

## NEW DIFFICULT TO DEVELOP AREAS DESIGNATED; MANY CALIFORNIA AREAS DROPPED

On September 3, 2008, the Federal Register published the 2009 list of Difficult to Develop Area (DDA) designations. Such designation can have an important impact upon affordable housing projects for a number of reasons, the most notable being the ability to get a "boost" in tax credit eligible basis that, in turn, can translate into higher tax credit equity. The 2009 metropolitan area designations are:

- Los Angeles-Long Beach
- Orange County
- Oxnard-Thousand Oaks-Ventura
- Riverside-San Bernardino
- Salinas
- San Diego-Carlsbad-San Marcos
- San Luis Obispo-Paso Robles
- Santa Barbara-Santa Maria and
- Santa Cruz-Watsonville.

There were a number of areas that were DDAs in 2008 but did not receive that designation for 2009. Metropolitan areas that are no longer DDAs for 2009 are Napa, Oakland-Fremont, Sacramento-Arden-Arcade-Roseville, Santa Rosa-Petaluma, and Stockton. The one addition to the DDA designation for 2009 is the Riverside-San Bernardino metropolitan area.

The transition rules for when DDA status is determined under the 2008 or 2009 designations are complicated but do provide planning opportunities. For areas that are being phased out of a DDA designation for 2009, it may be possible to grandfather in that status depending upon a number of factors including when an application to a state housing agency is made, when an allocation is made and when a project is placed in service. Developers are advised to consult with their advisors on the manner in which to apply these transition rules most effectively.

We have attached the Federal Register for your review. Please do not hesitate to contact Steve Ryan (415.262.5150), Ofer Elitzur (415.262.5165) or Lisa Weil (415.262.5175) of our Affordable Housing Practice Group if you have any questions concerning this legislation.

2009 DDA's Federal Register (PDF) link

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