

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the December 8, 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 3:33 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 and California Department of Housing and Community Development (HCD) Director Gustavo Velasquez.

City Representative Vivian Moreno and County Representative Terra Lawson-Remer were absent.

**2. Approval of the Minutes of the November 17, 2021 Meeting**

**MOTION:** Mr. Sertich moved to approve the November 17, 2021 Meeting Minutes. Ms. Johnson Hall seconded, and the motion passed unanimously via a roll call vote.

**3. Executive Director's Report**

CTCAC Executive Director, Nancee Robles stated she has not taken any action since the last CTCAC meeting.

- End of Executive Director's Report

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

Mr. Zeto stated 26 projects were being recommended for federal 4% tax credits. He explained the 26 projects being recommended did not include Washington Arts Collective (CA-21-687) since the project received a supplemental bond allocation at the preceding California Debt Limit Allocation Committee (CDLAC) meeting and already received tax credits at a previous CTCAC meeting. Mr. Zeto recommended the 26 projects to the Committee for approval.

**MOTION:** Mr. Sertich moved to approve staff's recommendation which excludes the Washington Arts Collective project (CA-21-687). Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

**5. 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 projects listed under Item 5 requested federal 4% and state tax credits. He explained that a total of 30 projects of the 33 projects listed were being recommended federal 4% tax credits. Of the 30 projects, Mr. Zeto stated 17 were also being recommended state tax credits.

Mr. Zeto stated Pleasant Grove Apartments (CA-21-696) and Poppy Grove II (CA-21-704) withdrew their applications and were no longer being recommended. In addition, he explained Monamas Terrace Apartments (CA-21-763) was not being recommended by staff because the project did not receive a bond allocation at the preceding CDLAC meeting.

Mr. Zeto listed the 13 projects recommended federal 4% tax credits only:

- CA-21-672 / Vitalia Apartments
- CA-21-674 / Alvarado Gardens
- CA-21-680 / Terracina at Whitney Ranch
- CA-21-685 / 2400 Long Beach
- CA-21-686 / 308 Sango
- CA-21-693 / Vendra Gardens
- CA-21-711 / The Lyla
- CA-21-714 / Residency at the Entrepreneur Hollywood
- CA-21-740 / Gerald Ford Apartments
- CA-21-741 / Miramar Development
- CA-21-745 / Juniper Valley Townhomes
- CA-21-749 / Sunrise Crossing Apartments
- CA-21-753 / Hayden Parkway Apartments

Mr. Zeto listed the 17 projects recommended federal 4% and state tax credits:

- CA-21-673 / Woodward Family Apartments
- CA-21-677 / Noble Creek Apartments
- CA-21-681 / The Phoenix
- CA-21-682 / Poppy Grove I
- CA-21-702 / Bear Ridge Family Apartments
- CA-21-705 / Poppy Grove III
- CA-21-723 / Alamo Street Apartments
- CA-21-724 / Manchester Urban Homes
- CA-21-729 / Marina Dunes BMR Site 1 and Site 2
- CA-21-735 / Northstar Courts
- CA-21-737 / Tiburon Place
- CA-21-739 / Villa Oakland
- CA-21-742 / Royal Oak Village
- CA-21-754 / 2nd & B
- CA-21-759 / QCK Apartments
- CA-21-766 / Whittier HHH
- CA-21-771 / Southside Senior Housing

Mr. Sertich asked how many state tax credits would remain following these awards.

Mr. Zeto estimated the amount of state tax credits to be approximately \$2 million when accounting for the projects added to the CDLAC list.

Mr. Sertich asked if the remaining state tax credits would roll over to next year.

Mr. Zeto confirmed the state tax credits would be added to next year's amount.

Caleb Roope with the Pacific Companies asked what would happen to state tax credits returned prior to the end of the year.

Mr. Zeto stated that any returned state tax credits prior to the end of the year could go to the highest rank project approved a CDLAC bond allocation but questioned if it would require Committee approval.

