



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 4/23/2019

Agenda Placement: 11A

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112
SUBJECT: AB 10 (Chiu) Expanding the Low Income Housing Tax Credit

RECOMMENDATION

County Executive Officer, on behalf of the Legislative Subcommittee, recommends approval of and authorization for the Chair to communicate to the State Legislature and other pertinent parties a position of support for AB 10, a bill that would increase California's Low Income Housing Tax Credit by \$500 million. (Unanimous vote required)

EXECUTIVE SUMMARY

AB 10 would increase California's Low Income Housing Tax Credit (LIHTC) by \$500 million annually, and coupled with leveraging of available federal tax credits could yield \$2 billion annually for affordable housing. This bill would also increase the annual set-aside for farmworker housing from \$500,000 to \$25 million, vastly increasing the efficacy of this program.

PROCEDURAL REQUIREMENTS

1. Staff reports
2. Public Comments
3. Motion, second and vote on item

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Low Income Housing Tax Credit (LIHTC) program was enacted by Congress in 1986. The LIHTC program provides the market with an incentive to invest in more affordable housing through federal tax credits. The California Tax Credit Allocation Committee was directed to award these credits to developers of qualified projects in the state. Developers sell these credits to investors to raise capital for their projects, reducing the debt that the developer would otherwise have to borrow. As a result, property owners are able to offer lower, more affordable pricing. In response to the high cost of developing housing in California, in 1987 the Legislature authorized a state low-income housing tax credit program.

Existing law limits the total amount of low-income housing tax credits the state may allocate at \$94 million per year. However, because of the popularity of the program, in California there are twice as many applicants for tax credits as credits for the California Tax Credit Allocation Committee to allocate.

AB 10 would increase California's LIHTC by \$500 million annually, coupled with leveraging of available federal tax credits could yield \$2 billion annually for affordable housing. This bill would also increase the annual set-aside for farmworker housing from \$500,000 to \$25 million, vastly increasing the efficacy of this program.

Most affordable housing projects in Napa County have applied for LIHTC credits and some have had to apply more than once depending on the availability of funds in a given cycle. The increase in LIHTC will make Napa County projects more likely to be funded, thus reducing the amount of time it takes to finance an affordable housing project.

SUPPORTING DOCUMENTS

A . AB 10

B . AB 10- Fact Sheet

CEO Recommendation: Approve

Reviewed By: Helene Franchi