



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Mark Stivers

Date: December 17, 2015

To: CA Tax Credit Allocation Committee Stakeholders

From: Mark Stivers, Executive Director

Re: Placed In Service (PIS) Package Processing – Receipt of Regulatory Agreements and Forms 8609

In light of the current backlog of Placed in Service (PIS) packages and the high number of issues found in the packages, this memo will outline the current status of the placed in service process.

Step One - Regulatory Agreements

The first step in the placed in service review is a review of the documentation needed for the regulatory agreement preparation. This includes cross checking the accuracy and consistency of: placed in service date(s), unit mix, Form B, and partnership entity documentation.

Placed in service reviews (both first and second steps) are done in the order they were received. TCAC staff is currently preparing regulatory agreements for placed in service packages received in December.

Step Two - Forms 8609

The second step in the placed in service review includes assignment to a TCAC staff member and a review of all the items on the placed in service checklist, plus a review of the following: the credit calculation, cash flow limits, developer fee limit, the

construction profit and overhead 14% limit, minimum construction standards, any service or sustainability points received through CDLAC, the applicable fraction used by the owner in calculating the final credit amount, etc. These items are not reviewed prior to the regulatory agreement.

A project's second step review is not assigned to a TCAC analyst until workload permits. This is to ensure staff has adequate time to review and respond to owner correspondence for all assigned placed in service packages. TCAC has increased staffing for this function as much as possible given current staff resources. Currently there are 3 analysts, a retired annuitant, several managers, and the Executive Director working on the second step placed in service reviews. Prior to staff assignment, projects are in an unassigned queue in order of receipt date by TCAC.

TCAC staff is currently performing the second step placed in service review for packages received in June and earlier. The approximate figures for the number of placed in service packages received:

June	24
July	22
Aug	23
Sept	18
Oct	14
Nov	14

Issues and Timing

TCAC management is working diligently to ensure the backlog of placed in service packages is resolved, including increasing the number of current staff available for placed in service reviews right now and seeking approval for hiring additional new staff in 2016.

Unfortunately, over 90% of the PIS packages have some deficiency or issue found during the review. This significantly affects the amount of time it takes to complete PIS reviews and issue Forms 8609. In light of this, TCAC is providing PIS package preparation training at locations throughout the state in December and highly encourages applicants to implement internal or external quality control review prior to submittal.

Providing an estimate for when an individual project's placed in service review will be completed is difficult given the current volume, but please don't hesitate to contact TCAC staff for status updates or with other questions if TCAC has had the

PIS application for at least six months: Gina Ferguson, Development Program Manager gferguson@sto.ca.gov.

For project owners who want to claim LIHTCs for 2015 that are not likely to receive their Forms 8609 prior to December 31, 2015.

As always, TCAC does not provide tax advice and we highly recommend you contact your tax attorney for any and all tax advice. It is our understanding from conversations with Internal Revenue Service staff that as long as you have the Form 8609 prior to filing the tax return in 2016, you should be able to claim the credits for 2015. If the Forms 8609 are not provided prior to your tax filing deadline in 2016, there may also be an option to request a tax filing extension. Again, TCAC is not providing tax advice, only sharing our understanding of the process; therefore this information should not be solely relied upon in making any tax decisions.