Mr. Sertich responded stating it is not expected projects would return any state tax credits. He explained it could result in projects returning bond allocation. Mr. Sertich added any returned state tax credits should roll over to next year to ensure no bond allocations are returned at the end of the year.

Yusef Freeman with Jonathan Rose Companies asked if there was any opportunity for the projects not receiving state tax credits to receive a forward allocation or a supplemental application to allow them to apply for state tax credits in 2022 while keeping their bond allocation and meeting the 180-day deadline.

Mr. Sertich stated the project could come back and re-apply for bond allocation and state tax credits in the first round next year. He explained there was nothing in the regulations that would allow for forward allocation or a separate state tax credit competition.

Stephan Daues with Mercy Housing wanted confirmation on the remaining state tax credits and inquired about his project.

Mr. Zeto confirmed his project, 4995 Stockton Boulevard (CA-21-730), will be considered for a reservation of state tax credits at the next CTCAC meeting on December 22, 2021.

Darren Bobrowsky with USA Properties Fund asked for clarification on Terracina at Whitney Ranch (CA-21-680). He stated Mr. Zeto listed the project as not being recommended state tax credits, which was in conflict with the staff report received. Mr. Bobrowsky noted his project was the highest ranked project in the geographic region and asked for clarification on whether his project is or is not receiving state tax credits.

Mr. Zeto confirmed that at the time staff sent out the staff report, the project was recommended state tax credits. However, he explained the results at the CDLAC meeting affected the availability of state tax credits and based on the process approved by the Committee at the October 20, 2021 CTCAC meeting, the state tax credits were exhausted in the set asides and no projects in the geographic regions were recommended state tax credits.

Given there were approximately \$2.3 million in state tax credits available and his project requested approximately \$2.7 million, Mr. Bobrowsky asked if there was an opportunity for his project to receive the remaining state tax credits to fill a smaller gap.

Mr. Zeto did not believe the CTCAC regulations permitted partially funded projects.

Mr. Sertich asked staff to add this to the meeting agenda for the next CTCAC meeting on December 22, 2021 to discuss this.

Mr. Bobrowsky did not believe the CTCAC regulations prohibited this.

Michael Limb with Newport Partners asked when CTCAC would be considering the projects added to the CDLAC list and ultimately approved at the preceding CDLAC meeting for a tax credit award.

Mr. Zeto confirmed the six (6) projects awarded CDLAC bond allocations, but not listed on the CTCAC meeting notice will be considered for tax credits at the December 22, 2021 meeting.

Laura Billows asked if Poppy Grove II (CA-21-704)), removed from the CDLAC list, still qualified for state tax credits.

Mr. Zeto confirmed that Poppy Grove II (CA-21-704) withdrew their application prior to the meeting and no longer recommended for tax credits.

**MOTION:** Mr. Sertich moved to approve the 17 projects for both federal 4% and state tax credits. Ms. Miller seconded, and the motion passed unanimously via a roll call vote.

**MOTION:** Mr. Sertich moved to approve the 13 projects for federal 4% tax credits only. Treasurer Ma seconded, and the motion passed unanimously via a roll call vote.

## **6. Recommendation of a Resolution to Adopt a Proposed TCAC/HCD Opportunity Area Map for 2022**

Mr. Zeto stated CTCAC and HCD published the draft 2022 Opportunity Maps on November 4, 2021 with a public comment period that concluded on November 18, 2021. While working jointly with the California Fair Housing Task Force (Task Force), he explained that CTCAC and HCD only proposed a couple minor changes to the methodology. Mr. Zeto noted the eight (8) comments received during the public comment period were not to the proposed changes, but rather to items commenters believe should be incorporated into the methodology, including but not limited to, high quality transit proximity and environmental hazards such as wildfires. Following discussion with the Task Force, it was determined that the suggested changes would take significant effort to implement for 2022, though will be considered next year. Staff recommended for Committee approval a resolution to adopt the proposed TCAC/HCD Opportunity Area Map for 2022.

