



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Mark Stivers

TO: TCAC Stakeholder Community  
FROM: Mark Stivers, Executive Director  
DATE: January 7, 2016  
RE: DDA Status for 2016 applications

On November 24, 2015, the Department of Housing and Urban Development (HUD) published in the Federal Register a notice establishing the effective date of the new (Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) as July 1, 2016. The notice states in part:

The 2016 lists of QCTs and DDAs are effective:

- (1) for allocations of credit after June 30, 2016; or
- (2) for purposes of IRC Section 42(h)(4) [4% tax credits], if the bonds are issued and the building is placed in service after June 30, 2016.

With respect to 9% tax credit applications, it is TCAC's understanding that "allocation" in paragraph (1) refers to the carryover allocation date, not the reservation date. As a result, TCAC intends to allow applicants in the first round of 2016 to claim DDA status if the project is located in an area that will be considered a DDA after June 30, 2016, provided that the carryover allocation occurs after June 30, which is TCAC's normal practice. TCAC will only change this policy in the event that its interpretation is found to be incorrect.

For 9% tax credit applications located in areas that will lose DDA status on June 30, 2016, the TCAC regulations grandfather in DDA status for these projects for one year. As a result, TCAC will also allow such projects to claim DDA status in both first and second round 2016 applications.

Likewise, TCAC will allow applicants submitting 4% tax credit applications at any time in 2016 to claim DDA status for projects located in areas that will be considered DDAs after June 30, 2016, provided that the bonds will be issued after June 30, 2016 and the building is placed in service after June 30, 2016.

Applicants seeking 4% tax credits for projects located in areas that will lose DDA status on June 30, 2016 should follow the guidance issued by the California Debt Limit Allocation Committee at <http://www.treasurer.ca.gov/cdlac/news/dda.pdf>.

All applicants should be aware that the new Small Area DDAs are not necessarily synonymous with ZIP codes but instead are designated by ZIP Code Tabulation Areas (ZCTAs). In order to confirm a project's DDA status, applicants will need to use the following HUD website: [www.huduser.gov/portal/sadda/sadda\\_qct.html](http://www.huduser.gov/portal/sadda/sadda_qct.html).