



California Tax Credit Allocation Committee

CTCAC
Committee Meeting
Wednesday, February 23, 2022
11:15 AM or Upon Adjournment
of the CDLAC Meeting



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 311
Sacramento, CA 95814
p (916) 654-6340
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www.treasurer.ca.gov/ctcac

MEETING NOTICE

AGENDA

MEETING DATE:
February 23, 2022

TIME:
**11:15 AM or Upon Adjournment
of the CDLAC Meeting**

LOCATION:
915 Capitol Mall, Room 587
Sacramento, CA 95814

BOARD MEMBERS (voting)

FIONA MA, CPA, CHAIR
State Treasurer

BETTY YEE
State Controller

KEELY MARTIN BOSLER
Director of Finance

GUSTAVO VELASQUEZ
Director of HCD

TIENA JOHNSON HALL
Executive Director of CalHFA

DIRECTOR
NANCEE ROBLES
Executive Director

Members of the public are invited to participate remotely via TEAMS or telephone.*

[Click here to Join Teams Meeting \(full link below\)](#)

**Public Participation Call-In Number
(888) 557-8511
Participant Code:
5651115**

The Committee may take action on any item.

Items may be taken out of order.

There will be an opportunity for public comment at the end of each item, prior to any action.

1. Call to Order and Roll Call

Action Item

2. Approval of the Minutes of the January 19, 2022 Meeting

Informational

3. Executive Director's Report

Presented by: Nancee Robles

Action Item

4. Recommendation to Rescind Federal 9% Tax Credits and State Tax Credits Allocated to the CA-20-056 San Mateo Senior Project for Failure to Maintain Site Control

Presented by: Anthony Zeto

5. Public Comment

6. Adjournment

FOR ADDITIONAL INFORMATION

Nancee Robles, Executive Director, CTCAC



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 485, Sacramento, CA 95814
(916) 654-6340

This notice may also be found on the following Internet site:

www.treasurer.ca.gov/ctcac

* Due to the state of emergency related to the COVID-19 pandemic, until January 31, 2022, AB 361 (Chapter 165, Statutes of 2021) authorizes a state body to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and address the state body. Since there is an ongoing surge in COVID-19 cases caused by the Omicron variant, Governor Gavin Newsom signed Executive Order N-1-22 on January 5, 2022, to authorize a state body to continue to conduct meetings in this manner until March 31, 2022.

Interested members of the public may use the call-in number or TEAMS to listen to and/or comment on items before the California Debt Limit Allocation Committee. Additional instructions will be provided to participants once they call the indicated number or join via TEAMS. The call-in number and TEAMS information are provided as an option for public participation but the Committee is not responsible for unforeseen technical difficulties that may occur. The Committee is under no obligation to postpone or delay its meeting in the event such technical difficulties occur during or before the meeting.

The California Tax Credit Allocation Committee (CTCAC) complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the CTCAC in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact Tracy Sullivan no later than five calendar days before the meeting at (916) 653-4367 and Telecommunication Device for the Deaf (TDD) at (916) 654-9922.

Full TEAMS Link

https://teams.microsoft.com/dl/launcher/launcher.html?url=%2F%20%2Fmeetup-join%2F19%3Ameeting_ZTU4NDU3YTctZmU0Yy00OWY4LTg1YzktOGFiNmFmNTI0DE5%40thread.v2%2F0%3Fcontext%3D%257b%2522Tid%2522%253a%25223bee5c8a-6cb4-4c10-a77b-cd2eae7534e%2522%252c%2522Oid%2522%253a%25226f508fe0-4cf8-4f2f-9e3d-4a9f8e1c293f%2522%257d%26CT%3D1644353856151%26OR%3DOutlook-Body%26CID%3DC55219D5-5130-4D5D-8E2A-106D680F8377%26anon%3Dtrue&type=meetup-join&deeplinkId=93341476-c549-4f4d-a48b-94232fb1b9e2&directDl=true&msLaunch=true&enableMobilePage=false&suppressPrompt=true



California Tax Credit Allocation Committee

AGENDA ITEM 2

Approval of the Minutes of the January 19, 2022 Meeting

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the January 19, 2022 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 2:00 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 December 22, 2021 Meeting

MOTION: Mr. Sertich moved to approve the December 22, 2021 Meeting Minutes. Ms. Miller seconded, and the motion passed unanimously via a roll call vote.

