

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the September 29, 2021 Meeting

1. Call to Order and Roll Call

State Treasurer Fiona Ma chaired the meeting of the California Tax Credit Allocation Committee (CTCAC). Treasurer Ma called the meeting to order at 1:32 p.m. Also, present Anthony Sertich for State Controller Betty Yee; Gayle Miller for Department of Finance (DOF) Director Keely Martin Bosler; California Housing Finance Agency (CalHFA) Executive Director Tiena Johnson Hall; California Department of Housing and Community Development (HCD) Director Gustavo Velasquez and County Representative Terra Lawson-Remer.

City Representative Vivian Moreno was absent.

2. Approval of the Minutes of the September 8, 2021 Meeting

MOTION: Ms. Miller moved to approve the September 8, 2021 Meeting Minutes. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

3. Executive Director's Report

CTCAC Executive Director, Nancee Robles stated that she recently approved a contract with the University of California, Berkeley on behalf of its Othering and Belonging Institute for \$232,751.92. She explained the contract is to update, maintain and refine CTCAC's Task Force Opportunity Maps. As of the first week of September, Ms. Robles stated Sjoberg Evashenk Consulting completed 106 hours toward the strategic planning project, which is about 20% of the allotted time originally designated. Among the tasks, she stated the contractor interviewed about 70 staff to collect information to begin drafting the organizational overviews. Ms. Robles explained the preliminary overviews included a growing workload with need for additional staff, information technology needs with an emphasis on getting away from a paper process and the need to update procedures in order to transfer institutional knowledge, as well as the need for specialized staff with expertise in certain areas including regulations. She explained the next steps are to examine the business processes, databases and record keeping to identify weaknesses and opportunities, and to evaluate regulations to reflect changes, priorities and operations as well as the process in which they are tracked and monitored.

On the outreach front, Ms. Robles represented the California Debt Limit Allocation Committee (CDLAC) and CTCAC at a groundbreaking event in the City of San Jose with Mayor Sam Liccardo. She noted the 87-unit low-income multifamily housing project received \$34 million in bond allocation and a \$2.5 million in tax credits. Ms. Robles also attended a grand opening celebration in the Town of Paradise for the Paradise Community Village project that was a low-income multifamily housing project, originally built in 2013, that burned down due to the 2018 Camp Fire displacing 89 families. She stated the project was rebuilt in the exact same location with many of the original tenants returning to their homes.

Ms. Robles stated that for the third year in a row, she and Emily Burgos assisted CalED by instructing a full day course on a full day course on Financing Economic Development for its Accredited Certification in Economic Development (ACE Program), which is hosted by Fresno State. She added that CTCAC Deputy Director, Anthony Zeto represented both CTCAC and CDLAC at the California Council for Affordable Housing Conference and the Non-Profit Affordable Housing Conference by speaking on panels. In general business, Ms. Robles summarized the second 9% round stating CTCAC received 122 applications, 65 of which requested disaster credits. She requested of the Committee to schedule a special meeting for October 20, 2021 to award the 9% second round so staff can complete their thorough reviews. Ms. Robles explained that a message to this effect was sent out on the CTCAC list serve, which also included a link to the updated 2021 proposed program schedule published on the CTCAC website.

Mr. Sertich asked if the vendor for the UC Berkeley contract was the same vendor awarded last time.

Ms. Robles confirmed and stated it was a renewal of the prior contract.

Mr. Sertich asked staff to have a discussion on the 9% regulation changes and stated there is a lot of room, especially with the recent federal changes to make better use of their 9% resources.

Treasurer Ma stated that it would be placed on the agenda for the October 20, 2021 Committee Meeting.

- End of Executive Director's Report

4. Recommendation for Reservation of 2021 Federal Four Percent (4%) and State low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects

Mr. Zeto stated the three projects being recommended for approval received bond allocations at the September 8th Committee Meeting. He stated the projects meet all program requirements and recommended them to the Committee for approval.

MOTION: Mr. Sertich moved to approve the three projects. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

5. Discussion and Consideration of appeals if filed under CTCAC Regulation Section 10330(b)(1), and if appeal is granted in its entirety, a 2021 Second Round Reservation of Consolidated Appropriations Act ("CAA") Federal Nine Percent (9%) Low Income Housing Tax Credits (LIHTCs). See Exhibit A for a list of the appealing projects

Mr. Zeto stated that one appeal was received at the Committee level for the Consolidated Appropriations Act, 2021 (Disaster Credits). He pointed the Committee to Exhibit A of the meeting noticed which outlined various scenarios if appeals were received and ultimately granted. Mr. Zeto noted Alexander Valley Apartments (CA-21-135) as being one appeal that was still in progress, but that if an appeal is received and granted, the project would not affect any other projects in Sonoma County and would be considered at the October 20,

2021 CTCAC meeting. He stated the lone appeal on the meeting notice was Pacific Station South (CA-21-158), located in Santa Cruz County. Mr. Zeto invited the appellant to present their appeal.

