

SUMMARY ANALYSIS OF AMENDED BILL

Author: Chiu & Atkins Analyst: Jessica Deitchman Bill Number: AB 35
 Related Bills: See Prior Analysis Telephone: 845-6310 Amended Date: May 20, 2015
 Attorney: Bruce Langston Sponsor _____

SUBJECT:	Low Income Housing Credit
-----------------	---------------------------

SUMMARY

This bill would modify the existing Low-Income Housing Credit (LIHC) to increase the amount of credit that may be allocated.

This analysis only addresses the provisions of this bill that would impact the department’s programs and operations, and not those provisions administered by the California Tax Credit Allocation Committee (Allocation Committee).

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 20, 2015, amendments modified definitions provided in the LIHC and modified the operative date for the allocation of additional credits.

As a result of the amendments, the “This Bill,” “Effective/Operative Date,” and “Economic Impact” sections of the department’s analysis as amended April 16, 2015, have been revised. The “Support/Opposition” section has been provided below for convenience.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for allocations made for calendar year 2016 and later.

THIS BILL

This bill would make substantial modifications to the existing LIHC administered by the Allocation Committee. The bill, among other things, would increase the amount of credit that may be allocated under the existing LIHC to the following:

- an additional \$300 million for the 2016 calendar year,
- for calendar years 2017 and each calendar year thereafter, \$300 million, and
- increased by inflation as measured by the Consumer Price Index, as specified.

Board Position:	Legislative Director	Date
_____ S _____ NA _____ X _____ NP	Gail Hall	5/28/15
_____ SA _____ O _____ NAR		
_____ N _____ OUA _____		

A housing sponsor receiving an allocation from the original \$70,000,000 allocation would remain eligible for receipt of the housing credit allocated from the credit ceiling increase being proposed by this bill.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 35 As Amended May 20, 2015 Assumed Enactment After June 30, 2015 (\$ in Millions)		
2015-16	2016-17	2017-18
- \$44	- \$150	- \$180

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill. In addition, this estimate only reflects the revenue impact to income and franchise taxes.

Revenue Discussion:

Using LIHC allocation data from the Allocation Committee, it is assumed that the maximum credit allocation would be reached each year. This bill authorizes an additional \$300 million in LIHTC allocations; it is assumed that five percent, or \$15 million, of the allocation would ultimately be returned to the Allocation Committee due to unforeseen project issues. Based on current credit awards and usage it is estimated that 70 percent of the remaining annual credits would be used to offset income and franchise taxes and the remainder would be used against insurance taxes, which is not included in the table above. Based on current LIHTC usage, it is assumed that 75 percent of the credit would be used in the year generated and the remaining 25 percent would be carried forward to future years. Current usage indicates that 98 percent would be claimed by corporations and the remaining 2 percent would be claimed by personal income taxpayers.

It is estimated that once fully phased in, the average annual revenue loss would be approximately \$190 million per year. The tax year estimates are converted to fiscal year estimates, and then rounded and reflected in the table above.

