

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the November 12, 2014 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 1:45 p.m. Also present: Alan Gordon for State Controller John Chiang; Eraina Ortega for the Department of Finance Director Michael Cohen; California Housing Finance Agency (CalHFA) Executive Director Tia Boatman-Patterson; Russ Schmunk for Department of Housing and Community Development (HCD) Director Claudia Cappio; and City Representative Lucas Frerichs.

2. Approval of the minutes of the October 15, 2014 Committee meeting.

MOTION: Mr. Gordon moved to adopt the minutes of the October 15, 2014 meeting. Ms. Ortega seconded and the motion passed unanimously.

3. Executive Director's Report.

Executive Director, William Pavão reported that staff received carryover allocation packages from all sponsors who received 9% credit reservations. He explained the each year 9% credit recipients submit carryover packages to TCAC, allowing staff to allocate federal credits. By allocating all of the available credits by the end of the calendar year, TCAC would be positioned to receive national pool credits.

Mr. Pavão explained that national pool credits were unused credits from other states or territories made available to those states that did successfully allocate all of their credits in a given year. He stated that October 31<sup>st</sup> was the deadline to submit carryover packages. He predicted that the packages would be processed well before December 31<sup>st</sup>. Mr. Pavão noted that allocation of all the remaining 2014 credits was contingent upon an Item on that day's Agenda regarding a waiting list.

Mr. Pavão reported that staff promulgated draft regulations and posted them for public review and comment. He reported that staff was in the process of reviewing received comments and preparing responses. He announced that the regulation package, which would take effect next year, was currently on hold due to a new State Treasurer and State Controller coming into office in January. Mr. Pavão explained that the regulation changes were put on hold so the new Committee members could revisit the program more holistically and consider future changes. Mr. Pavão commented that TCAC staff would be ready to assist John Chiang in his transition to State Treasurer.

4. Discussion and consideration of the 2014 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Mr. Pavão reported that there were nine applications for 4% low-income housing tax credits. The projects were reviewed for compliance with state and federal statutory requirements. He recommended them for Committee approval.

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

5. Discussion and consideration of a resolution, establishing a Waiting List of applications for federal nine percent (9%) and State Low Income Housing Tax Credits (LIHTCs), provided that credits remain available and such applications are complete, eligible and financially feasible.

Mr. Pavão reported that TCAC had a surplus of federal 9% credits available and therefore recommended adoption of a waiting list. He explained that if the Committee approved the list, staff would begin sending reservation letters to various applicants on the list. He directed the Committee's attention to the printed waiting list in their meeting binders. Mr. Pavão explained that the first three applications listed applied during the second round competition through the rural set aside. He explained that rural projects were listed because a rural credit reservation was returned. He stated that the regulations allowed TCAC to use the waiting list to re-reserve the credits to the next qualified rural project.

Mr. Pavão stated that staff listed three projects because each one requested both federal and State credits. He explained that TCAC exhausted the available State credits and the regulations explained exactly how staff should generate a waiting list for projects requesting State credits when TCAC had none remaining. In that situation, TCAC should offer federal credits to the applicants and allow those applicants until the carryover allocation deadline to find a substitute for the equity that would be missing from the absent State credits.

Mr. Pavão stated that staff intended to award the listed projects as required by regulations and in the order they appeared on the list. He reported that staff had informal communications with the project sponsors, and predicted that each sponsor would likely decline an offer of federal credits because they would not be able to find a substitute for the missing State credit equity.

Mr. Pavão reported that staff would likely recommend a fourth rural project at the December TCAC meeting. Staff already finished scoring the fourth project and was finalizing the feasibility review. The fourth applicant requested approximately \$1.8 million in federal credits and no State credits. Mr. Pavão stated that the project sponsor would likely accept an offer of federal credits; however the resulting \$1.8 million award would take away a large portion of the federal surplus TCAC currently had. Upon awarding the rural project, staff would review each region that left credits unreserved beginning with the region that had left the largest percentage of its credits unreserved. The next pending application in that region would be funded from the waiting list. Then staff would review the next region that had the next largest percentage of credits unreserved and fund the next qualified application from that region's list and so on.

