

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the July 18, 2018 Meeting

1. Roll Call.

Tim Schaefer for State Treasurer John Chiang chaired the meeting of the California Tax Credit Allocation Committee (CTCAC). Mr. Schaefer called the meeting to order at 1:41pm. Also present: Alan LoFaso for State Controller Betty Yee; Jolie Onodera for Department of Finance Director Michael Cohen; Michael Carrol for California Housing Finance Agency (CalHFA) Executive Director Tia Boatman-Patterson and Lisa Bates for Department of Housing and Community Development (HCD) Director Ben Metcalf.

City Representative Ray Mueller and County Representative Santos Kreimann were absent.

Mr. Stivers pointed out a small change to the agenda noting that at the request of the applicants, two (2) of the projects have been postponed to the September meeting. Those projects were The Pointe on Vermont (CA-18-765) and Gramercy Place Apartments (CA-18-768).

2. Approval of the Minutes of the May 16, 2018 and June 13, 2018 Meetings.

Mr. Stivers stated that Mr. LoFaso had requested some adjustments to the minutes of the May 16, 2018 meeting and that the requested adjustments were made in the official record.

MOTION: Mr. LoFaso moved the approval of the two meeting's minutes. Mr. Schaefer seconded and the motion passed unanimously by a roll call vote.

3. Executive Director's Report.

Mr. Stivers noted two (2) items for the Executive Director's Report. The first item was that at the previous June meeting, the Committee approved a number of 9% percent tax credit awards and that TCAC had recently received the applications for the second competitive round earlier this month. Mr. Stivers stated that 75 applications were received in the second round and based on the initial sort, approximately 38 projects would be funded but the number could change as staff reviews the applications. Mr. Stivers also noted that there were more credits available in the second round in comparison to the first round due to the additional 9% credits enacted by Congress for this year. Mr. Stivers stated that all of the additional credits were made available in the second round. Mr. Stivers stated that staff is well underway in reviewing the second round applications and recommendations will be brought before the Committee for consideration at the September meeting.

Mr. Stivers stated the second item was an update on the 4% tax credit program. Mr. Stivers stated 2016 was a record year where staff financed about 20,000 units with 4%

tax credits and tax-exempt bonds from CDLAC. He added that in 2017, due primarily to the change in tax credit pricing as a result of the discussion of tax reform at the federal level, the unit output dipped to about 10,000 units. Mr. Stivers stated this number still reflected an average year but well below the peak production that occurred in 2016. In 2018 through July, Mr. Stivers stated TCAC has financed about 9,000 units with the 4% program, which is over 150% of where TCAC was last year this time but still significantly down from the record number in 2016. Mr. Stivers noted that if the trend were to continue, TCAC would finance around 15,000 units with 4% tax credits in 2018 which would be a strong year. Mr. Stivers stated that Ms. Whittall-Scherfee would share her thoughts on bond allocations at the CDLAC meeting. Mr. Stivers noted that on the tax credit side, staff is pleased with the numbers to date.

4. Discussion and Consideration of the 2018 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Ms. Ferguson stated that there were 22 projects being recommended for the Committee's approval. She reiterated Mr. Stivers previous comment that two (2) of the projects had been removed. Ms. Ferguson stated that all 22 projects had been reviewed by staff and all meet Federal and State program requirements. Ms. Ferguson also pointed out two small changes to the staff reports for two (2) projects.

Ms. Ferguson noted a change on page 5 of the staff report for Madison Park Apartments (CA-18-603). She explained that the project received an accessibility requirement partial waiver but it was not noted on the original report. Ms. Ferguson noted that a few interior corridors were a little narrow in terms of the accessibility requirements and the existing building entry ramp did not comply with current accessibility requirements. Ms. Ferguson stated that the waiver request had been reviewed and approved by staff and ultimately added to the staff report.

Ms. Ferguson noted a minor error on page 3 of the staff report for Charles Apartments + Cyprus Gardens (CA-18-766). She explained that on the unit type and number table, one of the market rate units was left off as a typographical error but noted that the total units on the following pages were correct.

In regards to the correction on project CA-18-766, Mr. LoFaso asked if staff always included market rate units on staff reports.

Ms. Ferguson stated that it is not common to have market rate units in projects generally, which is why it may look unusual. She also stated the table is meant to be a complete list of units by bedroom type and targeting. Ms. Ferguson noted that staff will include the units that don't have targeting restrictions and refer to them as market rate units.

MOTION: Mr. LoFaso moved the approval of the 22 projects. Ms. Onodera seconded and the motion passed unanimously by a roll call vote.

5. Public Comment.

None.

6. Adjournment.

Mr. Schaefer adjourned the meeting at 1:52 p.m.