

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the October 27, 2010 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 1:40 p.m. Also present: Cindy Aronberg for State Controller John Chiang; Cynthia Bryant for the Department of Finance Director Ana Matosantos; Robert Deaner for Executive Director of the California Housing Finance Agency Steven Spears; Elliott Mandell for Department of Housing and Community Development Director Lynn Jacobs; and County Representative David Rutledge.

City Representative Christopher Armenta was absent.

2. Approval of the Minutes of the September 22, 2010 Meeting.

MOTION: Ms. Bryant moved to adopt the minutes of the September 22, 2010 meeting. Ms. Aronberg seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão updated the Committee regarding the American Recovery and Reinvestment Act (ARRA) projects. He reminded the Committee that TCAC received two sources of federal funding to be disbursed as cash in lieu of tax credits and financing gap fillers. He reported that TCAC closed loans for 118 of the 136 ARRA projects as of that day. And as of October 15th TCAC had disbursed \$264 million of its \$791 million ARRA award.

Mr. Pavão reported that staff attended regional conferences that month to gather information for next year's draft regulations. He predicted that staff would release draft regulations for public comments in November and bring their final recommendations to the January 2011 Committee meeting.

4. Discussion and Consideration of a Resolution to Adopt Proposed Emergency Regulations, Title 4 of the California Code of Regulations, Sections 10322 and 10325, Revising Readiness Criteria.

Mr. Pavão stated that the proposed regulation changes were posted on the TCAC website for public view on September 29th. Staff also held a public hearing in Sacramento on October 5th to gather feedback from project developers. Mr. Pavão reported that TCAC received a total of 6 comments all of which favored staff recommendations. He stated that one of the comments included a suggestion that staff create a provision to give the Executive Director of TCAC discretion to extend the readiness deadline under certain circumstances. Mr. Pavão explained that staff did not draft such a provision, but did recommend that the 150-day readiness deadline be extended to 180 days. He stated that the proposed regulation change would into effect immediately if approved by the Committee.

MOTION: Ms. Bryant moved to adopt staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

5. Discussion and Consideration of 2010 Second Round Applications for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs).

Mr. Pavão reminded Committee members that at the October meeting they approved staff recommendations to fund Vineyards at Menifee out of the supplemental set aside rather than the rural set aside. He recommended approval of two additional rural set aside applications to ensure that TCAC met the 20% rural set aside requirement described in the Statutes Set Aside for Allocation to Rural Areas. He stated that the two recommended projects were Sycamore Family Apartments located in Arvin and Creek Side Village located in Los Alamos.

MOTION: Ms. Bryant moved to adopt staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

6. Discussion and Consideration of a 2010 First Round Application for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs).

Mr. Pavão reported that one of the approved First Round 9% applicants had misrepresented information in their application, which would have made the project ineligible for the award. Upon discovering the misrepresentation, staff recommended funding the next eligible applicant, Normandie Terrace Apartments, in place of the misrepresented project.

MOTION: Ms. Aronberg moved to adopt staff recommendations. Ms. Bryant seconded and the motion passed unanimously.

7. Discussion of and Action on 2010 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

Mr. Rutledge stated that he had a conflict with two of the recommended projects: Aster Place (CA-2010-829) and Campus Commons (CA-2010-830). He then exited the meeting.

Mr. Pavão stated that 12 projects were recommended for 4% tax credits. He noted that the number of projects recommended that day did not provide a strong signal that the 4% credit market was recovering. He explained that most of the projects were assisted by newly issued tax-exempt bonds.

MOTION: Ms. Bryant moved to adopt staff recommendations regarding only Aster Place (CA-2010-829) and Campus Commons (CA-2010-830). Ms. Aronberg seconded and the motion passed unanimously.

Mr. Rutledge re-entered the meeting.

MOTION: Ms. Aronberg moved to adopt staff recommendations excluding Aster Place (CA-2010-829) and Campus Commons (CA-2010-830). Ms. Bryant seconded and the motion passed unanimously.

Mr. Pavão noted that the original TCAC agenda stated the Committee would take a public tour of the Hotel Berry that day. He explained that staff learned after the agenda was posted that the project sponsor would not be able to give the tour due to on going construction at the property. He stated that the tour would be rescheduled for a future meeting date.

8. Public Comment.

There were no public comments.

9. Adjournment.

The meeting adjourned at 2:00 p.m.