

## 0968 California Tax Credit Allocation Committee

The mission of the California Tax Credit Allocation Committee (CTCAC) is to fairly allocate federal and state tax credits to create and maintain safe quality affordable rental housing for low-income households in California by forming partnerships with developers, investors and public entities.

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 (or its successor), and two local government representatives.

### 3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
10 California Tax Credit Allocation Committee	34.8	39.0	40.0	\$5,014	\$5,996	\$6,305
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>34.8</b>	<b>39.0</b>	<b>40.0</b>	<b>\$5,014</b>	<b>\$5,996</b>	<b>\$6,305</b>
<b>FUNDING</b>				<b>2011-12*</b>	<b>2012-13*</b>	<b>2013-14*</b>
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account				\$2,795	\$3,621	\$3,810
0457 Tax Credit Allocation Fee Account				2,126	2,315	2,435
0995 Reimbursements				93	60	60
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$5,014</b>	<b>\$5,996</b>	<b>\$6,305</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

Internal Revenue Code Section 42; California Health and Safety Code Sections 50199.4 through 50199.22, Section 50199.51, and Section 50199.70; and California Revenue and Taxation Code Sections 12205.5, 12206, 17053.14, 17057.5, 17058, 23608.2, 23608.3, 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; Internal Revenue Code, Title 26, Subtitle A, Chapter 1, Subchapter X, Section 1400E et seq., as amended.

### DETAILED BUDGET ADJUSTMENTS

	2012-13*			2013-14*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Workload Budget Adjustments</b>						
<b>Workload Budget Change Proposals</b>						
• New Permanent Position for the Allocation Unit	\$-	\$-	-	\$-	\$118	1.0
<b>Totals, Workload Budget Change Proposals</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$-</b>	<b>\$118</b>	<b>1.0</b>
<b>Other Workload Budget Adjustments</b>						
• Employee Compensation Adjustment	\$-	-\$124	-	\$-	\$26	-
• Retirement Rate Adjustment	-	54	-	-	54	-
• Pro Rata Adjustment	-	-	-	-	41	-
• Increase in Volume of Applications	-	54	-	-	54	-
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$-</b>	<b>-\$16</b>	<b>-</b>	<b>\$-</b>	<b>\$175</b>	<b>-</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$-</b>	<b>-\$16</b>	<b>-</b>	<b>\$-</b>	<b>\$293</b>	<b>1.0</b>
<b>Totals, Budget Adjustments</b>	<b>\$-</b>	<b>-\$16</b>	<b>-</b>	<b>\$-</b>	<b>\$293</b>	<b>1.0</b>

### PROGRAM DESCRIPTIONS

#### 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

\* Dollars in thousands, except in Salary Range.

## 0968 California Tax Credit Allocation Committee - Continued

depreciation, with a tax credit that enables developers of affordable rental housing to raise project equity through the "sale" of tax benefits to investors.

As of 2012, each state has an annual housing credit ceiling of approximately \$2.20 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:

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. Specifically, projects that are not receiving an increase in the federal credit basis may apply for and receive state credits. Of the state credit authority amount, \$500,000 annually is available as credit for farmworker housing projects.

The annual state credit ceiling is currently \$101.8 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.

Tax-Exempt Bond Financed Program:

Developments financed with tax-exempt bond proceeds may also receive federal tax credit. The sponsors of such projects must apply to the Committee and must conform to applicable 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 annual 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:

Chapter 521, Statutes of 2008 (SB 1267) folded the previous Farmworker Housing Assistance tax credits into the general State low-income housing tax credit program. While \$500,000 annually continues to be authorized for State tax credits in support of farmworker housing, the program now operates under the rules of the general State low-income housing tax credit program.

