California Tax Credit Allocation Committee

901 P Street, Room 102
Sacramento, CA 95814

April 8, 2025

CTCAC Committee Meeting Minutes

1. *Agenda Item:* **Call to Order and Roll Call**

The California Tax Credit Allocation Committee (CTCAC) meeting was called to order at 1:38 p.m. with the following Committee members present:

Voting Members:
Fiona Ma, CPA, State Treasurer, Chairperson
Malia M. Cohen, State Controller
Michele Perrault for Joe Stephenshaw, Department of Finance (DOF) Director – ABSENT
Gustavo Velasquez, Department of Housing and Community Development (HCD) Director
Stephanie McFadden for VACANT, California Housing Finance Agency (CalHFA) Executive Director

Advisory Members:
Michelle Whitman, County Representative
Brian Tabatabai, City Representative

2. *Agenda Item:* **Approval of the Minutes of the March 4, 2025, Meeting**

Chairperson Ma called for public comments:
None.

MOTION: Mr. Velasquez motioned to approve the minutes of the March 4, 2025, meeting, and Ms. Cohen seconded the motion.

The motion passed unanimously via roll call vote.

3. *Agenda Item:* **Executive Director's Report**
   Presented by: Marina Wiant

Marina Wiant, Executive Director, reported that CTCAC submitted its annual report to the State Legislature by the April 1 deadline. Additionally, Ms. Wiant commended the Compliance team for all their work in 2024. Throughout the year, the team completed 935 onsite audits of affordable housing developments for a total of over 13,700 units monitored. They also provided six workshops explaining basic compliance rules to stakeholders in the community.

Additionally, Ms. Wiant said the 9% Round 1 applications were due last month, and staff received 72 applications. The staff is currently reviewing those projects, and the awards will be made at the next meeting. Staff anticipates that about 25 projects will be awarded.

Lastly, Ms. Wiant explained that the Affordable Housing Credit Improvement Act (AHCIA), which is a piece of federal legislation, is expected to be reintroduced imminently. There are over 100 co-sponsors. Last month, Ms. Wiant traveled to Washington, D.C., with her colleagues from CalHFA to do some advocacy on behalf of the Treasurer and the State of California related to key provisions in the AHCIA.

Chairperson Ma asked Ms. Wiant if she has received positive feedback.

Ms. Wiant said the feedback has been positive. The tax provisions that the tax credit and bond programs benefit from are fairly safe. As one of the commenters mentioned at the previous meeting, the tax credit pricing may go down due to tax reform, but Ms. Wiant feels confident that the program itself will remain. If there are additional tax cuts at the federal level, the tax credit equity pricing given by investors may be lower because of a lower tax burden.

Chairperson Ma called for public comments:
None.

4. *Agenda Item:* **Recommendation for reservation of 2025 first round federal 4% Low-Income Housing Tax Credits (LIHTCs). (Health & Saf. Code, §§ 50199.10, 50199.14; Cal. Code Regs., tit. 4, § 10310)**
   Presented by: Carmen Doonan

Ms. Doonan reported that staff is recommending 38 projects for reservation of federal 4% tax credits without state tax credits. The projects meet all applicable state and federal regulations.

Chairperson Ma called for public comments:

Alexander Hampton, Field Representative for the Nor Cal Carpenters Union (NCCU), said he represents nearly 36,000 carpenters. He is here to speak in support of projects recommended for award today; 21 projects receiving tax credits indicate a prevailing wage requirement. That means over 1,700 units are being built by construction workers earning meaningful wages that allow them to support their families and themselves. On several of those projects, especially the seven with union signatory general contractors, healthcare coverage is provided, and retirement contributions are being made. Apprenticeships are also very important because they help future carpenters and construction workers. Without apprenticeships, there would be a major problem due to the lack of carpenters trained in the workforce on these projects. That is why NCCU will continue to advocate that the Committee increase the importance of the state prevailing wage requirements in award guidelines.

Mr. Galvan, a member of NCCU since 2013, said that as the award of tax credits to build affordable housing units is celebrated, it is also important to pause and reflect on the deeply troubling reality that not all of these projects are required to pay prevailing wages. Therefore, they are not obligated to provide healthcare, retirement, or other benefits. It is called affordable housing, but how can it truly be affordable when the men and women building it are not being paid wages that allow them to afford a home in the communities they are building? The promise of affordable housing must extend beyond the tenants; it must reach the workers too, otherwise one crisis is being solved by building another, meaning that shelter is being built for some while pushing the very people who built it further into economic insecurity. Residential projects that sidestep wage standards set a dangerous precedent. They undermine local labor markets, widen inequality, and ignore the dignity of skilled tradespeople who deserve not just a paycheck but also a future. If one truly believes in affordable housing, they must also believe in fair wages. These two ideals are not in conflict. Homes should not be built on the backs of underpaid labor, and affordability should extend from the foundation to the rooftop for the people who live there and the people who make it possible.

