

0968 California Tax Credit Allocation Committee

The mission of the California Tax Credit Allocation Committee (CTCAC) is to form public/private partnerships to assist in the development and maintenance of quality rental housing communities affordable to low-income Californians.

CTCAC works in public/private partnerships to assist with project development, while fulfilling its responsibilities as a credit agency through project compliance monitoring. CTCAC coordinates its functions with state and local housing fund providers and with private fund investors, when providing and maintaining quality, affordable housing.

The CTCAC consists of seven members, including the Treasurer who is designated as chairman, the Governor or Director of Finance, the State Controller, the Director of the Department of Housing and Community Development, the Executive Director of the California Housing Finance Agency, and two local government representatives.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
10 California Tax Credit Allocation Committee	21.6	25.0	25.0	\$2,879	\$3,356	\$3,420
20 Community Revitalization Program	-	1.0	1.0	15	92	82
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	21.6	26.0	26.0	\$2,894	\$3,448	\$3,502
FUNDING				2005-06*	2006-07*	2007-08*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account				\$1,162	\$1,406	\$1,444
0457 Tax Credit Allocation Fee Account				1,667	1,890	1,916
0995 Reimbursements				50	60	60
3038 Community Revitalization Fee Fund				15	92	82
TOTALS, EXPENDITURES, ALL FUNDS				\$2,894	\$3,448	\$3,502

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Internal Revenue Code Section 42; California Health and Safety Code Sections 50199.4 through 50199.22; California Revenue and Taxation Code Sections 12205.5, 12206, 17057.5, 17058, 23610.4, and 23610.5; Federal Tax Reform Act of 1986, Section 252 of Public Law No. 99-514 (October 22, 1986); Chapter 658, California Statutes of 1987, as amended; Chapter 1138, California Statutes of 1987, as amended; California Health and Safety Code Section 50199.51; California Revenue and Taxation Code Sections 17053.14, 23608.2, and 23608.3; California Health and Safety Code Section 50199.70; Internal Revenue Code, Title 26, Subtitle A, Chapter 1, Subchapter X, Section 1400E et seq., as amended.

DETAILED BUDGET ADJUSTMENTS

Baseline Adjustment Descriptions	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Various Baseline Adjustments	\$-	\$116	-	\$-	\$169	-
Totals, Baseline Adjustments	\$-	\$116	-	\$-	\$169	-
TOTALS, BUDGET ADJUSTMENTS	\$-	\$116	-	\$-	\$169	-

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

The Federal Low Income Housing Tax Credit Program:

Congress authorized the federal program in 1986. It replaced traditional housing tax incentives, such as accelerated depreciation, with a tax credit that enables developers of affordable rental housing to raise project equity through the "sale" of tax benefits to investors.

Each state has an annual housing credit ceiling of \$1.90 per state resident, and may qualify for a share of credits available annually in a national pool comprised of states' unused credits. The annual housing credit ceiling is indexed for inflation. Investors can take the annual credit each year for a ten-year period.

The State Low Income Housing Tax Credit Program:

* Dollars in thousands, except in Salary Range.

0968 California Tax Credit Allocation Committee - Continued

Recognizing the high cost of developing housing in California, the California Legislature authorized the State Low Income Housing Tax Credit Program to augment the federal tax credit program.

The annual state credit ceiling is currently \$70 million, indexed for inflation (in addition to any unused or returned credits from previous years). Investors take the state credit over a four-year period in contrast to the ten-year federal allocation period. The full four-year state credit allocated to a project is deducted from the annual state credit ceiling, while only the annual federal credit allocated to a project is deducted from the federal ceiling.

Tax-Exempt Bond Financed Program:

Developments that are financed with the proceeds of tax-exempt bonds may also receive federal tax credit. In this instance, the developer/owner of a tax-exempt development must apply to the Committee and must conform to the federal and state statutory and regulatory requirements, but there is no annual "cap" on the amount of credit that may be awarded by the state to such developments. The credit available is based on approximately four percent (instead of the nine percent for projects that are not financed by a federal subsidy) of the "qualified basis" of the development, that is, the costs attributable to the units that will be income and rent restricted for a minimum of 30 years.