Jim Rendler with For the Future Housing thanked the Committee for their time to consider the appeal and provided some background on the project. He stated the project is located in the heart of downtown Santa Cruz and will provide 70 shovel-ready affordable units, 22 of which will be reserved for disabled residents. Mr. Rendler explained the project had committed funds from the city specifically for the project along with a \$5 million loan committed from Apple Inc. and 47 project-based vouchers both of which are at risk if the project is unsuccessful. He added that the project was highly efficient with the credit request for a 7-story infill construction as well as deeply affordable with an average affordability of 42% Area Median Income (AMI).

Bonnie Lipscomb with the City of Santa Cruz stated they went to City Council before applying for the grant as required by the HCD funding and felt this was an enforceable HCD obligation. She explained that the project goes all the way back to 2001. Ms. Lipscomb summarized the impacts from the recent wildfires to the city, which included about 1,000 families displaced by the fires with the majority of those families residing in the City of Santa Cruz. She concluded by stressing the dire need for affordable housing in the City of Santa Cruz due to the housing lost from the fires.

Mr. Zeto stated the second tie breaker was committed HCD financing of \$1 million for projects previously structured as a 4% project with the intent to clear the backlog of HCD projects in 4% competition. He summarized previous conversations with HCD prior to publishing the proposed regulation changes confirming in the response to public comments that funding through the local jurisdictions to the project would not address the HCD backlog and therefore not eligible for the second tie breaker. Mr. Zeto stated the committed financing to the project had to be specifically from HCD in order to address the backlog of HCD projects. Following review, he confirmed that the project had not previously applied for any funding through the 4% program. If this appeal is granted, Mr. Zeto explained that a project currently on the preliminary recommendation list that does have committed financing directly from HCD would fall off the list. He reiterated that while the funding is committed, the funding is not committed by HCD and therefore does not qualify for the second tie breaker.

Mr. Sertich requested to hear from HCD on this issue.

Mr. Velasquez confirmed Mr. Zeto's was correct in his statement with regard to the second tie breaker. He compared the Local Housing Trust Fund program to the No Place Like Home where the local entity is awarded funds from HCD and then act as the funder, so technically not in the HCD pipeline. Mr. Velasquez noted the project as a worthy project in Santa Cruz where there is affordable housing gap, but asserts what Mr. Zeto stated.

There was no motion.

6. Recommendation for Reservation of 2021 Consolidated Appropriations Act ("CAA") Federal Nine Percent (9%) Low Income Housing Tax Credits (LIHTCs)

Mr. Zeto stated staff was recommending 35 projects requesting 9% Disaster Credits, totaling 2,100 total units and \$70.5 million in annual federal credits leaving approximately 12.63% of the federal credit remaining for the year. He pointed the Committee to a golden rod staff report for Paradise Garden III (CA-21-159) noting a typo on pages 1 and 3 correcting the federal credit amount to \$1,119,901, which is consistent with the preliminary recommendation list. Mr. Zeto also explained that one project not on the preliminary recommendation list withdrew their application the previous day, resulting in one additional project that can be recommended. He stated that staff will recommend one additional project at the October 20, 2021 CTCAC meeting. By awarding one additional project, Mr. Zeto explained that less than 10% of the federal credit will remain resulting in staff establishing a waiting list to fund the remaining credit for the year. He noted all 35 projects met program requirements and recommended them to the Committee for approval.

Mr. Sertich asked if staff will be able to use all of the remaining Disaster Credits by the end of the calendar year.

Mr. Zeto stated that according to the regulations, if there is more than 10% remaining, there would be a subsequent round but given the late withdrawal, one additional project in Fresno County could be awarded resulting in the remaining credit dropping below 10% at which point staff would establish a waiting list and award projects in accordance with CTCAC regulations.

Mr. Rendler stated that the waiting list was a critical step and asked if staff would consider a waiting list if for some reason the credit remaining was above 10%. He believes his project would score high on the waiting list since it is shovel ready.

Mr. Sertich agreed that staff should fund as many projects as soon as possible.

Marcus Griffin with Milestone Housing seconded Mr. Rendler's comment and stated that there is a high chance their project would also be funded off the waiting list, which would allow for two projects in the City of Santa Cruz to be awarded.

MOTION: Mr. Sertich moved to approve the 35 projects. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote. Mr. Velasquez thanked the CTCAC staff for their hard work.

7. Discussion and Consideration of appeals if filed under CTCAC Regulation Section 10330(b)(1) for 2021 Second Round Federal Nine Percent (9%) Low Income Housing Tax Credit (LIHTC) Applications

Mr. Zeto stated that Agenda Item 7 was just a placeholder in the event any appeals were received at the Committee level in the general 9% round in the set asides and geographic regions. Staff did not receive any appeals at the Committee level, so the item may be skipped.

8. Public Comment

There was no public comment.

9. Adjournment

Treasurer Ma adjourned the meeting at 1:57 p.m.