Jose Oriana made his comment in Spanish, which was translated by a translator who accompanied him. He said he would like to share his story of being a victim of wage theft while he worked as a construction worker for different projects developed by The Pacific Companies (TPC). He worked from February 2023 to December 2023 for the subcontractor The Blox Group (TBG), which he believes is related to the general contractor Pacific West Builders (PWB) and TPC. Mr. Oriana worked on public works projects and private projects that received tax credit funding from CTCAC. On all the projects, PWB was the general contractor, and TBG was a subcontractor. On each project, Mr. Oriana was directed by TBG to falsify timesheets by indicating that he worked Monday through Friday for eight hours per day when he typically worked 10 hours per day, Monday through Thursday. Sometimes he worked Fridays and Saturdays as well. If he was ever paid for overtime hours, it was only for the overtime performed on Fridays and Saturdays, and never on the other days. Additionally, he was never allowed to take his rest periods.

Mr. Oriana said he was not paid the correct prevailing wage rate while working on public works projects. The Workforce Defense Leage (WDL) has helped workers to file complaints with the California Department of Industrial Relations (DIR) against TBG and PWB for failure to pay all prevailing wages and overtime due on the public works projects. The WDL also filed complaints in the Superior Court for unpaid wages on private projects. Mr. Oriana also did not receive any benefits while working for TBG. In particular, he did not receive any healthcare coverage for himself or his family. Unfortunately, his wife and one of his children needed medical treatment while he was working for TBG. He had to pay out of pocket for some medical bills, and since he could not afford to pay them all, he had to request public assistance for his son and his wife to receive medical services. To this day, his wife still needs medical treatment, and he is still not able to cover all the expenses.

Caleb Roope, President and Owner of TPC, said this is not the appropriate venue for this comment, and he was going to wait until the general public comment period to speak. However, since it was brought up now, he wanted to take the opportunity to speak. Mr. Roope knew these attacks were coming, and he expects that they are going to continue. The owner of TBG is in the audience today and has brought some of his team with him. Mr. Roope would like to invite him to come up and speak, as it may be of value for the Committee to hear him. Mr. Roope apologized for the Committee having to deal with this. He said he always likes to hear from workers about what has actually happened, and if there are any unpaid wages by subcontractors, Mr. Roope appreciates when those issues are uncovered by the WDL or anyone else. TPC does not have any employees on site other than management, so it is always great to hear when those instances are found. In most cases, it does not pan out that way, and it turns into more of a pressure campaign to get the contractors to either shut down business or unionize. That is what is happening.

Mr. Roope said all 70 employees of one of the other subcontractors that TPC works with had the WDL show up at their houses on weekends. They were banging on doors and trying to round up complainers. Fortunately, that subcontractor has a loyal group of employees. Mr. Roope will continue to bring other voices in front of the Committee to present the other side of the story, rather than the Committee only hearing from Mr. Roope. Today, he would like to invite Daniel Velasquez, one of the owners of TBG, to speak. Mr. Velasquez has brought one of the workers who has worked with him for a long time, as well as his office manager/HR employee, with him today.

Chairperson Ma asked if one of TPC's projects is on the recommendation list today.

Mr. Roope said yes, but it is not in NCCU's territory.

Chairperson Ma said she wants to make sure this public comment pertains to this agenda item.

Daniel Velasquez, one of the partners at TBG, said TBG was created out of the need for modular construction in the Bay Area. When the company started, it brought a lot of new people in. A lot of the employees were hired by either family members or the group that TBG hired as managers. TBG gets timecards after they have been signed by the employees. Employees have access to Karen Gonzalez to let her know what they need to be paid. Often, workers decide on their own to work four tens so they can leave on Fridays. That is negotiated on the job sites without telling any of the foremen or anyone at TBG. TBG does not see that; they just see production. As far as training, TBG trains within the company and hires and teaches people how to manage. There is not a lot of construction in the modular units. The work is mostly management. Mr. Velasquez asked the Committee members if they had any questions for him.

Ms. Cohen asked what Mr. Velasquez meant when he said employees are working "four tens."

