

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 Chairperson, 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

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
0840 California Tax Credit Allocation Committee	38.7	37.9	44.9	\$5,964	\$7,708	\$8,387
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	38.7	37.9	44.9	\$5,964	\$7,708	\$8,387
FUNDING				2014-15*	2015-16*	2016-17*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account				\$3,759	\$4,699	\$5,099
0457 Tax Credit Allocation Fee Account				2,090	2,899	3,178
0995 Reimbursements				115	110	110
TOTALS, EXPENDITURES, ALL FUNDS				\$5,964	\$7,708	\$8,387

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Internal Revenue Code Section 42; California Health and Safety Code Sections 50199.4 through 50199.22; and California Revenue and Taxation Code Sections 12205, 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; Internal Revenue Code, Title 26, Subtitle A, Chapter 1, Subchapter X, Section 1400E et seq., as amended.

DETAILED BUDGET ADJUSTMENTS

	2015-16*			2016-17*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Compliance Monitoring Staff Augmentation	\$-	\$-	-	\$-	\$586	4.0
• Development Section Staff Augmentation	-	-	-	-	393	3.0
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$979	7.0
Other Workload Budget Adjustments						
• Expenditure By Category Redistribution	\$-	\$220	-	\$-	\$220	-
• Salary Adjustments	-	64	-	-	64	-
• Benefit Adjustments	-	36	-	-	47	-
• Retirement Rate Adjustments	-	22	-	-	22	-
• Miscellaneous Baseline Adjustments	-	3	-	-	3	-
• Budget Position Transparency	-	-220	-2.1	-	-220	-2.1
• Pro Rata	-	-	-	-	-311	-
Totals, Other Workload Budget Adjustments	\$-	\$125	-2.1	\$-	-\$175	-2.1
Totals, Workload Budget Adjustments	\$-	\$125	-2.1	\$-	\$804	4.9
Totals, Budget Adjustments	\$-	\$125	-2.1	\$-	\$804	4.9

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

0968 California Tax Credit Allocation Committee - Continued

PROGRAM DESCRIPTIONS

0840 - 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.

As of 2015, each state has an annual housing credit ceiling of \$2.30 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 against their federal income tax liability 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 their federal tax credit basis may apply for and receive state tax credits. However, an exception to this rule is in place for projects serving Special Needs populations (as defined in Section 10325 of the CTCAC regulations). Those projects may apply for and receive state tax credits even if they are receiving an increase in their federal tax credit basis. The project's "eligible basis" is the portion of the total project cost that is used to calculate the amount of the tax credit.

Of the state credit authority amount, \$500,000 annually is available as credit for farmworker housing projects.

The annual state credit ceiling is currently \$93.8 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 with tax-exempt bond proceeds) of the "qualified basis" of the development. Qualified basis includes those 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 30 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

		2014-15*	2015-16*	2016-17*
PROGRAM REQUIREMENTS				
0840	CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE			
	State Operations:			
0448	Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$3,759	\$4,699	\$5,099
0457	Tax Credit Allocation Fee Account	1,901	2,709	2,988
0995	Reimbursements	115	110	110
	Totals, State Operations	\$5,775	\$7,518	\$8,197
	Local Assistance:			
0457	Tax Credit Allocation Fee Account	\$189	\$190	\$190
	Totals, Local Assistance	\$189	\$190	\$190
	TOTALS, EXPENDITURES			

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

0968 California Tax Credit Allocation Committee - Continued

	<u>2014-15*</u>	<u>2015-16*</u>	<u>2016-17*</u>
State Operations	5,775	7,518	8,197
Local Assistance	189	190	190
Totals, Expenditures	\$5,964	\$7,708	\$8,387

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
PERSONAL SERVICES						
Baseline Positions	40.0	40.0	40.0	\$2,564	\$2,566	\$2,566
Budget Position Transparency	-	-2.1	-2.1	-	-220	-220
Total Adjustments	<u>-1.3</u>	<u>-</u>	<u>7.0</u>	<u>-6</u>	<u>64</u>	<u>498</u>
Net Totals, Salaries and Wages	38.7	37.9	44.9	\$2,558	\$2,410	\$2,844
Staff Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170</u>	<u>1,258</u>	<u>1,462</u>
Totals, Personal Services	38.7	37.9	44.9	\$3,728	\$3,668	\$4,306
OPERATING EXPENSES AND EQUIPMENT				\$2,047	\$3,844	\$3,885
SPECIAL ITEMS OF EXPENSES				<u>-</u>	<u>6</u>	<u>6</u>
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$5,775	\$7,518	\$8,197

2 Local Assistance	Expenditures		
	2014-15*	2015-16*	2016-17*
Grants and Subventions - Governmental	<u>\$189</u>	<u>\$190</u>	<u>\$190</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$189	\$190	\$190

