

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the July 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 1:30 p.m. Also present were: Cindy Aronberg for Steve Westly, State Controller; Anne Sheehan for Michael Genest, Director of the Department of Finance; Russ Schmunk for Lynn Jacobs, Executive Director, the Department of Housing and Community Development; Dennis Meidinger for Theresa Parker, Executive Director of the California Housing Finance Agency; Connie Le Louis for Jennifer Rockwell, Attorney General's Office, and Kathleen Paley, County Representative.

2. Approval of the minutes of the June 23, 2006 Committee meeting. There was no public comment.

MOTION: Ms. Weir moved to adopt the minutes of the June 23rd meeting. The motion was seconded and passed.

3. Executive Director's Report.

Mr. Pavão reported that the next day, July 20th, was the due date of the second round of nine percent tax credit applications as well as the second round of applications seeking four percent tax credits along with State low income housing tax credits.

Mr. Pavão announced that there is a set of four percent tax credit applications as well as two Community Renewal applications.

Mr. Pavão reminded the Committee that the next meeting will be held August 16th, and that the September 20th meeting will consist of the second round nine percent and four percent plus State credit applications.

Report concludes with no public comment.

4. 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 10300.

The following statement was read by Ms. Weir:

“The Treasurer has disqualified himself from participation in all decisions relating to the Hurley Creek Apartments (CA-2006-855). It is our understanding that Mr. Geremia is a part of the development/management team that has applied for this allocation. While we have concluded that Mr. Geremia is not a source of income

under the Political Reform Act, in an abundance of caution, the Treasurer will continue to disqualify himself from this matter.”

Ms. Weir recused herself from this matter on behalf of the Treasurer, and passed control of the Chair to Ms. Anne Sheehan.

Mr. Pavão described the Hurley Creek Apartments (CA-2006-855) as located in Sacramento and consisting of 208 senior housing units. This application has been reviewed for threshold requirements and TCAC has found it to be complete and in compliance with the various program requirements, and it is recommended to the Committee for approval.

No public comments or appeals.

MOTION: Ms. Sheehan moved to approve the Hurley Creek Apartment project. The motion was seconded and passed.

Ms. Sheehan stated again that the Treasurer has recused himself from participation in the project, and that Ms. Weir had left the room.

Ms. Weir returned to the room and assumed control of the Chair from Ms. Sheehan.

Mr. Pavão announced that there are 18 applications left for consideration. A staff report has been prepared for each application and are as follows:

<u>Project #</u>	<u>Project Name</u>	<u>Project #</u>	<u>Project Name</u>
CA-2006-805	The Alexandria	CA-2006-862	Lexington Apartments
CA-2006-812	Poppyfield Estates	CA-2006-863	Concord Gardens
CA-2006-853	Edgewater Place II	CA-2006-864	Osborne Gardens Apts.
CA-2006-854	Vintage @ Natomas Field	CA-2006-865	Central Village Apartments
CA-2006-856	Del Sol Apartments	CA-2006-866	Sunrise Terrace II Apts.
CA-2006-857	Pepperwood Apartments	CA-2006-867	Kings Garden Apartments
CA-2006-858	Alabama Street	CA-2006-868	Villa Vasconcellos
CA-2006-859	Mammoth Lakes Family	CA-2006-870	The Shenandoah Apts.
CA-2006-860	Alabama Street Family Housing		
CA-2006-861	Seagull Villa Apartments		

Each of these applications has been reviewed for completeness and compliance with TCAC’s various program regulations and staff recommends them for approval.

Ms. Weir asked for questions for the Executive Director and Mr. Pavão noted that the first project, The Alexandria, the Committee has seen and approved before. Mr. Pavão stated that the project has been restructured and there is now an array of rents that addresses concerns that the Committee has expressed about accommodating the tenant population that is currently residing there, including some extremely low income households, and also having a mix of rental incomes

and rents over time. There is now an array of rents ranging from 60 percent of AMI down to very, very low income; therefore, this is a stronger application that meets more public policy objectives than the previous application.

No public comments or appeals.

MOTION: Ms. Weir moved to approve staff recommendations. The motion was seconded and passed.

5. Discussion and Consideration of Applications for Awards of Commercial Revitalization Tax Deductions, provided that such Applications are complete, eligible, and financially feasible.

<u>Project #</u>	<u>Project Name</u>	<u>Commercial Revitalization Zone</u>
CRDP-04-003	Imperial Marketplace	San Diego
CRDP-06-001	Pickwick Hotel	San Diego

Mr. Pavão announced that these are recommended awards of tax deductions from Federal tax liability for the applicants that are the owners of these commercial improvements within the San Diego zone. These types of applications are not submitted very often; we now have two before the Committee and they have both been reviewed for program requirements and TCAC staff recommends both for approval.

Mr. Pavão went on to state that one application requires further explanation. The application for Imperial Marketplace was submitted on December 14, 2004, the day before the final Committee meeting of that year. The application came in well after the public notice of the meeting date. This project was not included on that agenda. Mr. Pavão explained that a certain amount of analytical work has to go into the review, and this takes longer than 24 hours. All applicants were notified that TCAC staff needs 60 days to review the applications in order to bring them before the Committee for approval. The applicant and the local zone administrator were informed that this application was submitted too late to be brought before the December Committee meeting. Mr. Pavão explained that when projects are placed-in-service in a given year, those deductions must be awarded in that same year.

The applicant went on to pursue a variety of remedies, including approaching the Internal Revenue Service (IRS) to ask for forbearance. The IRS has informed the applicant and TCAC staff of their willingness to entertain a project-specific appeal by the applicant. The basis of this appeal is that through no fault of the applicant, there was an untoward delay in the processing of this application; therefore, they are petitioning the IRS to retroactively grant the application back to 2004. The IRS has outlined that the following facts are to be included in that appeal--

A description of the facts of the delay (Mr. Pavão stated for the public record that the delay was not at TCAC, but quite a bit of time passed between the submittal of the application to the local zone administrator, and the transmitting of that

application to TCAC staff in Sacramento). The zone administrator has authored a letter describing the events that occurred in 2004. The application was submitted locally on October 25, 2004 but did not reach TCAC until December 14, 2004. That is now outlined in the letter from the local zone administrator. The IRS also needs confirmation that the Committee, (the State), approves this allocation.

TCAC staff have included a report that has been reviewed to determine that the application meets the various program requirements, and are recommending conditional approval. The condition of this approval is that the IRS grant the appeal.

Mr. Pavão restated the TCAC staff recommendation for approval of both of these applications, with Imperial Marketplace under conditional approval.

Ms. Weir asked Mr. Pavão if both projects have public benefits of community revitalization and possible jobs and helping address blighted conditions. Mr. Pavão indicated that this is correct and each of these projects will house commercial enterprises that will employ lots of people and will revitalize areas that have experienced disinvestment over time and eliminate blight, providing many public benefits.

Ms. Weir asked if there were any questions for Mr. Pavão, and Ms. Sheehan stated that she spoke to Mr. Pavão and asked about the one (Imperial Marketplace) in terms of if it wasn't as complicated on its merits, that it would have been recommended, but it was complicated by the delay. She further stated that Mr. Pavão had addressed her concerns.

No public comments or appeals.

MOTION: Ms. Weir moved to approve staff recommendations that Imperial Marketplace be granted conditional approval and the other (Pickwick Hotel) be granted non-conditional approval. The motion was seconded and passed.

6. Public Comment.
No public comment

7. Adjournment.
The meeting adjourned at 1:45 p.m.