



February 20, 2019

Senator Jim Beall  
State Capitol, Room  
Sacramento, California 95814

SUBJECT: **SUPPORT FOR SB 9 (BEALL) – LOW INCOME HOUSING TAX CREDITS**

Dear Senator Beall:

The American Planning Association, California Chapter (APA California) is pleased to support for your bill, SB 9, which increases the impact of the state's existing low-income housing tax credit with no fiscal impact to the state.

In 2016, the Legislature passed and the Governor signed legislation that permitted a developer who receives an award of state LIHTCs to sell the credits to an investor without requiring the investor to be part of the project ownership. Under federal and state tax laws, tax credits that are bought by an investor are considered a payment of the investor's tax rather than a reduction in his or her tax liability. As a result, purchased credits do not reduce the taxpayer's federal deductions.

To date, the value of the tax credits has increased by 14 cents, or closer to 80 cents on the dollar, when utilizing this new structure. This increased value means more housing units for the state without any additional costs to taxpayers. SB 9 removes the sunset from the restructuring provision.

APA California is supportive of tax credits that help encourage the development of affordable housing and we greatly appreciate your continued efforts on this important issue.

If you have any questions, please contact Lauren De Valencia, Stefan/George Associates, APA California's lobbyist, at 443-5301, [lauren@stefangeorge.com](mailto:lauren@stefangeorge.com).

Sincerely,

Eric Phillips  
Vice President Policy and Legislation  
APA California

cc: The Governor, OPR, Republican Caucus

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