Mr. Pavão noted that there were four regions listed: Capital and Northern, Orange County, San Diego County, and the Central Coast. He explained that if the Committee approved the waiting list, staff would send reservation letters to the listed projects in Gustine, West Sacramento, Yorba Linda, and San Diego. Staff would not send a letter to the project in Lompoc in anticipation of the large rural reservation being made in December. Mr. Pavão stated that TCAC would finish allocating credits for the year if the Committee approved the large rural allocation and the three regional projects in December. He stated that if one of the three pending rural projects accepted a reservation, staff would be able to consider funding the project in Lompoc.

Mr. Gordon asked Mr. Pavão if federal rules allowed TCAC to carry unallocated credits over to the next year in order to fund a project that could not close by December 31<sup>st</sup>.

Mr. Pavão stated that each of the projects listed were the next most meritorious projects in the TCAC competition and staff considered them to be very worthy. He stated that staff was not merely trying to exhaust available credits, but to give them to the next best projects in the competition. Mr. Pavão reiterated that staff's goal was to allocate all of the federal credits so that TCAC could access the national pool.

Ms. Redway commented that TCAC had reviewed meritorious projects that were not funded because the credits were allocated to another project. She stated that staff was not in the habit of using the waiting list protocol, so establishing the list had taken longer this year than it did 4 years ago.

Ms. Ortega asked Mr. Pavão if the fourth rural project he mentioned scored lower than Kristen Court Apartments.

Mr. Pavão confirmed that the project scored lower than Kristen Court Apartments. He noted that all the listed projects scored the maximum 148 points. And the project scores illustrated that they achieved TCAC's public policy objectives and were now subject to the final tie breaker.

Mr. Pavão advised the Committee that staff had never used the waiting list process when State credits were exhausted during his tenure. He commented that staff were surprised that the regulations clearly stated what should be done in that situation.

Ms. Redway stated that staff may want to revisit that section of the regulations. She commented that some applicants may be experiencing too much of a burden.

Mr. Pavão explained that TCAC staff had not invoked that provision of the regulations before, and commented that that giving sponsors just 20 days to find free money to backfill behind missing State credit was not practical.

Ms. Redway suggested that an alternative would be to reach forward into next year's State credits.

Mr. Pavão noted that TCAC had already reached forward into the 2015 State credits for an amount of \$6.4 million.

Mr. Gordon asked Mr. Pavão to confirm that the amount of State credits available was set by statute with an adjustment factor each year.

Mr. Pavão confirmed the amount of State credits was set by statute annually with an adjustment factor.

Mr. Gordon asked Mr. Pavão if knew when the base number had been reset last.

Mr. Pavão stated that 2002 may have been the last year in which the number was reset.

Mr. Pavão stated that in 2001 or 2002 an amount of \$70 million was established as the base from which the adjustment was calculated.

Mr. Gordon asked if there was a CPI adjustment involved.

Mr. Pavão confirmed there was a CPI adjustment involved. He stated that the current amount for California was approximately \$90 million.

Mr. Gordon asked if 2014 was the first year TCAC exhausted the \$90 million. He asked if the 1-year data allowed staff to determine whether or not the \$90 million in State credits would be sufficient for the program going forward.

Mr. Pavão confirmed that staff did not know if the \$90 million would be insufficient going forward. He noted that there was a fundamental change by virtue of legislation enacted in 2014, which made State credits available to special needs projects. He predicted that from now on TCAC would be oversubscribed for State credits. He confirmed that staff only had 1 years' worth of data to work with.

Mr. Pavão stated that until 2014 it was difficult for TCAC to advocate for additional state credit authority; however circumstances had changed and TCAC was likely to be oversubscribed going forward.

MOTION: Ms. Ortega moved to adopt staff recommendations. Mr. Gordon seconded and the motion unanimously.

6. Discussion and consideration of amendments to recorded Regulatory Agreements for existing Low Income Housing Tax Credit (LIHTC) projects.

Mr. Pavão reported that staff was petitioned by two parties regarding three TCAC projects. One party represented two projects: Embarcadero Triangle and Midtown Gardens. The other party represented Perris Park Apartments. Mr.

