



## California Tax Credit Allocation Committee

901 P Street, Room 102  
Sacramento, CA 95814

December 11, 2024

### CTCAC Committee Meeting Minutes

#### 1. *Agenda Item: Call to Order and Roll Call*

The California Tax Credit Allocation Committee (CTCAC) meeting was called to order at 12:57 p.m. with the following Committee members present:

##### **Voting Members:**

Fiona Ma, CPA, State Treasurer, Chairperson  
Evan Johnson for Malia M. Cohen, State Controller  
Michele Perrault for Joe Stephenshaw, Department of Finance (DOF) Director  
Gustavo Velasquez, Department of Housing and Community Development (HCD) Director  
Stephanie McFadden for Tiena Johnson Hall, California Housing Finance Agency (CalHFA) Executive Director

##### **Advisory Members:**

Michelle Whitman, County Representative  
Brian Tabatabai, City Representative

#### 2. *Agenda Item: Approval of the Minutes of the October 2, 2024, Meeting – (Action Item)*

Chairperson Ma called for public comments:

None.

**MOTION:** Ms. Perrault motioned to approve the minutes of the October 2, 2024, meeting, and Mr. Johnson seconded the motion.

**AYE:** Michele Perrault, Evan Johnson, Gustavo Velasquez, Fiona Ma

**ABSTAIN:** Stephanie McFadden

The motion passed via roll call vote.

#### 3. *Agenda Item: Executive Director's Report*

*Presented by: Marina Wiant*

Marina Wiant, Executive Director, said the 2025 meeting schedule and application due dates are available for the public. The first 4% round will be in early January for projects not requesting enhanced state credits.

Chairperson Ma called for public comments:

None.



## California Tax Credit Allocation Committee

- 4. Agenda Item: Recommendation for reservation of 2024 second round federal 4% and state LIHTCs. (Health & Saf. Code, §§ 50199.10, 50199.14; Cal. Code Regs., tit. 4, § 10310.) – (Action Item)**  
*Presented by: Carmen Doonan*

Ms. Doonan said staff is recommending 79 projects for reservation of 2024 second round federal 4% and state tax credits.

Chairperson Ma called for public comments:  
None.

**MOTION:** Ms. Perrault motioned to approve staff's recommendation, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

- 5. Agenda Item: Resolution No. 24/25-02 to adopt a regular rulemaking for new Regulation 10336 and amendments to the existing federal and state LIHTC programs regulations (Cal. Code of Regs., tit. 4, § 10300 et seq.). (Health and Saf. Code, § 50199.17.) – (Action Item)**  
*Presented by: Anthony Zeto*

Mr. Zeto explained that prior to publishing the proposed regulation changes, staff solicited feedback from the stakeholder community on September 5, 2024. Feedback was accepted through September 27, 2024, and the proposed regulation changes were released on October 30, 2024. Public comments were accepted through November 20, 2024, and a public hearing was held on November 12, 2024. Staff carefully reviewed the comments and made some revisions that were incorporated in the final package that was published for the public and is being presented to the Committee today for approval.

Chairperson Ma called for public comments:

William Leach from Kingdom Development said he is 100% supportive.

Brian Augusta from the California Rural Legal Assistance Foundation said his organization, which is a sponsor of AB 846, is supportive of the provisions establishing a rent cap in existing LIHTC properties. He commends the staff for their leadership on this issue as well as Chairperson Ma and other members of the Committee for their hopeful support for adoption of those regulations.

Marcos Segura, Staff Attorney for the National Housing Law Project (NHLP), said his organization supports the proposed protection for housing provisions. He said he would like to underscore what a significant step this is for low-income tenants at LIHTC properties in terms of ensuring their stability in their tenancy. He thanked Ms. Wiant and the staff for being receptive to tenant advocate concerns. NHLP looks forward to working with CTCAC on future tenant protection issues.

Tina Rosales-Torres from the Western Center on Law & Poverty, a co-sponsor of AB 846, echoed the comments made by Mr. Segura and Mr. Augusta regarding the anti-price gouging caps for current LIHTC properties. She is thankful that this has been established because it is a significant step forward toward ensuring that these properties maintain affordability.



