

STATE OF CALIFORNIA

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Lynn Wehrli
Executive Director

MEMBERS

Philip Angelides, Chair
State Treasurer

Tom Campbell,
Director, Department of Finance

Steve Westly
State Controller

Tax Credit Property Owner

RE:

Dear :

On July 29, 2004, The Internal Revenue Service (IRS) issued Revenue Ruling 2004-82 which requires all regulatory agreements for Housing Tax Credit properties to include a prohibition against evicting or terminating the tenancy of Low Income Tenants without good cause.¹ This prohibition must extend throughout the duration of the entire extended use period.

Your Regulatory Agreement requires compliance with all conditions of Tax Credit eligibility under Section 42 of the Internal Revenue Code (Code). This letter serves as official notice that, in accordance with Revenue Ruling 2004-82, no Low Income Tenant of any Housing Tax Credit project may be evicted or otherwise have their tenancy terminated without good cause. This prohibition includes any non-renewal of a lease or rental agreement. Low Income Tenants have the right to enforce this prohibition in court. Generally, "good cause" is defined as the serious or repeated violations of a material term of the lease. You must provide specific notice of the good cause prior to terminating a tenancy or refusing to renew a lease, and if the tenant contests the matter, the court will decide whether good cause exists.

Even if a tenant's Lease Rider (described below) has not been executed, the "good cause" requirement was stated in Section 42 and effective even before the IRS issued its Ruling. Accordingly, any pending termination or non-renewal of tenancy notifications

¹ For purposes of these materials, "Low Income Tenant" will mean a tenant occupying a unit that is rent restricted for purposes of the Low Income Housing Tax Credit Program.

that have been served upon a Low Income Tenant, that do not recite a serious or repeated violation of a material lease term with sufficient factual specificity to enable the tenant to prepare a defense, must be immediately rescinded. Similarly, any pending unlawful detainer action filed against a Low Income Tenant that was not based on a termination or non-renewal notice in compliance with the preceding sentence must be immediately dismissed with prejudice.

Attached is a copy of a new Lease Rider that must be executed by you and by each current Low Income Tenant household. In addition, this Lease Rider must be included in initial leases with all new Low Income Tenants, and used for all existing Low Income Tenants upon annual recertification and for any executed lease renewal. A copy is posted on our website. Also attached is a draft Resident Notification Letter and Notice to Residents to inform Low Income Tenants of this right. Please translate these documents into the language of your clients and issue them accordingly. You must sign and deliver an executed original Lease Rider to each household, along with the Resident Notification Letter and Notice, within 45 days of the date of this Letter. After mailing or personally delivering this material to each resident, please sign the attached Affidavit and return it to TCAC so we will know that the information has been made available to tenants. Once the Lease Rider has been signed and returned by each household, a copy should be attached to the appropriate lease. TCAC is making appropriate revisions to the TCAC Compliance Manual, so all of these requirements will be available there soon.

The TCAC Regulatory Agreement requires compliance with all provisions of Section 42 of the Code and TCAC Compliance Monitoring requirements. Thus, while your existing Regulatory Agreement requires compliance with Revenue Ruling 2004-82, TCAC may also determine that an amendment of certain Regulatory Agreements is required. In that case, TCAC will notify you and provide a form of amendment to be executed and returned to TCAC for recording.

Please indicate your agreement to implement the good cause eviction requirements by signing this Notification where indicated below and returning it to TCAC within 30 days of the date of this letter. Failure to return this executed Notification Letter and take the steps described above, including execution of the Lease Rider, may require TCAC to file an IRS Form 8823 Report of Noncompliance. Please retain a copy of the executed Notification Letter with the Regulatory Agreement for the property.

If you have any questions concerning this matter, please contact the TCAC Compliance Manager, at (916) 654-6340. I appreciate your cooperation.

Sincerely,

Lynn Wehrli
Executive Director

cc: Management Company

Receipt Acknowledged:

Project Name	Location
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Signature	Title
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Print Name	Date
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