Pavão stated that Embarcadero Triangle was located in San Francisco and Midtown Gardens was in Los Angeles. The properties were developed and operated by Delancey Street Foundation. Embarcadero Triangle and Midtown Gardens were awarded tax credits in 1990 and 1994 respectively.

Mr. Pavão explained that Delancey Street Foundation, founded in 1971, had an organizational mission to help individuals released from incarceration to recover and lead fulfilling lives going forward. He stated that the projects included residential units and space from which services and other training was delivered. The petition before the Committee that day was to amend TCAC's Regulatory Agreements to provide some flexibility in the distribution of residential units versus other services and training space. Mr. Pavão stated that accommodating the developer's request was consistent with the organizational mission and good public policy. He suggested that additional flexibility should be reflected in the Regulatory Agreements. He advised the Committee that representatives for the projects were present to give further details.

Ms. Boatman-Patterson asked Mr. Pavão if TCAC would lose any affordable units.

Mr. Pavão confirmed the project would lose some affordable units.

Ms. Boatman-Patterson asked how many units the project would lose.

Mr. Pavão stated that there could be a significant number of units lost. He suggested the representative for the project comment on the issue.

Michelle Brewer from Goldfarb & Lipman stated that she represented Delancey Street Foundation. She stated that she drafted the amendments for the developer and had communicated frequently with TCAC staff. Ms. Brewer stated that the foundation was unique in that it was one of the earliest tax credit projects and had closed in 1991. She stated that there might be one other program in the state that was also a rehab and residential program. She explained that TCAC worked with Delancey Street over the past 15 years to accommodate the uniqueness of the program. Ms. Brewer stated that the way the program was operated was not actually new; however documenting the flexible arrangements of the program in the Regulatory Agreement would be a new process. She stated that the program served an underprivileged population of tenants who had no income. Ms. Brewer stated that the program was consistent with the mission of TCAC; however the residential units were sometimes used for service delivery or resident meetings and so forth.

Ms. Brewer stated that Delancey Street provided a number training programs including a moving company. She invited Jerry Raymond from Delancey Street to explain more about the program.

Mr. Raymond stated that Delancey Street provided residents with training for every facet of life. He stated that the program currently had 320 residents living in 160 units. He explained that the operation of the program was similar to an

individual going off to college. The person would live in a dormitory-style area. Mr. Raymond explained that a new person who came to the program, either right from prison or off the streets, would live in an apartment with six to eight men. And as the individual moved forward they earned privileges if they demonstrated they were no longer acting in the manner that brought them to Delancey Street. Living conditions would become better and the resident could be living in a two-person apartment by the end of their stay.

Mr. Raymond reported that the average stay per person was two to four years. He stated that residents did not receive any income. To help residents progress to better conditions the program provided a lot of vocational training, counseling, group sessions, and education. Mr. Raymond stated that in order to graduate from Delancey Street residents must have a high school diploma or GED. He stated that the program was currently offering an AA program in criminology.

Mr. Raymond stated that Delancey Street worked with various programs throughout the city, but it needed support services. He stated that the program had no paid staff. The program had an accounting department, which residents were trained to work in as they moved up the hierarchy. Residents learned to handle money, write checks, and reconcile accounts. Mr. Raymond stated that Delancey Street also had a moving company and a restaurant, which put residents in situations that required communication with other people. He stated that residents were shown the need for them to go through the program successfully.

Mr. Raymond stated that the support services required flexibility. He stated that if the program was bottom heavy it would have fewer people in apartments designated for two people. He noted that the program did not restrict the number of residents it could take in.

Ms. Boatman-Patterson asked Mr. Raymond to confirm that he was asking for the flexibility to move along with the population.

Ms. Redway stated that some rooms in the project may be used for services, which would result in fewer people being housed. She stated that the developer would not use all the units in the specific manner stated in the Regulatory Agreements.

Ms. Boatman-Patterson asked how many years were left on the Regulatory Agreements.

Mr. Pavão stated that at least 40 years remaining on the agreements.