Mr. Velasquez said he meant that the employees are working four 10-hour days. TBG approaches that in different ways, because it does need to be approved by the DIR. When employees start working eight hours per day, five days per week, they stay on the job sites five days each week. Many of the employees are not from the Bay Area, so they travel to the job sites. TBG houses them and gives them subsistence. Mr. Velasquez does not know where these allegations are coming from, and he does not personally know the worker who spoke today. TBG did a major layoff last year. Mr. Velasquez owns other companies, and he would show up to the projects and see no production but a lot of workers. He laid a lot of people off. Last year at Christmas the company took time off, and then only brought back a handful of people for that reason. There was no production. There was no training because the workers are hired as tradesmen. They are not hired as laborers to be trained.

Matthew Miller, Executive Director of the WDL, asked how many workers who were mistreated need to be brought before the Committee before something changes. He has the same question for Mr. Roope. Silviano Loza spoke at a previous meeting and stated that he was not paid for his overtime and had to purchase alcohol for his boss to get his check; he referred to it as his check being "held hostage." Juan Valenzuela said he was subject to unsafe working conditions, verbal abuse, and missing wages and overtime pay. When workers are treated abusively, it is rare that they will seek help from their employers. Joaquin Loza Velasquez said he had to pay $25 on Friday to receive his check and claimed he did not receive his overtime pay. Mario Rigoberto Tziboy said he did not receive overtime pay and was missing hours from his paycheck. Today, the Committee heard from Jose Oriana, who had to get public assistance for his family's medical care, costing taxpayers money. He said he also was not paid all of his wages on prevailing wage projects. These workers all worked for subcontractors on PWB projects or projects developed by their affiliates.

Mr. Miller said he missed some of the Committee meetings because he was busy fighting wage theft by some of the contractors that Mr. Roope's company hired. He asked when Mr. Roope became the victim. He asked the Committee not to buy Mr. Roope's apologies for the WDL because Mr. Roope has deflected and said that the WDL is attacking him, but the reality is that the WDL is responding to workers who have come forward to be made whole for wages or injuries on Mr. Roope's projects. These violations of law are really violations of workers' dignity. It is the mission of the WDL, as well as the mission of the Committee, to raise worker dignity in California. Mr. Roope, through his actions, does not support this mission. Building affordable housing and working with subcontractors who treat workers with dignity are not mutually exclusive. The Committee can do both; it can provide much needed housing to those who need it and ensure that workers are treated lawfully and with dignity. Since contractors like PWB and its many developer affiliates will not police subcontractors, the WDL has to do so. The Committee has the power to ensure the fair contractors benefit from the money it allocates.

Chairperson Ma closed public comments.

MOTION: Ms. Cohen motioned to approve the recommendation for reservation of 2025 first round federal 4% Low-Income Housing Tax Credits (LIHTCs), and Ms. McFadden seconded the motion.

The motion passed unanimously via roll call vote.

5. *Agenda Item:* **Resolution No. 24/25-06, Declaring disruption in federal services and funding to be events permitting the Executive Director to grant extensions to Readiness to Proceed deadlines (Cal. Code Regs., tit. 4, § 10325, subd. (c))**
   Presented by: Anthony Zeto

Mr. Zeto explained that due to the ongoing actions by the federal government to significantly reduce the federal workforce and realign federal priorities, projects awarded tax credits may experience unforeseen delays in meeting the 9% readiness to proceed deadline. The current CTCAC regulations allow for extensions to be granted by the Executive Director in the event of a federally declared emergency by the President, a state declared emergency by the Governor, or a similar event determined by the Committee. Staff recommends approval of a resolution determining that a disruption in federal services be considered a "similar event," thereby allowing the Executive Director to grant extensions to the 9% readiness to proceed deadline at her sole discretion.

Chairperson Ma called for public comments:

Beth Southorn, Executive Director of LifeSTEPS, said her organization has 30 years of experience providing resident services in affordable housing. The organization delivered services in the middle of the COVID-19 pandemic and never left the residents. Over 70,000 residents were given onsite education during the pandemic, which included education on how to prevent COVID-19 infections. A total of 71,792 residents received onsite individual care. LifeSTEPS received $1.6 million worth of in-kind donations, which were mobilized to the local school districts for both laptops and food deliveries to children who were told they had to go to school via Zoom. In addition, LifeSTEPS gave away a total of $2.25 million for resident services from both in-kind donations and cash donations during the 2020 pandemic when there was no moratorium on rental evictions. At that time, LifeSTEPS was stabilizing residents' housing so that they did not have to worry about finding a new place in the middle of the pandemic.

