

CCAH BRAINSTORM 2009

Agenda for Tuesday November 17th Session ~ CCAH Fall Conference

Legislative

“Big Three” Consensus Proposals

- **Allow 5-year carryback of credits.**
- **Extend the 9% Exchange program for one year, and permit the exchange of 4% credits for one year.**
- **Modify passive loss rules to broaden pool of investors**

- Revise CRA laws to increase investment mandates, while allowing greater flexibility in terms of granting banks credit for investing. Insurance companies should be included.
- The tax credit program must compete more effectively with other tax credits. The LIHTC should be taken over a maximum 5 year period. (Recapture could still be effective)
- Fix the 4% credit rate/use bond cap to pay for it.
- Allow CDLAC/States to exchange a portion of bond cap for cash from Treasury.
- Allow LIHTC rents up to 80% AMI, with average rents not to exceed 60% AMI.
- Increase redevelopment tax increment set-aside from 20% to ??
- Support the state “permanent source” campaign (AB 500). The Governor supports this despite the difficult environment for such a revenue measure.

QAP/Administrative

- “Uncap” certain scoring categories in order to limit/eliminate perfect scores and tiebreakers. (affordability? cost efficiency? public funding? amenities?)
- Prohibit “voluntary” basis reductions solely for scoring/tiebreaker purposes (allow excess “gap” funding to generate lower rents).
- Extend the 150-day readiness requirement to 210 days.
- Modify the “50%” funding rule to require that funded projects not score below projects that were “passed over” (currently must be within 5 points).
- Establish modified “experience points” requirements for homeless/special needs/SRO applicants, recognizing that fewer projects should be required.
- Increase the Housing Type Set Asides to 15% each, with Large Family remaining at 65%. Total non-large family set asides remain at 35%, but percentages in each category could vary depending on project scoring.

2nd Tiebreaker

- Eliminate permanent bank loans from the sources in the calculation
- Add land and developer fee back into the “denominator” for the calculation.

- Clarify what is includable in land cost.
- Establish a priority for “housing need” in the QAP, measured by such things as rent discounts to market.
- Permit a certain number of unsuccessful projects with perfect scores in one round to receive a priority in a subsequent round if they can maintain their same score/tiebreaker.

Other

- Establish a Fannie Mae/Freddie Mac LIHTC guarantee program wherein the GSE’s guarantee LIHTC’s to the investor (issue Fannie/Freddie LIHTC-backed securities?)
- Establish regional or “community based” equity funds with investor entities that have ties to particular areas. (e.g., QUALCOMM- San Diego; Intel-Bay Area)
- Develop a structure whereby LIHTC’s can be sold into a REIT (or something similar) which raises capital by selling shares that can be traded. REIT issues dividends in the form of tax credits.
- Develop programs to mitigate syndicator warehousing risk. (Private market? Fannie/Freddie?)
- Provide investor incentives for investing in economically impacted areas (“bonus credits”). This is being done with energy credits.
- What does the E & Y survey tell us we should be doing to improve the LIHTC program (besides a 5-year carryback)?