Ms. Ortega stated that the Committee may be concerned about units no longer being available. She suggested that if the number of people being served barely changed then the reduction in units would likely not affect residents.

Mr. Raymond estimated that the program would serve a maximum 400 people.

Ms. Boatman-Patterson asked Mr. Raymond to confirm that the program typically served a range of 300 to 400 people, which Mr. Raymond did.

Ms. Ortega asked Mr. Raymond to confirm that the number of people served would not change as residents were moved around.

Mr. Raymond confirmed the number served would not change; however the manner in which they were housed could change. He stated that he may submit a Project Status Report (PSR) showing 8 people in certain units and vacant units available for housing. He explained that the program may create a business, which evolved over time and a service unit may be designated as office space to show residents how to do inventory.

Ms. Boatman-Patterson asked Mr. Raymond if there was a mechanism to show the program was still serving 300-400 people on an annual basis.

Mr. Pavão stated that his compliance staff may be able to provide an answer. He asked Compliance Section Chief, Rose Guerrero to comment.

Ms. Guerrero stated that TCAC staff would continue to monitor the property until the end the extended use period.

Ms. Boatman-Patterson asked Ms. Guerrero if TCAC would be able to confirm the number of people being served at the property.

Ms. Guerrero stated that staff would monitor the property every 3 years and check to see if the property was servicing the population that it should be servicing. She reported that staff was very pleased and impressed with the accomplishments of the program over the years.

Mr. Pavão asked Ms. Guerrero if TCAC received annual reports from the property, and Ms. Guerrero confirmed that TCAC received reports every year from the property.

Mr. Gordon stated that he was familiar with the Delancey Street program. He commented the program did amazing things for a population that most people turned their backs on. He stated that the program had a high success rate over the years and had earned a lot of trust.

Ms. Redway asked if Delancey Street could move or change its business operations since the Regulatory Agreements were in effect for another 40 years. She stated that she was familiar with the program and felt comfortable granting the developer's request. She asked if the Regulatory Agreements would revert back to the original terms if someone else occupied the project. She asked if the Committee had considered that scenario.

Ms. Brewer stated that if the project went to someone else TCAC would have to approve a transfer as required under the Regulatory Agreement. She stated that

the transfer could not occur without TCAC approval so staff would have an opportunity to review the agreement at that time.

Ms. Redway stated that if the Committee took action it would be based on the reputation of Delancey Street. And she wanted to make sure the Committee contemplated a change of occupant.

Mr. Gordon asked Mr. Raymond how his clients came into the program.

Mr. Raymond stated that clients came to the program from the streets. In addition, they came through the prison and county jail systems and judges.

Mr. Gordon asked if the program ever became oversubscribed and was forced to turn people away. He asked if the program was able to make room for those who met its criteria.

Mr. Raymond stated that program would make additional room. He explained that he may have to assign additional tenants to a room or open up another room for tenants. He noted that the program needed flexibility in order to make such adjustments.

MOTION: Mr. Gordon moved to adopt staff recommendations regarding only CA-90-101 and CA-94-131. Ms. Ortega seconded and the motion unanimously.

Mr. Pavão stated that Perris Park Apartments had been in operation since May of 2000 and was approaching its 15<sup>th</sup> year. When the project was funded in 1998, the Committee was inducing circumstances in which the Regulatory Agreement would regulate to an average affordability. Perris Park, for example, was regulated to an average affordability of 40% of area median income (AMI).

Mr. Pavão commented that monitoring the average affordability was difficult because each time staff monitored the property and each year they reviewed annual reports they had to establish if the project complied with the overall average affordability requirement. Mr. Pavão explained that more recently TCAC regulated specific unit types to specific AMI targets, which made it simpler for staff to assure compliance.

Mr. Pavão stated that Perris Park was regulated to a fairly low average affordability of 40% of AMI. He reported that the property had a prospective buyer who was also an experienced property manager. He and staff were persuaded that the buyer would likely do a good job resuscitating the project as it was in some distress. Mr. Pavão stated that the project required some additional investment. He explained that the buyer was not requesting credits at that time though the immediate proposed rehab cost was approximately \$6,000 per unit.

