

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the May 18, 2011 Meeting

1. Roll Call.

Bettina Redway for State Treasurer Bill Lockyer chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 11:55 a.m. Also present: Dave O'Toole for State Controller John Chiang; Todd Jerue for the Department of Finance Director Ana Matosantos; Bob Deaner for California Housing Finance Agency Executive Director Steven Spears; Elliott Mandell for the Department of Housing and Community Development Acting Director Cathy Creswell; County Representative David Rutledge; and City Representative Christopher Armenta.

2. Approval of the minutes of the March 16, 2011 Committee meeting.

MOTION: Mr. O'Toole moved to adopt the minutes of the March 16, 2011 meeting. Mr. Jerue seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão reported that staff had almost finished reviewing the First Round 2011 applications for 9% and 4% plus state credits. He stated that applications reviews were taking a little longer than expected, but he predicted that they would be complete in time for the meeting scheduled for June 8th.

Mr. Pavão also reported that staff was researching issues regarding project costs that came up last year. He explained that over the years some applicants or "outliers" have been able to control project costs better than others. Mr. Pavão stated that staff would meet with stakeholders in the coming months to discuss their concerns about project costs. He predicted that staff would be ready to present draft regulation changes for Committee approval in the fall.

Mr. Pavão reported that TCAC had an abundance of state tax credits available. He explained that the amount of 4% plus state credits requested was unusually high, whereas the amount state credits requested by 9% applicants was relatively modest. He predicted that at the June meeting, staff would be aggressive in their efforts to recommend 4% plus state credits. Additionally, staff would be proactive in advising applicants around the state that state credits are available.

Mr. Pavão advised the Committee that he reviewed the administration's revised May budget, which noted that the Department of Housing and Community Development (HCD) would resume issuing Notices of Funding Availability (NOFA)'s. He commented that HCD's ability to issue NOFA's was good for TCAC because many of the impacted HCD projects were candidates for tax-exempt bond 4% credits. He stated that the projects affected by NOFA's were among the best in quality.

Mr. Mandell stated that with the January 2010 governor's budget, the administration decided to re-examine the future of general obligation bond funding and accordingly suspend HCD's ability to release NOFA's and make awards with NOFA's. He announced that the suspension had been lifted and HCD was authorized to resume normal general obligation program functions that did not affect HCD's federal programs. Mr. Mandell explained that HCD had a NOFA for some very old money in the Emergency Housing Assistance Program (EHAP) that had been transferred from the general funds several years ago. He announced that with joint agreement by HCD and the former administration of the legislature, a NOFA was released on Feb 20th.

Mr. Pavão announced that TCAC staff would conduct a tour of a rehabilitation project called Hotel Berry prior to adjournment of that day's meeting.

4. Discussion and Consideration of the 2011 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Mr. Pavão reported that projects under Agenda Item 4 were reviewed by staff for compliance with state and federal requirements. He recommended them for Committee approval.

Mr. Jerue announced that he would abstain from the vote on Dunbar Village (CA-2011-826), FAME Santa Monica Senior Apartments (CA-2011-831), Regent Square (CA-2011-853), and Terra Bella (CA-2011-854).

MOTION: Ms. Redway moved approval of staff recommendations regarding only Dunbar Village (CA-2011-826), FAME Santa Monica Senior Apartments (CA-2011-831), Regent Square (CA-2011-853), and Terra Bella (CA-2011-854). Mr. O'Toole seconded and the motion passed.

Mr. Rutledge announced that he had a conflict with one of the remaining projects. He exited the meeting.

MOTION: Mr. O'Toole moved approval of staff recommendations regarding all of the projects, except Dunbar Village (CA-2011-826), FAME Santa Monica Senior Apartments (CA-2011-831), Regent Square (CA-2011-853), and Terra Bella (CA-2011-854). Mr. Jerue seconded and the motion passed unanimously.

5. Discussion and Consideration of a Resolution Authorizing the Executive Director to Extend the Interagency with the California Housing Finance Agency and clarifying language within the current Agreement.

Mr. Pavão summarized that the resolution, if adopted, would extend an existing interagency agreement with the California Housing Finance Agency (CalHFA) for 1 year. In addition, the resolution would amend the rate of compensation for specific tasks performed by CalHFA staff. He explained that under the existing agreement CalHFA helped TCAC originate American Recovery and Reinvestment Act (ARRA) loans and grants. CalHFA also helped process draw

requests submitted by ARRA fund recipients. Mr. Pavão reported that 138 projects were awarded ARRA funds. He stated that some of the ARRA projects were completed while others were still under construction.

Ms. Vergolini reported that in November 2010, the interagency agreement was amended to include additional tasks. The amended agreement also included a pricing structure showing the hourly rate for each task. Ms. Vergolini explained that TCAC staff recently discovered a typing error in the amendment. She stated that a task was incorrectly priced at \$400 more than the actual cost.

Mr. Pavão summarized that the resolution, if adopted, would extend the existing interagency agreement by 1 year. In addition, the resolution would correct the pricing error Ms. Vergolini described.

MOTION: Mr. O'Toole moved to adopt staff recommendations. Mr. Jerue seconded and the motion passed unanimously.

6. Public Comment.

There were no public comments.

7. Following Item 6, the Committee will break and resume at 12:00 p.m. at the Hotel Berry (CA-2010-605) project to tour the property located at 729 L Street, Sacramento, CA 95814. The tour will be open to the public.

8. Adjournment.

The meeting adjourned at 1:55 p.m.