SUPPORT/OPPOSITION¹

Support: A Community of Friends, Affirmed Housing, Affordable Housing Inc, Affordable Housing Association – Pacific Southwest, Alameda County Development Disabilities Council, Alameda County Housing Authority, Alpha Construction Co, Inc., American Planning Association; California Chapter, Amy Hiestand Consulting, Angelus Plaza; a Retirement Housing Foundation, Association of Bay Area Governments, Bay Area Council, Be. Group, Beacon Communications/ABHOW, Betty Yee; California State Controller, Bridge Housing, Burbank Housing Corporation, Burbank Housing Development Corporation, Cabrillo Economic Development Corporation, California Alliance for Retired Americans, California Apartment Association, California Association of Housing Authorities, California Association of Local Housing Finance Agencies, California Bankers Association, California Building Industry Association, California Center for Cooperative Development, California Chamber of Commerce, California Coalition for Rural Housing, California Coalition for Youth, California Council for Affordable Housing, California Council of Community Mental Health Agencies, California Housing Consortium, California Housing Partnership Corporation, California Infill Builders Federation, California Institute for Rural Studies, California Partnership for End Domestic Violence, California Special Districts Association, Capital Area Development Authority, Christian Church Homes, Cities Association of Santa Clara County, City and County of San Francisco, City of Banning, City of Berkeley, City of Concord, City of Lakewood, City of Napa, City of Sacramento, City of San Diego, City of Santa Barbara, City of South San Francisco, City of Thousand Oaks, City of Union City, community Action North Bay, Community Corporation of Santa Monica, Community Economics Inc, Community Housing Opportunities Corporation, Community Housing Partnership, Community Housing Works, Community Land Trust Association, Community Leadership Association, Community Overcoming Relationship Abuse, Contra Costa Interfaith Housing, Core Affordable Housing, Corporation for Supportive Housing, County of Santa Clara, Devine & Gong Inc, Domus Development, Downtown Women’s Center, EAH Housing, East Bay Legislative Coalition, Eden Housing, First community Housing, Goldfarb & Lipman LLP, Habitat for Humanity, HCEB, Highridge Costa Housing Partners LLC, Highridge Costa Investors LLC, HIP Housing Inc., HKIT Architects, Housing Authority; City of San Buenaventura, Housing Authority; City of Santa Barbara, Housing Authority; City of Santa Clara, Housing California, Housing Choices Coalition, Housing Element of the City of Emeryville, Housing Leadership Council of San Mateo County, Housing Trust Silicon Valley, Hudson Housing Capital, Hunger Advocacy Network, Jamboree Housing Corporation, Kennedy Commission, Korean Resource Center, Larkin Street Youth Services, Laurin Associates, Law Foundation of Silicon Valley, Leadership Counsel for Justice and Accountability Support, Leading Age California, LINC Housing, Linda M. Nelson DBA Nelson Rental Consultant, Little Tokyo Service Center CDC, Los Angeles Area Chamber of Commerce, Los Angeles community Action Network, Many Mansions, Mental Health America of California, Mercy Housing California, Nancy Lewis Associates, Inc., Napa Valley Community Housing, National Association of Social Workers, California Chapter, National Housing Law Project, NeighborWorks Orange County, Newman Garrison and Partners, Inc., Non-Profit Housing

¹ As provided in the Assembly Revenue and Taxation Committee analysis dated May 15, 2015.

Association of Northern California, North Bay Leadership Council, Northern California Community Loan Fund, Northern California Presbyterian Homes and Services, Onyx Architects, Orange Coast Interfaith Shelter, Pacific West Communities, PATH, Palm Communities, People's Self Help Housing Corporation, PEP Housing, Powell & Partners, Architects, Project Access, Inc. Promise Energy, Resources for Community Development, Retirement Housing Foundation, Rural Communities Housing Development Corporation Support, Rural Community Assistance Corporation, Sacramento Housing Alliance, Sacramento Homeless Organizing Committee, Sacramento Loaves and Fishes, San Diego County Apartment Association, San Diego Housing Commission, San Diego Housing Federation, San Diego Organizing Project, San Diego Regional Chamber of Commerce, San Diego Tenant Association, San Francisco Housing Action Coalition, San Francisco Unified School District, San Joaquin Valley Housing Collaborative, San Luis Obispo County Housing, Trust Fund Santa Clara County Board of Supervisors Satellite Affordable Housing Associates, Self-Help Enterprises Sierra Business Council Shelter Partnership, Inc., Silicon Valley Bank, Silicon Valley Leadership Group, Skid Row Housing Trust, Sonoma County Housing Advocacy Group, Southern California Association of Non-Profit Housing Support, St. Anthony Foundation, St. Vincent's, TELACU Residential Management, Tenemos que Reclamar y Unidos Salvar La Tierra (T.R.U.S.T. South LA), Thomas Safran & Associates, Trinity Center Walnut Creek United Ways of California Urban Habitat, Venice Community Housing Corporation, Walkland Housing and Development, Corporation Ward Economic Development, Corporation Western Seniors Housing, Inc., WORKS, Yolo Housing, Nine private individuals.

Opposition: None provided.

LEGISLATIVE STAFF CONTACT

Jessica Deitchman
Legislative Analyst, FTB
(916) 845-6310

jessica.deitchman@ftb.ca.gov

Jame Eiserman
Revenue Manager, FTB
(916) 845-7484

jame.eiserman@ftb.ca.gov

Gail Hall
Legislative Director, FTB
(916) 845-6333

gail.hall@ftb.ca.gov