Mr. Pavão reported that the prospective buyer provided information, which documented to staff that the project would not remain feasible for more than another one or two years under its current rent structure and the operating expenses it had incurred and would likely incur in the future. Mr. Pavão reported



that buyer had requested that TCAC show some forbearance by renegotiating the income targeting on the project. He explained that the targeting would migrate to a model that comported with the current structure. The targeting would include specific bedroom sized units regulated at specific targets. Some units would be targeted at 60% AMI and some at 50% AMI. In addition, some units would be targeted at 40% AMI and perhaps even lower. Mr. Pavão stated that the average affordability would change from 40% AMI to 47% AMI resulting in a 20% increase. He commented that staff took the change very seriously because the project would lose some depth of income targeting.

Mr. Pavão stated that the migration to the new rent structure would occur upon vacancy. He explained that one of the first issues staff contemplated was whether or not extremely low income households would experience immediate rent shocks if TCAC agreed to the change the targeting. Mr. Pavão confirmed that rent increases would not occur immediately, but gradually over time and upon vacancy.

Ms. Boatman-Patterson asked Mr. Pavão to confirm that the current occupants would not be charged a higher rent.

Mr. Pavão stated that current occupants would not have increased rents; however if they vacated their units the owner would take the opportunity to increase rents to a higher level. He predicted that when the full migration to the new rent structure was complete, the average affordability would be 47% AMI.

Mr. Pavão stated that most of the tenants would remain right where they were and some of the deeper targeted units would probably migrate to higher rent levels and income targeting.

Ms. Boatman-Patterson asked Mr. Pavão if he knew how many units were targeted at less than 47% AMI.

Mr. Pavão asked compliance staff if they had data regarding the number of units and corresponding income levels, and Ms. Guerrero stated that the prospective buyer was present. She asked if he could provide additional information to the Committee.

Jeff Passadore from Cambridge Real Estate Services stated that his firm managed approximately 30 properties in California that had Section 42 low income housing tax credits. He stated that his firm also managed Section 42 (tax credit) properties in other states. Mr. Passadore explained that he was applicant who proposed to adjust the set asides for Perris Park. He reported that currently there were households at the property that fell below the 40% AMI. And there were other long term households that had experienced income increases over time.

Mr. Passadore stated that his proposal specifically addressed the potential for displacement. He stated that his firm was interested in improving the housing environment and therefore proposed to change the targeting over a 2 to 3 year period so the property could become more viable for years to come. He stated

that resident attrition occurred for all kinds of reasons and his firm would pace the moderating of income levels and rental rates as those events occurred. Mr. Passadore reported that currently about one-third of the units were materially above the 40% AMI limit. He stated that most of the units were within 5% of the 40% income limit and some of them were even lower.

Ms. Boatman-Patterson asked Mr. Passadore to confirm that two-thirds of the units were lower than 40% AMI or within 5% of 40% AMI.

Mr. Passadore stated that two-thirds of the units were within 5% of 40% AMI and many of those were Section 8 voucher holders who received rent subsidy. He stated that about two-thirds of the units fell between the high 30% AMI range and 45% AMI for their current income. He stated that the balance of the household incomes fell somewhere between the 45% AMI and 75% AMI.

Mr. Pavão asked if the occupants were tenant based voucher holders, and Mr. Passadore stated that the occupants were tenant based voucher holders. He stated that there was no project based subsidy at the community.

Ms. Boatman-Patterson asked how many tenant based housing choice voucher holders there were, and Mr. Passadore stated that an inspection in July revealed that 10 of the 80 units held portable vouchers.

Ms. Boatman-Patterson asked if the property was able to collect fair market value rents with the vouchers, and Mr. Passadore stated that the Section 8 administrator for the county limited the total combined rent to the in-placed Section 42 rent.

Ms. Boatman-Patterson asked if the targeting limit was 47% AMI, and Mr. Passadore stated that the targeting limit was currently 40% AMI.

Mr. Schmunk asked Mr. Passadore to comment on the purchase transaction.