Ms. Southorn said LifeSTEPS has overseen resident services at multiple locations and is currently serving 42,000 homes every day, representing about 114,000 residents. LifeSTEPS agrees with funding more buildings, but CTCAC's service amenity requirement is an issue. Previously, when the 4% credits were used as rehabilitation funds, there was an automatic renewal of service amenities. In 2023, LifeSTEPS had a total of 30 buildings that dropped services because the service amenities were no longer necessary. In 2024, services were dropped from 18 buildings. This is a trend the organization is also seeing in the first quarter of 2025. Ms. Southorn is not sure what the solution is, but she is wondering why service amenities only have a 10-15-year compliance period when the resident income level is set at a higher standard. If there is no funding going to rehabilitation that would kick off an additional extension of the resident services, perhaps something can be added to the CTCAC language that would extend those services beyond the 10-15 years.

Ms. Southern said the reality is that the country is in a crisis, and resident services are one of the solutions that allow people in poverty to stay above the line, much like what LifeSTEPS did in 2020 when all the services in California were shut down, including county and state governments. Resident services at LifeSTEPS continued to be onsite. Many of the property management companies, as well as the maintenance crews, were not always onsite; they were doing independent contracting. LifeSTEPS was there with the residents and made sure they had the information they needed. As things are cut due to expenses and tax cuts happen, people in poverty often do not have the ability to be heard or have intervention as needed. What is unique about the tax credit program is that it allows social workers to be embedded into apartment communities that are specifically targeted for income and allows them to go in at the time of crisis and intervene without the residents being evicted. In 2001, when Ms. Southorn came to LifeSTEPS, the focus was on rental evictions.

Ms. Southorn said the fee for service amenities for the typical tax credit properties, not supportive housing units, has an impact of about $30,000 per year. That allows LifeSTEPS to embed an interventionalist social worker who can intervene before evictions. This allows people to overcome the particular circumstance that led them to a place where they cannot pay rent. LifeSTEPS has a 94% cumulative success rate of all the money and interventions it has provided since 2001; 94% of the residents are still in housing two years later because of that intervention. The costs of evictions and legal services are much higher than service amenities. Ms. Southorn asked the Committee to consider extending the time requirement for service amenities beyond the current 10-15 years so LifeSTEPS does not continue to lose properties. LifeSTEPS is only a provider of services and is not interested in the developments, although it supports continuing the development of housing. LifeSTEPS provides services to the residents themselves and often has a unique angle on how to collaborate and prevent poverty.

Ms. Southorn said that since 2015, LifeSTEPS has given away $2.1 million in college scholarships and continues to provide rental assistance. It has also stopped the summer reading slide for over 96% of children who are embedded in its summer reading program, which has become a national model. In addition, seniors have been placed prematurely in skilled nursing facilities. For this reason, LifeSTEPS allocated a registered nurse to three buildings in 2016. In those buildings, a white paper study showed a savings of $1.1 million per property from having a nurse onsite working with social workers and increasing the ability for residents to access healthcare. There has been a 70% reduction in seniors aging outside of senior communities or aging in skilled nursing facilities. This was vetted by an actuary called Milliman that looked at all of the statistics. Ms. Southorn asked the Committee to consider the service amenities and understand that their impact in California is good, not just in terms of human compassion and the ability to help people when they are in crisis, but more importantly, for the cost savings of preventing ongoing trauma for children experiencing homelessness and seniors aging in place and dying early.

Chairperson Ma said Ms. Southorn's comments seem to be unrelated to this agenda item, but the Committee has heard her public comment. She encouraged Ms. Southorn to work with Ms. Wiant and the staff on some of the regulation changes she is proposing.

Ms. Southorn said it is hard to track what is going on with the meeting, but there was a lot of negativity, and she had good things to talk about. She thanked the Committee for their time and effort.

Chairperson Ma closed public comments.

MOTION: Ms. Cohen motioned to adopt Resolution No. 24/25-06, and Ms. McFadden seconded the motion.

The motion passed unanimously via roll call vote.

6. *Agenda Item:* **Initial State Historic Rehabilitation Tax Credit Allocation Determination (Cal. Code Regs., tit. 4, § 11012)**
   Presented by: Anthony Zeto

Mr. Zeto explained that initial project applications for the State Historic Rehabilitation Tax Credits (SHRTC) were submitted to the Office of Historic Preservation (OHP) in January for review and approval. Ten of those applications were approved and submitted by OHP to CTCAC on March 20, 2025. Following review of the information provided in those approved applications, CTCAC published a preliminary list of the initial tax credit allocations to its website on March 28, 2025. Of the ten approved applications that were submitted to OHP, staff is recommending that the Committee determine the initial SHRTC for nine of those projects, totaling about $40.3 million. There are still some remaining tax credits, and as approved applications are submitted to CTCAC by OHP, staff will bring them to the Committee at future meetings.

Chairperson Ma asked why only nine projects are being recommended for approval.