## California Tax Credit Allocation Committee

Tiffany Hickey from Disability Rights California (DRC) thanked the Committee for the many positive changes made in the regulations, especially the addition of a new section on tenants' rights and fair housing. These changes help bring the regulations into compliance with state and federal disability access laws. However, there are further changes that DRC thinks the Committee needs to make to bring the regulations into full compliance, such as adopting a cap on the number of restricted units to prevent the creation of segregated housing and enhancing the reporting, record-keeping, and monitoring provisions to ensure compliance with Section 504 and Government Code 11135. Ms. Hickey echoed the comments made by Mr. Augusta, Ms. Rosales-Torres, and Mr. Segura on the need for a strong grievance process and the rent cap. She thanked the Committee and expressed hope that DRC would have the opportunity to discuss these changes in 2025.

Taery Anglin said she is a tenant at a project in Los Angeles. She moved to the greater Los Angeles area when she was 22 years old in 1980. She has worked and paid taxes in this state her entire adult life, and during that time she was able to house herself, usually with a roommate, in a 1-bedroom unit. From 2001-2007 she housed herself, her partner, and two of her young nephews on a single income. At the best of times, she was making \$64,000 per year and at the worst of times, \$7 an hour. Although her family did receive food benefits for the children, they never received housing assistance. In 2007, she had a stroke, and she was awarded Social Security Disability Insurance in 2009. She moved to Colorado to care for her mother and then moved back in 2013. When she moved into her housing in October 2022, her rent was \$985 per month, which was 49% of her income, but she could handle it. Then her rent increased by 10% in 2023 and another 8% in 2024. Now she pays \$1,158 for a 486 square foot studio apartment in downtown Los Angeles. Her income is \$2,246, so that is 51% of her income. People who earn over \$2,000 in the State of California do not qualify for food stamps or Medi-Cal. Thankfully, Ms. Anglin has Medicare because she is 66 years old.

Ms. Anglin said she is not even in the worst position of many of her neighbors who have lived in the building since it opened in 2013. The building is in Chinatown in Los Angeles, and when it opened, a good percentage of the residents were non-English speaking people who had lived there longer than Ms. Anglin. Now, they are paying 95% of their Social Security in rent. Ms. Anglin is disappointed that the Committee decided not to implement a lower rent increase for seniors and disabled people. The Committee has composed policy for so-called affordable senior housing while seniors like Ms. Anglin will be out on the street with two more rent increases. It seems like it was by design. She has read articles about landlords who evicted market rate tenants because they could not raise those tenants' rent high enough and brought in LIHTC tenants instead. She said she hopes the Committee can live up to the spirit of affordable housing.

Ms. Wiant said staff has received several public comments about the unique situation that seniors on fixed incomes are in, and there was a request to modify the rent cap policy to have a different calculation for senior projects. At this point, this is still novel, and staff needed to start with what they have presented today, but they are very aware of the burden that this can have on seniors and will continue to watch for other modifications they can make to address the concerns raised by Ms. Anglin and others.

Chairperson Ma said maybe she could meet with some of the senior affordable housing developers who specialize in this and see what could be done. Social Security has not gone up, yet all the other costs have gone up, so she feels for Ms. Anglin.



## California Tax Credit Allocation Committee

At 1:11 p.m., Ms. Wiant noted for the record that Mr. Velasquez had to leave the meeting.

Chairperson Ma closed public comments.

**MOTION:** Ms. Perrault motioned to adopt Resolution No. 24/25-02, and Ms. McFadden seconded the motion.

Ms. Wiant clarified that there is still a quorum without representation from HCD.

The motion passed unanimously via roll call vote.

Ms. Wiant noted that as part of the regulations package, staff shared a draft rent increase limit waiver policy with the public. There were a lot of comments from the Committee in April when the regulations were adopted indicating that they wanted to know what the waivers would look like and ensure that the policy would be clear and transparent. Staff released that for public comment alongside the regulations and received a few comments. They will be incorporating some minor changes to that memo and putting it out.

6. *Agenda Item: Resolution No. 24/25-03 to adopt the CTCAC/HCD Opportunity Area Map for Calendar Year 2025. (Cal. Code Regs., tit. 4 § 10302.) – (Action Item)*  
*Presented by: Anthony Zeto*

Mr. Zeto explained that the CTCAC regulations require the Committee to adopt a CTCAC/HCD Opportunity Area Map annually for the following year. There were minor changes this year, and the focus was on reducing instability from year-to-year designations. There was a methodology change that took a three-year rolling average of the education indicators. Staff hopes this change will reduce instability, so stakeholders have more predictability as far as their projects retaining designation from year to year. The Opportunity Area Map was released in the same timeframe as the regulations, and staff recommends it to the Committee for approval.