3. Executive Director's Report

CTCAC Executive Director, Nancee Robles introduced two new staff at CTCAC. Gabrielle Stevenson was introduced as the new Development Section Chief for CTCAC. Ms. Robles noted Ms. Stevenson was not new to the State Treasurer's Office (STO) as she was the Outreach Manager at the California Pollution Control Financing Authority (CPCFA) before coming to CTCAC, and has also held other public sector positions at California Infrastructure and Economic Development Bank (IBank) most recently as the Deputy Director of External Affairs. Ms. Stevenson has also held positions in the private sector including General Manager of the Renovation of the Placer County Fairgrounds and Event Center and as the President and General Manager of the Texas Motorplex. Ricki Hammett was introduced as the new Deputy Executive Director who will oversee the work at the California Debt Limit Allocation Committee (CDLAC) and share responsibilities at CTCAC in the Development and Compliance Sections along with Anthony Zeto. Ms. Hammett has worked in state government for over 20 years and comes to CTCAC from HCD having been the Section Chief the last three years working on loan programs to fund multifamily affordable housing for veterans under the Veterans Housing and Homeless Prevention (VHHP) Program and for individuals with serious mental health illnesses under the No Place Like Home (NPLH) Program. Ms. Robles noted that both Ms. Stevenson and Ms. Hammett are Sacramento State graduates and that she feels very fortunate to have them join the team.

On December 20, 2021, Ms. Robles stated CTCAC received CalHFA's formal request for \$200 million in 2022 State Tax Credits for projects financed by CalHFA's Mixed Income Program (MIP) pursuant to AB 101. Following the Mixed Income Pool approval at the preceding CDLAC meeting, she explained that CTCAC will evaluate the request and render a decision shortly. Ms. Robles stated a memorandum will be published to the CTCAC website and the Committee will be advised at the next CTCAC meeting.

Ms. Robles highlighted CTCAC's accomplishments in 2021. She stated CTCAC awarded tax credits to developers to create 22,946 affordable housing units throughout California. In 2021, another round of much needed disaster credits helped to rebuild affordable housing in the 22 counties previously struck by devastating wildfires. Following a reprieve from the Internal Revenue Service (IRS) in 2020 to prevent the spread of COVID-19, Ms. Robles stated that CTCAC has recommenced compliance monitoring in 2021 on affordable housing projects which include file and physical audits. Since October 1, 2021, Compliance Section staff completed file and physical audits of 268 affordable housing projects in the CTCAC portfolio. Ms. Robles stated staff worked hard in 2021 to begin the integration of CTCAC and CDLAC coordinating the application processes, looking for efficiencies, hired a strategic planner to assist, and complied with the State auditor's recommendations by putting processes and procedures in place. Ms. Robles thanked the parties who helped CTCAC during the year. She thanked William Leach for leading the efforts to create efficiencies within the organization by volunteering his time and skill to create a universal spreadsheet standard and although the project has been put on an indefinite hold, a lot was learned from that experience. Ms. Robles also noted that Mr. Leach assisted CTCAC in updating application attachments for the first round. She also thanked Pat Sabelhaus, Caleb Roope, Doug Shoemaker, Ann Silverberg, Marina Wiant, along with the working group members who assisted CTCAC in regulation development and provided valuable perspective. Ms. Robles thanked previous Executive Directors of CTCAC and CDLAC including Mark Stivers, Jeree Glasser-Hedrick and Sean Spear for offering their assistance and advice which is greatly appreciated. In addition, Ms. Robles thanked Bill Pavão for his continued support and guidance. She stated she was looking forward to a great 2022.

