

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the September 23, 2009 Meeting

1. Roll Call.

Bettina Redway for Bill Lockyer, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 2:10 p.m. Also present: Marcy Jo Mandel for John Chiang, State Controller; Thomas Sheehy for Michael Genest, Director of the Department of Finance; Russ Schmunk for Lynn Jacobs, Director of the Department of Housing and Community Development; and Steven Spears, Acting Executive Director of the California Housing Finance Agency. County Representative, David Rutledge, and City Representative, Christopher Armenta were absent.

2. Approval of the minutes of the September 10, 2009 Committee meeting.

Mr. Pavão announced that staff would bring the September 10th minutes to the October meeting for approval.

3. Executive Director's Report.

Mr. Pavão reported that the Speaker of the Assembly appointed a new non-voting member to TCAC. The new member, City Representative Christopher Armenta, was not present at the meeting. Mr. Pavão stated that Mr. Armenta was a member of the City Council.

Mr. Pavão summarized the two American Recovery and Reinvestment Act of 2009 (ARRA) funding programs: Section 1602 and Tax Credit Assistant Program (TCAP). He explained that Section 1602 ARRA funds were allocated to projects by exchanging their previously awarded 9% credits for cash. He reported that TCAC had reserved approximately \$332 million in Section 1602 funds to date. Mr. Pavão stated that TCAC received an additional \$325 million in TCAP funds from the U.S. Department of Housing and Urban Development (HUD). He estimated that TCAC had reserved a total of \$574 million in ARRA funds for 120 projects to date. He estimated that \$83 million in ARRA funds was still available.

Mr. Pavão reported that TCAC will conduct another funding round before the end of the year. He explained that the funding was for 4% credit reservation holders who wanted to compete for ARRA funds either as gap fillers or as cash in lieu of credits because they were unable to secure sufficient equity investments and a separate competition for 2009 9% credit reservation holders that cannot find an equity partner and need cash in lieu of credits.

Mr. Pavão predicted that some of the available ARRA funds may be used to augment previous Section 1602 awards. He explained that Section 1602 funds would be disbursed to projects in the form of a 15-year forgivable loan, which staff characterized as a grant. He stated that projects would be required to pay

state prevailing wages if they received ARRA funds in the form of a grant, which could create additional costs. Mr. Pavão stated that additional ARRA funding would be provided to offset costs associated with state prevailing wages.

Mr. Pavão estimated that TCAC would make \$25 million available for the 4% tax credit competition.

Mr. Pavão announced that TCAC staff was in the process of conducting ARRA workshops, in which staff explained expectations and reporting requirements associated with ARRA awards. He stated that a workshop was held in Sacramento on September 21st and another workshop would be held on September 24th in Downtown Los Angeles. He stated that staff would hold a second set of workshop sessions in Sacramento and in Los Angeles next week.

4. Discussion of and Action on 2009 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

Mr. Pavão reported that TCAC applicant Azahar Place (CA-2009-841) was withdrawn from today's meeting. He also reported a change to the Staff Report for King's Crossing (CA-2009-845). He explained that staff reevaluated the housing type for King's Crossing and changed it from Non-Targeted to Large Family.

Mr. Pavão informed the Committee that some text on Page 4 of the Staff Report for Arlington Hotel (CA-2009-848) was stricken. The text described a condition that staff added because the project sponsor had yet to submit an application to the California Debt Limit Allocation Committee (CDLAC). Mr. Pavão reported that the sponsor did submit a CDLAC application prior to today's meeting and so the previous condition was no longer applicable.

Mr. Pavão reported that Page 2 of the Staff Report for Amistad House reflected a correction to the cost per unit amount.

MOTION: Ms. Mandel moved to adopt staff recommendations. Mr. Sheehy seconded and the motion passed unanimously.

5. Discussion and consideration of possible award for one additional 9% Tax Credit rural set aside project.

Mr. Pavão reminded the Committee that three rural 9% projects recommended for awards on September 10th did not account for certain requirements associated with another state funding source they received. He reported that staff revisited the initial recommendations and ultimately reduced the original tax credit amount for the three projects. Mr. Pavão stated that the funds preserved as a result of reducing the awards for the three rural deals left enough of a balance in that set aside to fund the next competitive applicant in the rural set aside called Vista Meadows Senior Apartments (CA-2009-162).

MOTION: Mr. Sheehy moved to adopt staff recommendations. Ms. Mandel seconded and the motion passed unanimously.

6. Public Comment.

Adjournment.

The meeting adjourned at 2:35 p.m.