### DETAILED EXPENDITURES BY PROGRAM

	2011-12*	2012-13*	2013-14*
<b>PROGRAM REQUIREMENTS</b>			
<b>10 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE</b>			
<b>State Operations:</b>			
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$2,795	\$3,621	\$3,810
0457 Tax Credit Allocation Fee Account	1,940	2,125	2,245
0995 Reimbursements	93	60	60
<b>Totals, State Operations</b>	<b>\$4,828</b>	<b>\$5,806</b>	<b>\$6,115</b>
<b>Local Assistance:</b>			
0457 Tax Credit Allocation Fee Account	\$186	\$190	\$190
<b>Totals, Local Assistance</b>	<b>\$186</b>	<b>\$190</b>	<b>\$190</b>
<b>TOTALS, EXPENDITURES</b>			
State Operations	4,828	5,806	6,115
Local Assistance	186	190	190
<b>Totals, Expenditures</b>	<b>\$5,014</b>	<b>\$5,996</b>	<b>\$6,305</b>

### EXPENDITURES BY CATEGORY

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
<b>1 State Operations</b>						
<b>PERSONAL SERVICES</b>						
Authorized Positions (Equals Sch. 7A)	34.8	39.0	39.0	\$2,037	\$2,225	\$2,405

\* Dollars in thousands, except in Salary Range.

**0968 California Tax Credit Allocation Committee - Continued**

1 State Operations	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
Total Adjustments	-	-	1.0	-	-	58
<b>Net Totals, Salaries and Wages</b>	<b>34.8</b>	<b>39.0</b>	<b>40.0</b>	<b>\$2,037</b>	<b>\$2,225</b>	<b>\$2,463</b>
Staff Benefits	-	-	-	850	974	1,054
<b>Totals, Personal Services</b>	<b>34.8</b>	<b>39.0</b>	<b>40.0</b>	<b>\$2,887</b>	<b>\$3,199</b>	<b>\$3,517</b>
OPERATING EXPENSES AND EQUIPMENT				\$1,941	\$2,601	\$2,592
SPECIAL ITEMS OF EXPENSE				\$-	\$6	\$6
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$4,828</b>	<b>\$5,806</b>	<b>\$6,115</b>

2 Local Assistance	Expenditures		
	2011-12*	2012-13*	2013-14*
Grants and Subventions	\$186	\$190	\$190
<b>TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)</b>	<b>\$186</b>	<b>\$190</b>	<b>\$190</b>

**DETAIL OF APPROPRIATIONS AND ADJUSTMENTS**

1 STATE OPERATIONS	2011-12*	2012-13*	2013-14*
<b>0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,829	\$3,668	\$3,810
Allocation for employee compensation	4	10	-
Adjustment per Section 3.60	13	36	-
Adjustment per Section 3.90	-27	-93	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-18	-	-
Revised expenditure authority per Provision 1	473	-	-
011 Budget Act appropriation (Loan to the General Fund)	(22,000)	-	-
<b>Totals Available</b>	<b>\$3,274</b>	<b>\$3,621</b>	<b>\$3,810</b>
Unexpended balance, estimated savings	-479	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$2,795</b>	<b>\$3,621</b>	<b>\$3,810</b>
<b>0457 Tax Credit Allocation Fee Account</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,163	\$2,142	\$2,239
Allocation for employee compensation	2	5	-
Adjustment per Section 3.60	7	18	-
Adjustment per Section 3.90	-16	-46	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-10	-	-
011 Budget Act appropriation (Loan to the General Fund)	(13,000)	-	-
Health and Safety Code Section 50199.9(b)	-	6	6
<b>Totals Available</b>	<b>\$2,146</b>	<b>\$2,125</b>	<b>\$2,245</b>
Unexpended balance, estimated savings	-206	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$1,940</b>	<b>\$2,125</b>	<b>\$2,245</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$93	\$60	\$60
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$4,828</b>	<b>\$5,806</b>	<b>\$6,115</b>

\* Dollars in thousands, except in Salary Range.