Mr. Johnson said he appreciates staff's collaboration with HCD to make this happen. The state has undertaken a number of these kinds of efforts, and they are always a work in progress. Mr. Johnson appreciates the continued effort to refine the map to ensure it does what it needs to do, which is connect families to areas that have resources, good schools, and other opportunities.

Chairperson Ma called for public comments:  
None.

**MOTION:** Mr. Johnson motioned to adopt Resolution No. 24/25-03, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

7. *Agenda Item: Public Comment*



## California Tax Credit Allocation Committee

Harvey McKeon from Nor Cal Carpenters Union (NCCU) said that at today's meeting, Pacific Companies had a considerable number of projects up for a considerable amount of financing. As the representative from organized labor in the room, he would be remiss to not resurface the following fact: in April 2024, the Department of Industrial Relations (DIR) determined that Santa Cruz Pacific Associates, a Pacific Companies related entity, had failed to comply with prevailing wage requirements on a residential project in Santa Cruz. This was despite a claim that it was bound to do so in a public application for tax credits to finance the project. Beyond this, at the federal level, there is also at least one open unfair labor practice investigation pending against Pacific West Builders. NCCU encourages the Committee to take action so that only a contractor capable of upholding legal labor standards is invited to apply for financing. Avoiding wages and wider labor standards that are due to workers hurts their families and the taxpayers to whom this body is answerable. Construction workers and their families are already in an economically precarious situation and are very reliant on safety net programs at a huge public cost, so there is a real fiscal component to this. NCCU's general message that they will keep bringing back is to please consider construction workers and their families as regulations are developed going forward. As Mr. McKeon said at the CDLAC meeting today, there is a Venn diagram and a way to do this that works for everyone.

Anthony Carroll from NCCU said developers and contractors receiving millions of dollars each round of public subsidies have been caught committing and allowing labor exploitation to happen on their projects. This is not a single company issue; this is a system-wide issue. NCCU has been advocating for years for regulatory measures that increase the importance of prevailing wages in award guidelines and require labor standards and enhanced enforcement mechanisms on LIHTC projects. These types of standards will level the playing field for high road contractors and will make bad actors self-select out of the system because they know they cannot compete without labor exploitation. Mr. Carroll commends CTCAC for one of the changes that was just added to the regulations, which is the specific clarification that prevailing wages must apply to the entire project to receive a threshold basis boost. This gray language that just got adjusted was the basis for the Pacific West Builders DIR determination that Mr. McKeon just mentioned. In addition to increasing the role of prevailing wages and enforcement, NCCU believes developers should be disincentivized from repeatedly hiring contractors known for labor violations. The system will only improve when bad actors stop receiving repeat business from the affordable housing industry's most favored awardees. The regulations already include the necessary mechanism to do this, which is the assessment of negative points. There are several reasons to assess negative points, and NCCU would like to know why they are not assessed more often and what NCCU can do to expand the list of violations that would require the assessment of negative points.

Caleb Roope from The Pacific Companies said one of the reasons he came to the meeting today was to bring clarity to the accusations that have come up. He is always here to answer any questions. The Committee has not received the full information, so he will provide that now. The first instance raised was a situation where a certain funding source was allocated to a specific part of a project, and prevailing wages were paid on that portion of the project. The rest of the project was not subject to prevailing wages. The DIR made a subsequent determination, and now Mr. Roope knows that funding source is going to apply across the board to the entire project. The other instance raised was a federal issue that had to do with a subcontractor that The Pacific Companies caught in noncompliance, and they

CTCAC Committee Meeting  
December 11, 2024



## California Tax Credit Allocation Committee

are helping the Department of Labor investigate that issue. CTCAC is always welcome to reach out about any of this. The regulation change dealing with this was a good change. Mr. Roope is here to defend against these kinds of attacks, and in the future, if the Committee wants to reach out, they are welcome to do so.

Jordan Johnson from Century Housing thanked the Committee and staff for all their efforts. He said he is in favor of maintaining the \$200 million in state credits in the Mixed Income Pool (MIP). Century Housing has a shovel-ready project that has already secured \$25 million of soft costs and intends to apply for MIP as well as 4% and state credits in Round 2. If the state credits are reduced from \$200 million to \$100 million, the project will likely not get awarded. It is a 153-unit project in Long Beach. Mr. Johnson said that while he cannot speak for other developers, he thinks the other developers he has spoken with have also underwritten and designed projects based on maintaining the \$200 million for the MIP.

### 8. *Agenda Item:* **Adjournment**

The meeting was adjourned at 1:22 p.m.