

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: September 30, 2009
TO: Low Income Housing Tax Credit Stakeholders
FROM: William J. Pavão, Executive Director
SUBJECT: ARRA Funding Updates

September 10, 2009 ARRA Reservations are Section 1602 Funds

On September 10, 2009 the California Tax Credit Allocation Committee (TCAC) awarded nine percent (9%) federal credits to 78 projects. Forty-one (41) of those projects also applied for and received preliminary reservations of American Recovery and Reinvestment Act of 2009 (ARRA) funding.

With this memorandum, I am advising those recipients that the ARRA funding source would be Section 1602 funds. These funds would not invoke the various additional federal requirements associated with the Tax Credit Assistance Program (TCAP), including the National Environmental Protection Act (NEPA) and Davis-Bacon prevailing wages. Therefore, TCAC will not be the responsible entity for overseeing those requirements for those projects.

If you wish to TCAC to consider awarding TCAP rather than Section 1602 funds to your project, please contact TCAC's Ed Johnson.

Terms of Section 1602 Funding

In recent written communications the U.S. Department of Treasury has conclusively determined that Section 1602 funds may not be recaptured in any event from an awardee after 15 years. TCAC will structure these awards consistent with this federal direction, and will not expect repayment of Section 1602 funds after the 15-year compliance period.

Receipt of 1602 funds may trigger California's prevailing wage requirement for your project. The applicable law is complicated, and a complete analysis of individual facts and circumstances is often necessary before a determination can be made. TCAC is not in a position to make project-specific determinations. Accordingly, TCAC recommends applicants and awardees consult with their legal counsel to determine the applicability of prevailing wage law specific to their project (Labor Code Section 1720, et seq.).

If you have any questions regarding these matters, please contact Ed Johnson at (916) 654-6340.