Awards were dependent, in part, on the full readiness points received. Competitive nine percent (9%) tax credit recipients who did not receive the full 10 readiness points are also required to submit documentation (see page 3 below).

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. **On April 7 and May 21, 2020, TCAC provided notice that the 2019 Second Round Awards Readiness to Proceed Deadline was extended to Monday, July 6, 2020.** Projects awarded from the 2019 Waiting List that have readiness deadlines also had their deadlines extended by 90 days.

TCAC will accept the required documentation electronically in the form of a flash drive or by email at [TCACdocs@sto.ca.gov](mailto: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](mailto: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 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 documents:

- completed **updated** application form in Excel format along with a detailed explanation of any changes from the initial application,<sup>1</sup> 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 tax credit investor;
- 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. 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.

**In addition to the documents above, the following items will be reviewed by TCAC staff for program compliance.**

- Off-sites and off-site costs: changes will be reviewed in comparison to what was presented in the application, and the final tie breaker will be re-evaluated. Significant changes to off-sites may result in negative point assessment for misrepresentation in the application.
- Land cost or value: Land cost, once established pursuant to the appraisal and site control documents in the original application, is not permitted to increase. It is the applicant's responsibility to adhere to the agreed-upon price or value established in the original application, whether new construction or rehabilitation. This includes donated land. If any changes to the site control in the original application are contemplated, these must be authorized by TCAC in advance since the credit reservation was approved pursuant to the application's underwriting and site control. An alternate or subsequent appraisal cannot be used to increase the land cost or value presented in the original application.
- Reserves and limited partnership agreements: reserve accounts must remain with the project to be used for the benefit of the property and/or its residents. TCAC requires an amendment of any LPA language that does not conform to this requirement. Refer to the [October 16, 2019 Memo](#) for more information.

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<sup>1</sup> 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.

## Readiness to Proceed Requirements

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 applicable to your project.**

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.