

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the April 19, 2006 Meeting

1. Roll Call.

Laurie Weir for Philip Angelides, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Weir called the meeting to order at 1:00 p.m. Also present were: Amy Hair for Steve Westly, State Controller; Anne Sheehan for Michael Genest, Director of the Department of Finance; Lynn Jacobs, Executive Director, the Department of Housing and Community Development; Dennis Meidinger for Theresa Parker, Executive Director of the California Housing Finance Agency; and Cathy Van Aken for Jennifer Rockwell, Attorney General's Office, and Kathleen Paley, County Representative.

2. Approval of the minutes of the March 15, 2006 meeting.

MOTION: Ms. Hair moved to adopt the minutes of the March 15 meeting. Ms. Sheehan seconded the motion. The motion passed.

3. Executive Director's Report

Mr. Pavão announced that TCAC has assembled a work group, which will be meeting on Thursday, April 20, 2006. He stated that the group would be discussing the issues brought up during the course of this year's regulation changes. Mr. Pavão reviewed the issues to be discussed by group, which include regulation of basis limits, tax credit competitiveness in new growth communities, and competitiveness outside of Qualified Census Tracts.

Mr. Pavão also informed the Committee that staff is in the process of reviewing the 9% tax credit applications. He announced that the next Committee meeting would take place in June 2006, with no meeting in May.

4. Discussion and Consideration of a Resolution Establishing the 2006 Tax Credit Ceilings for Federal and State Low Income Housing Tax Credits and the Percentage Allocations for the two Funding Cycles.

Mr. Pavão explained that the Tax Credit Ceilings Resolution complies with State law, which requires TCAC to disclose the amount of tax credits available for the year. He reported that the amount of tax credit available for 2006 is \$68,651,079. Mr. Pavao explained that the resolution authorizes the availability of state tax credits, which are represented in the resolution document as the statutory \$70 million dollars in state credit, plus an annual escalator. He reported that the annual escalator has increased the amount of the 2006 state tax credits to \$79,274,700.

MOTION: Ms. Hair moved to adopt the resolution. Ms. Sheehan seconded the motion. The motion passed.

5. Discussion and consideration of applications for award or 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 informed the Committee that two projects listed on their agendas, CA-2006-817 Central Village Apartments and CA-2006-818 Calipatria Apartments, would not be considered for tax credits this month.

He also reported that The Alexandria CA-2006-805, which was previously withdrawn by the sponsor, was included and ready for the Committee's consideration. Mr. Pavão explained that the local redevelopment agency (LACRA) for the Alexandria is participating in the project as a lender, as well as the bond issuer. He informed the Committee that the revised Staff Report for the project shows the loan contributed by LACRA. Mr. Pavão reported that the revised terms of the project better protect low-income tenants by allowing them to remain in project after the rehabilitation is complete. In addition, he reported that LACRA would regulate the project units at deeper income targeting than TCAC.

Ms. Sheehan asked Mr. Pavão how often CDLAC and TCAC review projects where the developer provides educational classes and computer training for tenants on the project site. Mr. Pavão indicated such amenities are fairly common in tax credit projects, especially on the 9% tax credit side. Ms. Weir added that the CDLAC Committee members regularly approve educational provisions, which are also referred to as "service amenities". The provisions are documented in the Committee Resolution and the project's Regulatory Agreement.

Mr. Pavão recommended approval of the following projects with standard conditions:

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
2006-805	The Alexandria	\$1,908,385
2006-807	Mira Vista Senior Apartments	\$1,676,217
2006-814	Sutter Hill Place Apartments	\$184,569
2006-820	Salvation Army Tenderloin Housing	\$1,095,693
2006-822	Rodeo Drive	\$260,418
2006-823	La Mision Village Apartments	\$881,237
2006-824	The Abbey Apartments	\$903,281
2006-825	Windward Apartments	\$527,060
2006-826	Hojas de Plata Apartments	\$245,816
2006-827	Seabreeze Apartments	\$250,825
2006-828	Totem Villa Apartments	\$188,815
2006-829	Palm Springs Senior	\$301,471
2006-830	Indio Gardens	\$496,172
2006-831	St. John's Manor	\$175,361
2006-832	Casa de los Amigos	\$477,016

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
2006-834	Allston House	\$305,102

There were no appeals.

MOTION: Ms. Hair moved to adopt staff recommendations. Ms. Sheehan seconded the motion. The motion passed.

6. Report and Discussion of the Augmentation of Existing Tax Credit Awards. In referring to the staff report contained in the Committee members' binders, Mr. Pavão recalled that the Committee had received a petition to consider augmenting earlier awards to 9 percent tax credit recipients. He stated that on September 18, 2005, the Committee had rejected a public request for augmentation of tax credits. The Committee did, however, request that staff review the augmentation policies of other states. Mr. Pavão called the Committee's attention to a chart in their binders summarizing the policies of those states researched. The chart identified those states that do and do not allow augmentation of tax credit awards. The chart also described those states where augmentation of tax credits is provided in a competitive and noncompetitive environment. Mr. Pavao reported the staff conclusions, which indicate that some provisions in the current 9 percent competitive scheme might be adversely affected if the Committee chose to adopt a system allowing subsequent augmentations. He stated that TCAC currently rewards applicants for being basis- and cost-efficient in preparing development budgets and tax credit estimates. TCAC could not award additional credits without potentially undermining the current efficiency scoring features.

Ms. Sheehan asked Mr. Pavao if TCAC plans to solicit comments from the public regarding the augmentation issue on the website. Mr. Pavão stated that the TCAC website has invited public comments regarding the augmentation issue, and that he would bring the matter up before the ad hoc working group.

7. Public Comment.

There was no public comment.

8. Adjournment

The meeting was adjourned at 1:25 pm.