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2014-15*	2015-16*	2016-17*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$4,116	\$4,620	\$5,099
Allocation for employee compensation	32	42	-
Allocation for staff benefits	14	23	-
Budget Position Transparency	-	-143	-
Expenditure By Category Redistribution	-	143	-
Past year adjustments	-24	-	-
Section 3.60 pension contribution adjustment	<u>50</u>	<u>14</u>	<u>-</u>
Totals Available	\$4,188	\$4,699	\$5,099
Unexpended balance, estimated savings	<u>-429</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$3,759	\$4,699	\$5,099
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,266	\$2,660	\$2,982
Allocation for employee compensation	17	22	-
Allocation for staff benefits	7	13	-
Budget Position Transparency	-	-77	-
Expenditure By Category Redistribution	-	77	-

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

0968 California Tax Credit Allocation Committee - Continued

	2014-15*	2015-16*	2016-17*
1 STATE OPERATIONS			
Past year adjustments	-291	-	-
Section 3.60 pension contribution adjustment	27	8	-
Health and Safety Code section 50199.9(b)	<u>6</u>	<u>6</u>	<u>6</u>
Totals Available	\$2,032	\$2,709	\$2,988
Unexpended balance, estimated savings	<u>-131</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$1,901	\$2,709	\$2,988
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	<u>\$115</u>	<u>\$110</u>	<u>\$110</u>
TOTALS, EXPENDITURES	\$115	\$110	\$110
Total Expenditures, All Funds, (State Operations)	\$5,775	\$7,518	\$8,197
2 LOCAL ASSISTANCE	2014-15*	2015-16*	2016-17*
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
Health and Safety Code section 50199.9(b)	\$190	\$190	\$190
Past year adjustments	<u>-1</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$189	\$190	\$190
Total Expenditures, All Funds, (Local Assistance)	\$189	\$190	\$190
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$5,964	\$7,708	\$8,387
<hr/>			
FUND CONDITION STATEMENTS	2014-15*	2015-16*	2016-17*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account^s			
BEGINNING BALANCE	\$20,965	\$22,779	\$24,627
Prior Year Adjustments	<u>-25</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$20,940	\$22,779	\$24,627
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129200 Other Regulatory Fees	5,543	6,500	6,500
4163000 Investment Income - Surplus Money Investments	<u>58</u>	<u>54</u>	<u>54</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$5,601</u>	<u>\$6,554</u>	<u>\$6,554</u>
Total Resources	\$26,541	\$29,333	\$31,181
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	3,759	4,699	5,099
8880 Financial Information System for California (State Operations)	<u>3</u>	<u>7</u>	<u>5</u>
Total Expenditures and Expenditure Adjustments	<u>\$3,762</u>	<u>\$4,706</u>	<u>\$5,104</u>
FUND BALANCE	\$22,779	\$24,627	\$26,077
Reserve for economic uncertainties	22,779	24,627	26,077
0457 Tax Credit Allocation Fee Account^s			
BEGINNING BALANCE	\$11,855	\$14,865	\$18,472
Prior Year Adjustments	<u>-56</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$11,799	\$14,865	\$18,472
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129200 Other Regulatory Fees	5,072	6,400	6,400
4150500 Interest Income - Interfund Loans	-	-	294

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

0968 California Tax Credit Allocation Committee - Continued

	2014-15*	2015-16*	2016-17*
4163000 Investment Income - Surplus Money Investments	82	80	80
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	4	30	-
Transfers and Other Adjustments			
Loan Repayment from the General Fund (0001) to Tax Credit Allocation Fee Account (0457) per Provision 4, Item 0968-001-0457 of the Budget Act of 2013	-	-	13,000
Total Revenues, Transfers, and Other Adjustments	<u>\$5,158</u>	<u>\$6,510</u>	<u>\$19,774</u>
Total Resources	\$16,957	\$21,375	\$38,246
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	1,901	2,709	2,988
0968 California Tax Credit Allocation Committee (Local Assistance)	189	190	190
8880 Financial Information System for California (State Operations)	<u>2</u>	<u>4</u>	<u>3</u>
Total Expenditures and Expenditure Adjustments	<u>\$2,092</u>	<u>\$2,903</u>	<u>\$3,181</u>
FUND BALANCE	\$14,865	\$18,472	\$35,065
Reserve for economic uncertainties	14,865	18,472	35,065

CHANGES IN AUTHORIZED POSITIONS

	<u>Positions</u>			<u>Expenditures</u>		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
Baseline Positions	40.0	40.0	40.0	\$2,564	\$2,566	\$2,566
Budget Position Transparency	-	-2.1	-2.1	-	-220	-220
Salary and Other Adjustments	-1.3	-	-	-6	64	64
Workload and Administrative Adjustments						
Compliance Monitoring Staff Augmentation						
Assoc Govtl Program Analyst	-	-	4.0	-	-	248
Development Section Staff Augmentation						
Assoc Govtl Program Analyst	-	-	3.0	-	-	186
TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>7.0</u>	<u>\$-</u>	<u>\$-</u>	<u>\$434</u>
Totals, Adjustments	<u>-1.3</u>	<u>-2.1</u>	<u>4.9</u>	<u>-\$6</u>	<u>-\$156</u>	<u>\$278</u>
TOTALS, SALARIES AND WAGES	<u>38.7</u>	<u>37.9</u>	<u>44.9</u>	<u>\$2,558</u>	<u>\$2,410</u>	<u>\$2,844</u>

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.