Under federal law, credit projects must remain affordable for at least 15 years; however, California's program generally requires maintaining affordability for 55 years. Land use agreements are recorded against each credit project to ensure compliance.

Farmworker Housing Tax Credit Program:

In 1996, the California Tax Credit Allocation Committee (CTCAC) received authorization from the California Legislature to administer an additional tax credit program to assist farmworkers, known as the Farmworker Housing Tax Credit Program. Annually, up to \$500,000 of state tax credits is available for the construction of farmworker housing.

20 COMMERCIAL REVITALIZATION DEDUCTION PROGRAM

In 2002, CTCAC received authorization to administer the Commercial Revitalization Deduction Program, a federal program designed to stimulate job growth and economic development in designated Renewal Communities nationwide. California currently has five Renewal Communities, which are portions of the Cities of San Francisco, Los Angeles, and San Diego, as well as the rural communities of Orange Cove and Parlier. CTCAC can allocate up to \$12 million in federal tax deductions to qualifying businesses in each of the Renewal Communities. These deductions are available to qualified businesses that acquire and renovate property, rehabilitate existing structures, or build property for commercial use.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		<u>2005-06*</u>	<u>2006-07*</u>	<u>2007-08*</u>
PROGRAM REQUIREMENTS				
10	CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE			
	State Operations:			
0448	Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$1,162	\$1,406	\$1,444
0457	Tax Credit Allocation Fee Account	1,525	1,754	1,780
0995	Reimbursements	<u>50</u>	<u>60</u>	<u>60</u>
	Totals, State Operations	\$2,737	\$3,220	\$3,284
	Local Assistance:			
0457	Tax Credit Allocation Fee Account	<u>\$142</u>	<u>\$136</u>	<u>\$136</u>
	Totals, Local Assistance	\$142	\$136	\$136
PROGRAM REQUIREMENTS				
20	COMMUNITY REVITALIZATION PROGRAM			
	State Operations:			
3038	Community Revitalization Fee Fund	<u>\$15</u>	<u>\$92</u>	<u>\$82</u>
	Totals, State Operations	\$15	\$92	\$82
TOTALS, EXPENDITURES				
	State Operations	2,752	3,312	3,366
	Local Assistance	<u>142</u>	<u>136</u>	<u>136</u>
	Totals, Expenditures	\$2,894	\$3,448	\$3,502

EXPENDITURES BY CATEGORY (Summary By Object)

* Dollars in thousands, except in Salary Range.

0968 California Tax Credit Allocation Committee - Continued

1 State Operations	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	21.6	26.0	26.0	\$1,150	\$1,375	\$1,426
Total Adjustments	-	-	-	-	48	50
Net Totals, Salaries and Wages	21.6	26.0	26.0	\$1,150	\$1,423	\$1,476
Staff Benefits	-	-	-	400	477	458
Totals, Personal Services	21.6	26.0	26.0	\$1,550	\$1,900	\$1,934
OPERATING EXPENSES AND EQUIPMENT				\$1,202	\$1,406	\$1,426
SPECIAL ITEMS OF EXPENSE				\$-	\$6	\$6
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$2,752	\$3,312	\$3,366
2 Local Assistance						
				2005-06*	2006-07*	2007-08*
Grants and Subventions				\$142	\$136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)				\$142	\$136	\$136

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,347	\$1,356	\$1,444
Allocation for employee compensation	-	41	-
Adjustment per Section 3.60	-5	9	-
Totals Available	\$1,342	\$1,406	\$1,444
Unexpended balance, estimated savings	-180	-	-
TOTALS, EXPENDITURES	\$1,162	\$1,406	\$1,444
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,655	\$1,685	\$1,774
Allocation for employee compensation	-	57	-
Adjustment per Section 3.60	-7	6	-
Health and Safety Code Section 50199.9(b)	-	6	6
Totals Available	\$1,648	\$1,754	\$1,780
Unexpended balance, estimated savings	-123	-	-
TOTALS, EXPENDITURES	\$1,525	\$1,754	\$1,780
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$50	\$60	\$60
3038 Community Revitalization Fee Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$92	\$89	\$82
Allocation for employee compensation	-	3	-
Totals Available	\$92	\$92	\$82
Unexpended balance, estimated savings	-77	-	-
TOTALS, EXPENDITURES	\$15	\$92	\$82
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$2,752	\$3,312	\$3,366

* Dollars in thousands, except in Salary Range.

