

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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May 12, 2009

To: 2007 & 2008 Low Income Housing Tax Credit Ceiling (9%)
Reservation Holders without State Tax Credits

From: William J. Pavão, Executive Director

Subject: Application for Cash in Lieu of Tax Credits –
American Recovery and Reinvestment Act (ARRA) of 2009 Funds

Enclosed is the application for projects that currently have a 2007 or 2008 reservation of credit ceiling (9%) low income housing tax credits, with no State tax credits, that have been unable to secure an equity investor. Applicants may receive an award equal to the stated equity in the original application up to 85 cents (\$0.85) for every currently reserved federal tax credit dollar.

This application is only for 2007 and 2008 9% reservation holders that **do not have State tax credits** in the deal. Uncertainty remains about the availability of funds to replace State Tax credits at this time. As the issues are resolved, further instructions and an application will be made available for projects with both 2007 and 2008 9% and State tax credits.

To be eligible for cash in lieu of credits, project applicants must demonstrate that they have made an exhaustive effort to obtain investment commitments for the tax credits, and that the project remains the same as originally proposed. Specific instructions on compliance with this requirement are included in the application.

It is our intention to take as many funding recommendations as possible from this application process to the May 27, 2009 Committee meeting. Applications must be submitted by 4:00pm on May 20, 2009 to be considered for the May 27th meeting. Applications submitted after that time will be considered at the subsequent Committee meeting.

Your application for cash in lieu of credits could result in a preliminary reservation of ARRA funds. An actual award would be contingent on further underwriting and review of your subsequent Grant or Loan application package. The final form of award is contingent upon additional clarification from the Federal government. In addition, a loan or grant application fee will be required. Further information regarding the fee will be forthcoming.

The submission of this application could invoke the National Environmental Policy Act and federal prevailing wage requirements. Please read the application materials carefully regarding these requirements.

If you have any questions related to this application, please contact Anny Beeson, Development Program Manager at (916) 654-0015 or Ed Johnson, Development Program Manager (Specialist) at (916) 654-5882.