



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE 2024 LOW-INCOME HOUSING TAX CREDIT APPLICATION GUIDANCE

During first round reviews of nine percent (9%) tax credit applications, The California Tax Credit Allocation Committee (CTCAC) staff noted items to clarify for future application based on the CTCAC regulation requirements. The following items and corresponding application expectations are identified below. If you have questions or need clarification on any of the guidance below, [contact CTCAC Development Staff](#).

Service Providers and Management Companies

Per CTCAC Regulations Section 10325(c)(4)(B), ***“Services delivered by the on-site Property Manager or other property management staff will not be eligible for points under any category.”*** CTCAC recognizes that some organizations may have different sub-entities which include both property management and service providers. If this is the case, the applicant must clearly indicate this in the documentation submitted in Tab 24.

Off-site Costs in the Final Tie Breaker Score

Public contributions of off-site costs shall not be counted competitively, unless those off-site costs consist solely of utility connections, curbs, gutters, and sidewalks immediately bordering the property. Any off-site costs other than utility connections, curbs, gutters, and sidewalks immediately bordering the property will be deemed ineligible and excluded from the soft financing numerator and the total residential project cost denominators in final tie breaker calculation. If the off-site costs identified in Tab 12 are not clearly identified or combined with any off-site costs other than utility connections, curbs, gutters, and sidewalks immediately bordering the property, the entire off-site cost

will be deemed ineligible and excluded as previously described. Therefore, please provide an itemized breakdown of the off-site costs to ensure staff can correctly calculate the final tie breaker score for each project.

Rent Overburden for Unsubsidized Units – with Exhibit A Update

Several applications submitted in the first round applying with the Special Needs or Single Room Occupancy (SRO) housing type did not demonstrate within the market study that the targeted tenant population will not experience rent overburden in the units not covered by a rental or operating subsidy. Pursuant to CTCAC Regulations Sections 10325(g)(3)(C) and 10325(g)(5)(D), projects with rental or operating subsidies on less than **100%** of the units must demonstrate within the market study that the tenants in the unsubsidized units will not experience rent overburden. Rent overburden is defined as targeted rent which is more than 30% of the target population(s) income. For example, if the unsubsidized unit's rent is \$300 per month, the target population must earn at least \$1,000 per month to not be considered rent overburdened. For those unsubsidized units, please provide the following information in the market study:

1. Identify the specific tenant population for the proposed project. Example: homeless, disabled, etc. **General population information in the market area for purposes of this analysis is not sufficient data.**
2. Identify income levels **and the** source of income for this specific tenant population. Include the source of this information and any relevant explanation to substantiate its accuracy. **General income information for the area is not sufficient.**
3. Provide a clear calculation for all unsubsidized units at the various rent and income levels in question. Example:
 - **Rent = \$300 per month**
 - **Target population monthly income = \$1,400**
 - **Percentage of income to rent (300/1400) = 21.4% (<30%)**
 - **Target population will not experience rent overburden**

A section has been added to the Exhibit A Housing Type tab to help applicants confirm that their project's tenants would not be rent overburdened.

Lowest Annual Income of Tenants (a)	Unit Type (b)	Lowest Monthly Income of Tenants (c)	Highest Unsubsidized Monthly Rent (Gross) (d)	Percentage of Income Used for Rent (e)	
	0 Bedroom	\$ -			TRUE
\$ 16,800	1 Bedroom	\$ 1,400	\$ 300	21.43%	TRUE
	2 Bedroom	\$ -			TRUE
	3 Bedroom	\$ -			TRUE
	4 Bedroom	\$ -			TRUE
	5 Bedroom	\$ -			TRUE

Possible sources of income (as per the market study) for the target population generating at least the amounts in column (a) of the above table:

tenant population will receive UBI of \$1,400 for a one person household from the City

Column (a) Enter the lowest expected annual income of the smallest sized household appropriate for each unit type from the market study or documentation from service providers. This must match the submitted application documents. (i.e. one-person household in a studio or two-person household in a two bedroom)

Column (d) Enter the highest unsubsidized gross monthly rent for each bedroom size. These figures should match the targeted rent from the e-application. You may also use this table to calculate internally and confirm that any other unsubsidized units at lower rent levels for each unit size will also not experience rent overburden.

Column (e) If column (e) exceeds 30%, this indicates tenants will experience rent overburden.

Please note, this information is only required when a project **does not** have a public rental subsidy or an operating subsidy committed to 100% of the Special Needs or SRO units in a Special Needs or SRO housing type project. The regulatory requirement is cited below.

Section 10325(g)(3)(C):

- (C) "If the project does not have a public rental or operating subsidy committed for all special needs and non-special needs SRO units, the applicant shall demonstrate for these unsubsidized units that the target population(s) will not experience rent overburden, as supported by the market study. Rent overburden means the targeted rent is more than 30% of the target population(s) income;"

Section 10325(g)(5)(D):

- (D) “If the project does not have a rental subsidy committed, the application shall demonstrate that the target population can pay the proposed rents. For instance, if the target population will rely on General Assistance, the applicant shall show that for those receiving General Assistance are willing to pay rent at the level proposed;”

Continuity of Application Documents

Loan and grant commitment letters or other documentation submitted to substantiate a committed loan or grant must show an amount consistent with the amounts shown in the Excel application. A discrepancy in the amounts may result in disqualification or credit reductions as the project may be deemed infeasible or over-sourced. Any statements noted in the financing plan in Tab 2 by the applicant must be substantiated by the third-party lender or grantor.

Per Unit Costs Exceeding \$650,000

In order to provide transparency and explanations for projects with per unit costs exceeding \$650,000, please provide a brief description in Tab 12 outlining the factors impacting cost.

Deferred-Payment Financing Ineligible for Tie Breaker

While preliminary and provisionally awarded public funds referenced in CTCAC Regulations Section 10325(f)(8)(F) are acceptable funding sources to be included in the application, they do not meet the leveraged soft financing requirement of CTCAC Regulation Section 10325(c)(9)(A) and therefore are not eligible for inclusion in the final tie breaker calculation.