Mr. Zeto clarified that nine of the ten approved applications are being recommended for approval because one project withdrew its application. The withdrawn application is notated in the meeting materials.

Chairperson Ma called for public comments:

Jacqueline Figueroa from Abode Communities said her organization is a nonprofit affordable housing developer in Los Angeles. The developer submitted an application for Harrower Village (CA-21-153), an historic adaptive reuse project consisting of 40 units of affordable housing for low-income seniors in

Glendale. Per OHP's recommendation to CTCAC, only two projects are being funded under Category 1, exhausting the $40 million in its entirety and leaving Harrower Village, and potentially other projects, out of the running for these funds. There are only two projects being recommended for funding in Category 2, and as a result, there are $7.8 million of SHRTC remaining unallocated in that category. Abode Communities is requesting that OHP and CTCAC reallocate the available tax credits in Category 2 to projects in Category 1 based on the published time stamp. This reallocation would provide funding for The Plaza Theatre in Palm Springs, which is listed as the third project, as well as Harrower Village, which is listed as number four based on the time stamp list. Ms. Figueroa urged CTCAC to keep its commitment to housing low-income families. Without the proposed reallocation of the remaining credits, there will be no affordable housing projects funded under Categories 1 and 2, as all the projects are commercial and hotel projects.

William Wilcox, Bond Program Manager at the San Francisco Mayor's Office of Housing and Community Development (MOHCD), echoed Figueroa's comments. MOHCD had three historic buildings in San Francisco apply that are affordable housing projects. Unfortunately, the most important project that desperately needed an allocation in order to repair the basic building systems for low-income adults living with HIV/AIDS was one minute and 13 seconds too late to get any money. So, instead, $40 million went to the Hearst Building and Building 8 - Naval Air Station Alameda. Mr. Wilcox is not familiar with those projects being major state priorities, but this is what happens with an over-the-counter application system. This is an unfortunate way to structure these awards, with no scoring or process other than who could click to send an email the fastest. It was very unfortunate not to prioritize affordable housing for these valuable resources, particularly for rehabilitation, to which CTCAC and HCD devote very little funding. Mr. Wilcox hopes there are funds in the future that prioritize historic affordable housing.

Chairperson Ma closed public comments.

Ms. Wiant thanked the commenters. She explained that the SHRTC program was designed through legislation, and OHP administers the actual application process. The awardees were given to CTCAC to administer the tax credit allocations and to confirm the cost certifications. The breakdowns of the $40 million, $8 million, and $2 million for each category were all set through statute, as well as the first come, first served, nature of the program. Ms. Wiant recommends to anyone who wants to see changes to reach out to the State Legislature. There is a bill regarding historic tax credits for affordable housing, which still has yet to be determined, but Ms. Wiant is happy to talk to stakeholders about it after the meeting. The best avenue for stakeholders is the State Legislature.

Chairperson Ma said that if an initiative is voted for, it supersedes what the Governor and the State Legislature can do. The only way to change it is to go back to the people for an initiative. This legislation was passed by the State Legislature, so it has the ability to go back for an initiative. This is what happens when bills are too prescriptive. CTCAC could have done certain things if it had been given more room by the State Legislature, but when Legislators prescribe exactly what they want and how they want it to be done, the program is stuck with that. It is unfortunate, but that is what happened with this bill.

MOTION: Ms. McFadden motioned to approve the initial State Historic Rehabilitation Tax Credit allocation determination, and Ms. Cohen seconded the motion.

The motion passed unanimously via roll call vote.

7. *Agenda Item:* **Resolution No. 24/25-07, Approving Interagency Agreement CTCAC04-24 and Authorizing the Executive Director to execute an Interagency Agreement CTCAC04-24 with the State Treasurer's Office on behalf of the Committee, not to exceed $1,104,109, for Reimbursement for Executive and Support Services**
   Presented by: Anthony Zeto

Mr. Zeto explained that each year, CTCAC enters into a new interagency agreement with the State Treasurer's Office (STO) for executive and support services, which routinely exceeds the $500,000 delegated authority provided to the Executive Director. Staff is recommending that the Committee approve Interagency Agreement CTCAC04-24, authorizing the Executive Director to execute this interagency agreement with STO for executive and support services in the amount of $1,104,109.

Chairperson Ma called for public comments:
None.

MOTION: Ms. McFadden motioned to adopt Resolution No. 24/25-07, and Ms. Cohen seconded the motion.

The motion passed unanimously via roll call vote.

8. *Agenda Item:* **Public Comment**

There were no public comments.

9. *Agenda Item:* **Adjournment**

The meeting was adjourned at 2:23 p.m.