

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, and two local government representatives.

3-YR EXPENDITURES AND PERSONNEL YEARS (Summary of Program Requirements)

	Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
10 California Tax Credit Allocation Committee	29.9	34.5	35.0	\$4,329	\$1,073,918	\$5,003
20 Community Revitalization Program	-	-	-	41	3	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	29.9	34.5	35.0	\$4,370	\$1,073,921	\$5,003
FUNDING				2008-09*	2009-10*	2010-11*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account				\$2,428	\$2,526	\$2,690
0457 Tax Credit Allocation Fee Account				1,836	4,332	2,253
0890 Federal Trust Fund				-	1,067,000	-
0995 Reimbursements				65	60	60
3038 Community Revitalization Fee Fund				41	3	-
TOTALS, EXPENDITURES, ALL FUNDS				\$4,370	\$1,073,921	\$5,003

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

	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
• Misc. Baseline Adjustments	-	1,991	-	-	-12	-
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Limited Term Pos/Expiring Pgms	\$-	\$-	-	\$-	\$-	-0.5
• Full Yr Cost of New/Expiring Pgms	-	-	-	-	80	1.0
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$80	0.5
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	-\$350	-	\$-	\$-	-
• Retirement Rate Adjustment	-	6	-	-	6	-
• One-time Cost Reductions	-	-	-	-	-595	-
• Move ARRA funds for Affordable Rental Housing to 09-10 and zero-out one-time funds in 10-11	-	550,000	-	-	-517,000	-
Totals, Other Workload Budget Adjustments	\$-	\$549,656	-	\$-	-\$517,589	-
Totals, Workload Budget Adjustments	\$-	\$551,647	-	\$-	-\$517,521	0.5
Policy Adjustments						

* Dollars in thousands, except in Salary Range.

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	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
• Program Administration Costs for ARRA-funded Affordable Rental Housing	\$-	\$-	-	\$-	\$250	-
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$250	-
Totals, Budget Adjustments	\$-	\$551,647	-	\$-	-\$517,271	0.5

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 approximately \$2.10 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.

The annual state credit ceiling is currently \$80 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)

		2008-09*	2009-10*	2010-11*
PROGRAM REQUIREMENTS				
10	CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE			
	State Operations:			
0448	Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$2,428	\$2,526	\$2,690
0457	Tax Credit Allocation Fee Account	1,583	4,196	2,117
0995	Reimbursements	65	60	60

* Dollars in thousands, except in Salary Range.

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	<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
Totals, State Operations	\$4,076	\$6,782	\$4,867
Local Assistance:			
0457 Tax Credit Allocation Fee Account	\$253	\$136	\$136
0890 Federal Trust Fund	-	<u>1,067,000</u>	-
Totals, Local Assistance	\$253	\$1,067,136	\$136
PROGRAM REQUIREMENTS			
20 COMMUNITY REVITALIZATION PROGRAM			
State Operations:			
3038 Community Revitalization Fee Fund	<u>\$41</u>	<u>\$3</u>	<u>\$-</u>
Totals, State Operations	\$41	\$3	\$-
TOTALS, EXPENDITURES			
State Operations	4,117	6,785	4,867
Local Assistance	<u>253</u>	<u>1,067,136</u>	<u>136</u>
Totals, Expenditures	\$4,370	\$1,073,921	\$5,003

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	<u>Positions/Personnel Years</u>			<u>Expenditures</u>		
	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	29.9	35.5	35.0	\$1,693	\$1,995	\$2,087
Estimated Salary Savings	<u>-</u>	<u>-1.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Totals, Salaries and Wages	29.9	34.5	35.0	\$1,693	\$1,995	\$2,087
Staff Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>582</u>	<u>678</u>	<u>775</u>
Totals, Personal Services	29.9	34.5	35.0	\$2,275	\$2,673	\$2,862
OPERATING EXPENSES AND EQUIPMENT				\$1,842	\$4,106	\$1,999
SPECIAL ITEMS OF EXPENSE				<u>\$-</u>	<u>\$6</u>	<u>\$6</u>
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$4,117	\$6,785	\$4,867

2 Local Assistance

	<u>Expenditures</u>		
	<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
Grants and Subventions	<u>\$253</u>	<u>\$1,067,136</u>	<u>\$136</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$253	\$1,067,136	\$136

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,507	\$2,665	\$2,690
Allocation for employee compensation	2	-	-
Adjustment per Section 3.60	-	3	-
Reduction per Section 3.90	-23	-142	-
011 Budget Act appropriation (Loan to the General Fund)	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Totals Available	\$2,486	\$2,526	\$2,690
Unexpended balance, estimated savings	<u>-58</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$2,428	\$2,526	\$2,690

* Dollars in thousands, except in Salary Range.