- End of Executive Director's Report

Treasurer Ma thanked Ms. Robles and staff. She also welcomed Ms. Stevenson and Ms. Hammett. Treasurer Ma expressed her support for staff continuing to apply and expand their horizons within the State.

Mr. Sertich thanked staff for keeping things moving and completed on the CTCAC side. He also welcomed both Ms. Stevenson and Ms. Hammett to CTCAC. Mr. Sertich asked if the regulations relating to the allocation of State Tax Credits are being developed and whether it will be codified somewhere.

Ms. Robles stated staff was not making any CTCAC regulation changes until the CDLAC regulations are at least drafted and reviewed by all to ensure the regulations are aligned.

Mr. Zeto reiterated Ms. Robles' comments and explained that absent any regulation changes, the default is the current regulations. With that, he confirmed the State Tax Credits will all be available in the first round as they were in 2021 and not divided among the two rounds.

Mr. Sertich asked if the \$200 million in CalHFA MIP State Tax Credit request would come to the Committee at the next meeting.

Mr. Zeto explained that the CalHFA MIP State Tax Credits request does not require a Committee vote. With the Mixed Income Pool projects frontloaded, the entire CalHFA MIP State Tax Credits will be available in the first round.

Mr. Sertich expressed his concern with creating a backdoor to the competition established at CDLAC through the CalHFA MIP. He noted the program has not reinvested its money into affordable housing in the state and had concerns with CalHFA having this priority over general affordable housing. Mr. Sertich stated that until CalHFA uses their resources, he doesn't believe the state should be granting them resources through CTCAC and CDLAC. On the CTCAC side for 9% program, he added that an efficiency measure should be incorporated to drive the efficient use of those resources.

Ms. Miller asked to add a discussion item for the \$200 million CalHFA MIP State Tax Credits request to a future meeting.

Ms. Johnson Hall thanked Ms. Robles and staff for the great work in 2021 and welcomed the new staff. She stated CalHFA has a 40-year track record and asked Mr. Sertich for clarification on who he was referring to.

Mr. Sertich agreed that CalHFA has a great track record, though in the last few years has gotten off track. He explained that a huge amount of their resources should be reinvested in affordable housing before the state offers them more general fund money to operate their programs. Mr. Sertich added that CalHFA has a lot to offer the state and hopes that they use their funds before using other resources that may go to enhance overall housing in the state.

Ms. Johnson Hall thanked Mr. Sertich for the clarification. She clarified to Ms. Miller the \$200 million is in legislation supporting CalHFA MIP with State Tax Credits.

Ms. Miller retracted her previous comment and explained that any comment specifically relating to CalHFA be included as a separate agenda item for a future meeting.

Ms. Johnson Hall supported adding a discussion item at a future meeting.

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 seven projects were listed under the item and represent the projects awarded bond allocations through CDLAC's waiting list at the end of 2021. He confirmed all seven projects meet program requirements and are recommended to the Committee for approval of Federal 4% Tax Credits.

MOTION: Mr. Sertich moved to approve staff's recommendation. Ms. Miller seconded, and the motion passed unanimously via a roll call vote.

5. Recommendation of Establishing a Minimum Point Requirement for the Competitive 2022 Application

Mr. Zeto stated the CTCAC regulations allow the Committee to annually establish a minimum point score for competitive applications. For the general 9% applications, the minimum point score is 93 points out of a maximum of 109 points and for the Native American apportionment 9% applications, the minimum point score is 80 out of a maximum of 94. He explained the minimum point score represents approximately 85% of the maximum point score and is consistent with the minimum point score approved in previous years. Mr. Zeto recommended the minimum point score to the Committee for approval.

MOTION: Mr. Sertich moved to approve staff's recommendation. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

6. Public Comment

There was public comment.