## 0968 California Tax Credit Allocation Committee - Continued

2 LOCAL ASSISTANCE	2011-12*	2012-13*	2013-14*
<b>0457 Tax Credit Allocation Fee Account</b>			
APPROPRIATIONS			
Health and Safety Code Section 50199.9(b)	\$186	\$190	\$190
<b>TOTALS, EXPENDITURES</b>	<b>\$186</b>	<b>\$190</b>	<b>\$190</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)</b>	<b>\$186</b>	<b>\$190</b>	<b>\$190</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)</b>	<b>\$5,014</b>	<b>\$5,996</b>	<b>\$6,305</b>
<hr/>			
<b>FUND CONDITION STATEMENTS</b>			
	2011-12*	2012-13*	2013-14*
<b>0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account <sup>s</sup></b>			
BEGINNING BALANCE	\$37,299	\$17,949	\$19,672
Prior year adjustments	166	-	-
Adjusted Beginning Balance	\$37,465	\$17,949	\$19,672
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	5,220	5,300	5,300
150300 Income From Surplus Money Investments	67	68	68
Transfers and Other Adjustments:			
TO0001 To General Fund loan per Item 0968-011-0448, Budget Act of 2010 and 2011	-22,000	-	-
Total Revenues, Transfers, and Other Adjustments	-\$16,713	\$5,368	\$5,368
Total Resources	\$20,752	\$23,317	\$25,040
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	2	4	-
0968 California Tax Credit Allocation Committee (State Operations)	2,795	3,621	3,810
8880 Financial Information System for California (State Operations)	6	20	17
Total Expenditures and Expenditure Adjustments	\$2,803	\$3,645	\$3,827
FUND BALANCE	\$17,949	\$19,672	\$21,213
Reserve for economic uncertainties	17,949	19,672	21,213
<b>0457 Tax Credit Allocation Fee Account <sup>s</sup></b>			
BEGINNING BALANCE	\$16,291	\$5,920	\$8,474
Prior year adjustments	13	-	-
Adjusted Beginning Balance	\$16,304	\$5,920	\$8,474
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	4,655	4,794	4,938
150300 Income From Surplus Money Investments	90	90	90
161000 Escheat of Unclaimed Checks & Warrants	4	-	-
Transfers and Other Adjustments:			
TO0001 To General Fund loan per Item 0968-011-0457, Budget Act of 2010 and 2011	-13,000	-	-
Total Revenues, Transfers, and Other Adjustments	-\$8,251	\$4,884	\$5,028
Total Resources	\$8,053	\$10,804	\$13,502
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	2	3	-
0968 California Tax Credit Allocation Committee			
State Operations	1,940	2,125	2,245
Local Assistance	186	190	190
8880 Financial Information System for California (State Operations)	5	12	10

\* Dollars in thousands, except in Salary Range.

**0968 California Tax Credit Allocation Committee - Continued**

	<u>2011-12*</u>	<u>2012-13*</u>	<u>2013-14*</u>
Total Expenditures and Expenditure Adjustments	\$2,133	\$2,330	\$2,445
FUND BALANCE	\$5,920	\$8,474	\$11,057
Reserve for economic uncertainties	5,920	8,474	11,057
<b>3038 Community Revitalization Fee Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$1	\$1	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Transfers and Other Adjustments:			
TO0001 To General Fund loan repayment per Item 9840-011-0001, Budget Act of 2002	-	-1	-
Total Revenues, Transfers, and Other Adjustments	-	-\$1	-
Total Resources	\$1	-	-
FUND BALANCE	\$1	-	-
Reserve for economic uncertainties	1	-	-

**CHANGES IN AUTHORIZED POSITIONS**

	<u>Positions</u>			<u>Expenditures</u>		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
Totals, Authorized Positions	34.8	39.0	39.0	\$2,037	\$2,225	\$2,405
<b>Proposed New Positions: Compliance BCP</b>				<b>Salary Range</b>		
Assoc Govtl Prog Analyst	-	-	1.0	4,400-5,348	-	58
<b>Totals Proposed New Positions</b>	-	-	1.0	\$-	\$-	\$58
<b>Total Adjustments</b>	-	-	1.0	\$-	\$-	\$58
<b>TOTALS, SALARIES AND WAGES</b>	<b>34.8</b>	<b>39.0</b>	<b>40.0</b>	<b>\$2,037</b>	<b>\$2,225</b>	<b>\$2,463</b>

\* Dollars in thousands, except in Salary Range.