0968 California Tax Credit Allocation Committee - Continued

2 LOCAL ASSISTANCE	2005-06*	2006-07*	2007-08*
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
Health and Safety Code Section 50199.9(b)	\$142	\$136	\$136
TOTALS, EXPENDITURES	\$142	\$136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$142	\$136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$2,894	\$3,448	\$3,502

FUND CONDITION STATEMENTS

	2005-06*	2006-07*	2007-08*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$8,431	\$13,133	\$54,243
Prior year adjustments	1	-	-
Adjusted Beginning Balance	\$8,432	\$13,133	\$54,243
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	5,549	5,535	5,535
150300 Income From Surplus Money Investments	312	262	262
150500 Interest Income From Interfund Loans	-	1,720	-
161000 Escheat of Unclaimed Checks & Warrants	1	-	-
161400 Miscellaneous Revenue	1	-	-
Transfers and Other Adjustments:			
FO0001 From General Fund loan repayment per Item 0968-011-0448, Budget Act of 2004	-	35,000	-
Total Revenues, Transfers, and Other Adjustments	\$5,863	\$42,517	\$5,797
Total Resources	\$14,295	\$55,650	\$60,040
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	-	1	1
0968 California Tax Credit Allocation Committee (State Operations)	1,162	1,406	1,444
Total Expenditures and Expenditure Adjustments	\$1,162	\$1,407	\$1,445
FUND BALANCE	\$13,133	\$54,243	\$58,595
Reserve for economic uncertainties	13,133	54,243	58,595
0457 Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$174	\$5,832	\$40,060
Prior year adjustments	-66	-	-
Adjusted Beginning Balance	\$108	\$5,832	\$40,060
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	3,863	3,860	3,860
150300 Income From Surplus Money Investments	445	116	116
150500 Interest Income From Interfund Loans	74	1,143	-
161000 Escheat of Unclaimed Checks & Warrants	10	-	-
Transfers and Other Adjustments:			
FO0001 From General Fund loan repayment per Item 0968-011-0457, Budget Act of 2003 and 2004	3,000	31,000	-
Total Revenues, Transfers, and Other Adjustments	\$7,392	\$36,119	\$3,976
Total Resources	\$7,500	\$41,951	\$44,036
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			

* Dollars in thousands, except in Salary Range.

0968 California Tax Credit Allocation Committee - Continued

	2005-06*	2006-07*	2007-08*
0840 State Controller (State Operations)	1	1	1
0968 California Tax Credit Allocation Committee			
State Operations	1,525	1,754	1,780
Local Assistance	<u>142</u>	<u>136</u>	<u>136</u>
Total Expenditures and Expenditure Adjustments	<u>\$1,668</u>	<u>\$1,891</u>	<u>\$1,917</u>
FUND BALANCE	\$5,832	\$40,060	\$42,119
Reserve for economic uncertainties	5,832	40,060	42,119
3038 Community Revitalization Fee Fund ^s			
BEGINNING BALANCE	-	\$2	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	<u>\$17</u>	<u>90</u>	<u>\$90</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$17</u>	<u>\$90</u>	<u>\$90</u>
Total Resources	\$17	\$92	\$90
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	<u>15</u>	<u>92</u>	<u>82</u>
Total Expenditures and Expenditure Adjustments	<u>\$15</u>	<u>\$92</u>	<u>\$82</u>
FUND BALANCE	\$2	-	\$8
Reserve for economic uncertainties	2	-	8

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Totals, Authorized Positions	21.6	26.0	26.0	\$1,150	\$1,375	\$1,426
Salary Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>50</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$-</u>	<u>\$48</u>	<u>\$50</u>
TOTALS, SALARIES AND WAGES	21.6	26.0	26.0	\$1,150	\$1,423	\$1,476

* Dollars in thousands, except in Salary Range.