Samir Srivastava with ABS Properties, Inc. provided public comment on a project awarded a CDLAC bond allocation on December 22, 2021. Mr. Srivastava stated his project, Residency at Entrepreneur (CA-21-714), was allocated CDLAC bonds, but not State Tax Credits. He explained that the project requested \$16 million in State Tax Credits. Mr. Srivastava has been in communication with CDLAC and CTCAC staff regarding the restructuring of the project without State Tax Credits. While most of the questions were addressed by CDLAC and CTCAC, he wanted to raise one outstanding issue to the Committee not yet been resolved relating to developer fee. He stated he is a BIPOC developer who has partnered with William Leach of Kingdom Development. At the time of application, Mr. Srivastava confirmed that he did not apply in the BIPOC pool and did not utilize the higher developer fee available for BIPOC projects. He requested his project be allowed to use the higher developer fee to allow for additional eligible basis and in turn additional federal 4% credits, thereby allowing for \$2 million of the \$11 million gap to be filled. By allowing this, Mr. Srivastava explained it will not result in an additional state resource as the only increase will be to the federal 4% credit amount. In addition, he noted that the increased developer fee is being deferred and used only to increase the eligible basis for the project. Mr. Srivastava stated his concern with re-applying for bonds and tax credits in a future round due to the increasing construction costs.

William Leach with Kingdom Development provided public comment. Mr. Leach stated that staff allowed some modifications to be made to the project within what was allowed by the regulations. He stated the CTCAC regulations did handcuff staff as it relates to the increase to the developer fee. Mr. Leach explained that the CTCAC regulations allow for an increase to the developer fee to the extent costs and basis increase. While staff is not permitted to allow the increase, he suggested that a Committee member could request that an agenda item, considering this modification, be added to a future CTCAC meeting. Mr. Leach stated that without the increase to the developer fee, the project will not be able to move forward. He added that the regulations do not allow for a re-application of federal

credits without returning the CDLAC bond allocation since the 4% applications require a joint application be submitted to CDLAC and CTCAC simultaneously.

Mr. Zeto reiterated that the regulations only allow for an increase to the developer fee in the event of a modification to basis and that any increased must be deferred or contributed as equity to the project. He stated that staff is also in the process of clarifying the regulation language relating to the higher developer fee for BIPOC projects.

General Counsel Spencer Walker stated the need for this to be added as an agenda item at a future meeting.

7. Adjournment

Treasurer Ma adjourned the meeting at 2:29 p.m.



California Tax Credit Allocation Committee

AGENDA ITEM 3

Executive Director's Report

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California Tax Credit Allocation Committee

AGENDA ITEM 4

**Recommendation to Rescind 9% Tax
Credits Allocated to the CA-20-056
San Mateo Senior Project for Failure to
Maintain Site Control**

THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

February 23, 2022

**Recommendation to Rescind Federal 9% Tax Credits and State Tax Credits Allocated to
CA-20-056 San Mateo Senior Project for Failure to Maintain Site Control**

Action Item

Agenda Item No. 4

ACTION:

CTCAC is requesting Committee approval to rescind tax credits awarded to a project that did not maintain site control.

DISCUSSION:

The CA-20-056 San Mateo Senior Project was awarded \$2,464,934 in Federal 9% Tax Credits and \$1,293,984 in State Low-Income Housing Tax Credits in 2020. The project was issued a carryover allocation of both Federal and State Tax Credits in December 2020.

A Project must maintain site control, per CTCAC Regulations Section 10328(d)(2), which states “In addition to the requirements of the Internal Revenue Code, to receive a carryover allocation an applicant shall provide evidence that applicant has maintained site control from the time of the initial application and, if the land is not already owned, will continue to maintain site control until the time for submitting evidence of the land’s purchase.”

CTCAC was contacted by the agent, who represents the seller of the project, and was told that the purchase contract is no longer in effect and the owner confirmed the lapse of site control.

The Carryover Allocation document (Page 4 under iv) states that CTCAC may rescind the credits if CTCAC requirements are not met. Therefore, this is being referred to the Committee.

RECOMMENDATION:

Staff recommends that the tax credits allocated to CA-20-056 San Mateo Senior Project be rescinded for failure to maintain site control and returned to the geographic region.



California Tax Credit Allocation Committee

AGENDA ITEM 5

Public Comment



California Tax Credit Allocation Committee

AGENDA ITEM 6

Adjournment