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1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,852	-	-
Allocation for employee compensation	3	-	-
Adjustment per Section 3.60	-1	-	-
Reduction per Section 3.90	-18	-	-
001 Budget Act appropriation as amended by Chapter 1, Statutes of 2009, Fourth Extraordinary Session	-	\$2,358	-
Adjustment per Section 3.60	-	3	-
Reduction per Section 3.90	-	-174	-
Adjustment per Section 3.55	-	-1	-
Revised expenditure authority per Provision 1	-	2,004	-
001 Budget Act appropriation	-	-	\$2,111
011 Budget Act appropriation (Loan to the General Fund)	(10,000)	-	-
Health and Safety Code Section 50199.9(b)	-	6	6
Totals Available	\$1,836	\$4,196	\$2,117
Unexpended balance, estimated savings	-253	-	-
TOTALS, EXPENDITURES	\$1,583	\$4,196	\$2,117
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$65	\$60	\$60
3038 Community Revitalization Fee Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$85	\$49	-
Reduction per Section 3.90	-1	-33	-
Totals Available	\$84	\$16	\$-
Unexpended balance, estimated savings	-43	-13	-
TOTALS, EXPENDITURES	\$41	\$3	\$-
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$4,117	\$6,785	\$4,867
2 LOCAL ASSISTANCE	2008-09*	2009-10*	2010-11*
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
Health and Safety Code Section 50199.9(b)	\$253	\$136	\$136
TOTALS, EXPENDITURES	\$253	\$136	\$136
0890 Federal Trust Fund			
APPROPRIATIONS			
101 Budget Act appropriation as added by Chapter 1, Statutes of 2009, Fourth Extraordinary Session	-	\$517,000	-
Budget Adjustment	-	550,000	-
TOTALS, EXPENDITURES	\$-	\$1,067,000	\$-
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$253	\$1,067,136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$4,370	\$1,073,921	\$5,003

FUND CONDITION STATEMENTS

	2008-09*	2009-10*	2010-11*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$60,628	\$54,768	\$59,577
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			

* Dollars in thousands, except in Salary Range.

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	2008-09*	2009-10*	2010-11*
125600 Other Regulatory Fees	6,536	6,536	6,536
150300 Income From Surplus Money Investments	29	800	800
150500 Interest Income From Interfund Loans	-	-	705
161400 Miscellaneous Revenue	3	-	-
Transfers and Other Adjustments:			
FO0001 From General Fund loan repayment per Item 0968-011-0448, Budget Act of 2008	-	-	10,000
TO0001 To General Fund loan per Item 0968-011-0448, Budget Act of 2008	<u>-10,000</u>	<u>-</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>-\$3,432</u>	<u>\$7,336</u>	<u>\$18,041</u>
Total Resources	\$57,196	\$62,104	\$77,618
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	-	1	2
0968 California Tax Credit Allocation Committee (State Operations)	2,428	2,526	2,690
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>-</u>	<u>1</u>
Total Expenditures and Expenditure Adjustments	<u>\$2,428</u>	<u>\$2,527</u>	<u>\$2,693</u>
FUND BALANCE	\$54,768	\$59,577	\$74,925
Reserve for economic uncertainties	54,768	59,577	74,925
0457 Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$45,222	\$38,257	\$39,391
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	4,867	4,867	4,867
150300 Income From Surplus Money Investments	2	600	600
150500 Interest Income From Interfund Loans	-	-	705
161000 Escheat of Unclaimed Checks & Warrants	2	-	-
Transfers and Other Adjustments:			
FO0001 From General Fund loan repayment per Item 0968-011-0457, Budget Act of 2008	-	-	10,000
TO0001 To General Fund loan per Item 0968-011-0457, Budget Act of 2008	<u>-10,000</u>	<u>-</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>-\$5,129</u>	<u>\$5,467</u>	<u>\$16,172</u>
Total Resources	\$40,093	\$43,724	\$55,563
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	-	1	2
0968 California Tax Credit Allocation Committee			
State Operations	1,583	4,196	2,117
Local Assistance	253	136	136
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>-</u>	<u>1</u>
Total Expenditures and Expenditure Adjustments	<u>\$1,836</u>	<u>\$4,333</u>	<u>\$2,256</u>
FUND BALANCE	\$38,257	\$39,391	\$53,307
Reserve for economic uncertainties	38,257	39,391	53,307
3038 Community Revitalization Fee Fund ^s			
BEGINNING BALANCE	\$45	\$3	-
Prior year adjustments	<u>-2</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$43	\$3	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
150300 Income From Surplus Money Investments	<u>1</u>	<u>-</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$1</u>	<u>-</u>	<u>-</u>
Total Resources	\$44	\$3	-

* Dollars in thousands, except in Salary Range.

0968 California Tax Credit Allocation Committee - Continued

	2008-09*	2009-10*	2010-11*
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	41	3	-
Total Expenditures and Expenditure Adjustments	\$41	\$3	-
FUND BALANCE			
Reserve for economic uncertainties	3	-	-

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