Mr. Velasquez stated the topic of Affirmatively Furthering Fair Housing (AFFH) has been a point of debate at many meetings in terms of striking a balance. He explained the relationship to quality of life and access to opportunity. Mr. Velasquez noted families and people in these neighborhoods may not agree with how scholars and researchers define high opportunity. As the methodology continues to be refined, he believes 2022 is a year to take a much deeper dive to strike a better balance between highest, high and moderate resource areas. Mr. Velasquez suggested engaging the Task Force and others in further analyzing how to strike that balance and should be in places with meaningful community investment and community activities. He added that neighborhoods with cultural specific amenities, places where people desire to live, locations that offer benefits for non-families, homeless, young adult and senior populations, and areas where existing low cost and affordable housing opportunities are disappearing due to gentrification should be considered for the opportunity maps moving forward.

Treasurer Ma asked Mr. Velasquez how Regional Housing Needs Allocation (RHNA) numbers relate to the opportunity maps.

Mr. Velasquez explained every jurisdiction has RHNA goals to ensure that jurisdictions are contemplating communities where they dismantle segregation and build in more balance high opportunity and moderate opportunity areas. He added the AHFF goals should align with the process the jurisdictions are undertaking on their housing elements.

Treasurer Ma asked if the housing elements are changed annually.

Mr. Velasquez explained these are long-term plans by the jurisdictions and are flexible. Once the plan is submitted and approved, he stated the plan is meant to meet the RHNA goals for the upcoming cycle, which is many years. Mr. Velasquez added that jurisdictions provide annual progress reports on how they are meeting the RHNA goals.

Treasurer Ma stated it may be beneficial to see which jurisdictions are under performing when considering the CDLAC pools and allocations to see which pools or regions need assistance to reach their goals.

Mr. Velasquez suggested providing a presentation in the spring next year on the progress jurisdictions are making towards their RHNA goals.

**MOTION:** Mr. Sertich moved to approve the TCAC/HCD Opportunity Area Map for 2022. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

## **7. Presentation of Strategic Plan by Sjoberg Evashenk**

George Skiles with Sjoberg Evashenk provided a presentation on the status of the strategic plan.

Mr. Skiles summarized the objective of the strategic plan and how to respond to the concerns raised in the California State Auditor report released in November 2020 as well as other opportunities to better align CDLAC and CTCAC staffing resources. He shared the methodology, which included interviews with staff, mapping out business processes

and organizational structures to get an understanding of the internal workings of the two agencies. Mr. Skiles indicated they were about 70% complete with their work and the two agencies were poised to be better aligned based on work the last year but noted there was still room for improvement. He explained four (4) key problems that will provide a centerpiece of the strategic plan and summarized them below:

Problem #1:

- Despite the parallels in programs and workflows, the efforts of CDLAC and CTCAC remain disjointed and siloed
- CDLAC and CTCAC regulations are not always in sync
- CDLAC and CTCAC staff resources are not aligned
- Recommendation: Establish a one-stop shop to consolidate CDLAC into CTCAC

Problem #2:

- CDLAC and CTCAC utilize outdated information technology (IT) that does not meet current needs
- Recommendation: CDLAC and CTCAC should implement a comprehensive IT overhaul

Problem #3:

- High turnover and sustained vacancies at CDLAC and CTCAC in addition to work space for additional staff
- Recommendation: More flexible remote work policies and potential opening of a Southern California office for Compliance Section positions

Problem #4:

- Business processes are generally well aligned but dependent on individuals who perform specific tasks where if that staff person left the organization, so goes the institutional knowledge without providing a sound foundation for new staff to come in and take over the work
- Recommendation: Strong process and procedures are put into place to address staff turnover and not dependent on the individuals

The presentation slides are available on the CTCAC website at:

<https://www.treasurer.ca.gov/ctcac/meeting/2021/20211208/Presentation.pptx>

## **8. Public Comment**

There was no public comment.

## **9. Adjournment**

Treasurer Ma adjourned the meeting at 4:15 p.m.