Mr. Passadore stated that the current owners of the building solicited marketing proposals from national real estate brokerage companies that were active in that segment of the multifamily industry. He reported that his firm made an offer that matched the value which the most experienced broker felt the property was worth.

Mr. Passadore stated that he had a relationship with one of the developers. He explained that the developer was an investor in another property managed by Cambridge Real Estate Services. He stated that the developer was in a difficult situation.

Mr. Pavão recommended that the sale price be no more than the debt on the property.

Mr. Passadore reported that his firm estimated the current proposed sale price including transaction costs to be approximately \$250,000 above the in-place debt. He explained that the in-place debt was about \$15,000 per unit and the property cost was about \$125,000 per unit to develop. He stated that it was a distress sale.

Mr. Pavão stated that the property was on the cusp of going negative, which should be accounted for in any sort of estimate of market value. And for this kind of accommodation, the seller should not be allowed to walk away with money.

Mr. Frerichs stated that the current income targeting of the project was 80 units at 40% AMI. He asked what the proposed income targeting would be. Staff did not have the rent levels available at the meeting.

Mr. Pavão stated that there was variation in the rent levels right now; however the average affordability was 40% AMI. He asked TCAC compliance staff if they had the proposed rent structure showing average targeting at 40% AMI.

Mr. Frerichs stated that he understood some of the rents would go up significantly. He asked if any of the rents would be in the 30% AMI to 40% AMI range even a significant number of the rents would be going up significantly. He stated that he felt some people would be forced out of the property at some point because they would not meet the 47% AMI.

Mr. Pavão stated that the project had some extremely low income households and staff was concerned about their future. He asked Compliance Manager, Ammer Singh, if he could provide estimates of how many units would continue to be targeted at 30% AMI or 35% AMI.

Mr. Singh stated that he had the AMI percentages in his office. He stated that TCAC could regulate the income targeting so that it would not increase by more than 10% per year.

Ms. Redway asked if there would still be apartments at the property that continued to be at 40% of AMI or less.

Mr. Singh stated that the original intent of the regulatory agreement was for the average income targeting to be 46% of AMI. He explained that if one unit was at 30% AMI and another was at 60% AMI, the average income targeting of the two units would be 45% AMI.

Ms. Redway asked Mr. Singh if the property would still have apartments that were controlled at 40% of AMI or less after the three to four transition period occurred under the new regulatory agreement.

Mr. Passadore stated that the average affordability must increase to 47% of AMI in order for the property to be viable. He stated that there were some unusual operating expenses related to the property; however his firm could be flexible if the Committee preferred a certain number of units at 35% of AMI. Mr. Passadore stated that it was a matter of coming up with a matrix that achieved the 47% average.

Ms. Boatman-Patterson asked Mr. Passadore to confirm that all of the units would be regulated at 47% of AMI at the end of the transition period, and Mr. Passadore

replied indicating that not all of the units would be regulated at 47% of AMI after the transition period.

Ms. Redway stated that the matrix was not available yet as it was still under negotiation. She confirmed that the applicant was willing to regulate units to 47% of AMI.

Mr. Pavão stated that TCAC would regulate to an array of rents.

Mr. Passadore stated that for every unit regulated to 35% of AMI, there may need to be one regulated to 55% of AMI in order to bring about an average of 45% of AMI. He explained that his firm's feasibility studies showed that the closer the income targeting was to 50% AMI, the more viable the project was. In addition, the firm would have a pro form at 47% of AMI that allowed the building to be restored to the property condition and with a reasonable future.

Mr. Pavão commented that that applicant should make sure the property had an array of rents that provided deeper targeted units at the end of the transition period.

Ms. Redway stated that the applicant should use their best skills in terms of the debt and pricing of the property.

Mr. Frerichs stated that he understood the project needed to be made profitable. He stated that the Committee obviously did not want to lose the entire property, but they still wanted to keep it affordable.

Ms. Brewer stated that one of the problems was that the property had 10 Section 8 units for which the applicant could get higher rents; however the applicant was limited by the regulatory agreement.

Mr. Pavão stated that if the Section 8 units were regulated to 60% of AMI they would bring in a combined 60% of AMI income. He reiterated that staff was taking the request very seriously because it could establish a precedent. He stated that during his tenure staff had never brought a renegotiated regulatory agreement before the Committee. Mr. Pavão commented that he and staff were worried about the precedent it would set and they wanted to be very cautious.

Ms. Redway asked if a motion to approve the amended Regulatory Agreement needed the additional details Mr. Pavão described.

Mr. Pavão stated that the meeting minutes would reflect that the Committee focused on the sales price being no more than the debt on the property and ensuring there would be an array of income and rent levels that would assure some deep targeting.

MOTION: Mr. Gordon moved to adopt staff recommendations regarding only CA-98-050. Ms. Ortega seconded and the motion unanimously.

7. Discussion and consideration of a Resolution authorizing the Executive Director of the California Tax Credit Allocation Committee to sign contracts and Interagency Agreements.

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously.

8. Discussion and consideration of a Resolution authorizing the Executive Director of the California Tax Credit Allocation Committee to enter into a contract with Spectrum Enterprises, Inc. for a period of up to two years, not to exceed \$200,000, to provide professional tenant demographic data collection services related to compliance with the Housing and Urban Development (HUD) program requirements as required under the Housing and Economic Recovery Act of 2008.

Mr. Pavão stated that by federal law TCAC was required to gather and report out on income and demographic information regarding residents in the program portfolio. He explained that the tenant information would be delivered to HUD. Mr. Pavão reported that there were a few vendors in the nation that developed software and systems for rapidly capturing tenant data, aggregating it and reporting it to HUD. He stated TCAC had procured Spectrum Enterprises through the procurement process. He explained that TCAC contracted with Spectrum Enterprises in the past and would like to renew the contract for data collection services. Mr. Pavão stated that the current contract was for \$200,000 for 2 years of service.

Ms. Boatman-Patterson commented that she wondered if CalHFA ever contracted with Spectrum before.

Mr. Pavão asked Ms. Guerrero if CalHFA had ever used Spectrum for any contracted purpose.

Ms. Guerrero stated that she was not aware that CalHFA had used Spectrum.

Ms. Boatman-Patterson asked Mr. Pavão to confirm that Spectrum had a software program that would capture tenant information.

Mr. Pavão confirmed that Spectrum had such a software program. In addition, Spectrum had systems for retrieving the information, aggregating it and then reporting it on to HUD. He explained that the alternative to contracting would be for TCAC to develop a system similar to that of Spectrum. He noted that virtually every state contracted out for those services.

Ms. Boatman-Patterson commented that the tenant data was good information to have from a CalHFA and HCD perspective. She stated that organizations such as Housing California sometimes inquired about the tenants in CalHFA's portfolio.

Ms. Guerrero stated that TCAC reported to HUD on more than 400,000 tenants.

Mr. Pavão stated that he thought HUD captured the TCAC data in part for comparison with other HUD programs. He explained that HUD was interested to see if the make-up of the tenant population was different for tax credits as opposed to HOME or other programs.

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously.

#### 9. Public Comments.

Ms. Ortega asked Mr. Pavão when the captured data would be reported.

Mr. Pavão stated that TCAC had a report available. He asked Ms. Guerrero to confirm that the next report would be the third annual report by TCAC.

Ms. Guerrero stated that the next report would be the second annual report by TCAC. She stated that TCAC had data available from 2011 and 2012.

Mr. Pavão stated that staff would provide the data to the Committee in their next meeting binders. He confirmed that the next TCAC meeting would be held at about 1:45pm on December 10<sup>th</sup>.

Mr. Pavao asked Ms. Redway if she would be unavailable for the December meeting.

Ms. Redway confirmed that she would not be at the December TCAC meeting and that day was her final meeting.

Mr. Pavão thanked Ms. Redway for all of her support.

Ms. Redway thanked Mr. Pavão and his TCAC staff. She commented that she enjoyed working with them over the last 8 years.

Mr. Pavão stated that he had the opportunity to work with two administrations during his tenure. He commented that working with Ms. Redway was an honor and a privilege. He thanked her for supporting the TCAC staff.

#### 10. Adjournment

The meeting adjourned at 2:41 p.m.