

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the June 23, 2006 Meeting

1. Roll Call.

Laurie Weir for Philip Angelides, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Weir called the meeting to order at 3:00 p.m. Also present were: Cindy Aronberg for Steve Westly, State Controller; Vince Brown for Michael Genest, Director of the Department of Finance; Judy Nevis for Lynn Jacobs, Executive Director, the Department of Housing and Community Development; Dennis Meidinger for Theresa Parker, Executive Director of the California Housing Finance Agency; Cathy Van Aken for Jennifer Rockwell, Attorney General's Office, and Kathleen Paley, County Representative.

2. Approval of the minutes of the April 19, 2006 Committee meeting.

MOTION: Ms. Aronberg moved to adopt the minutes of the April 19 meeting. Mr. Brown seconded the motion. The motion passed.

3. Executive Director's Report.

Mr. Pavão announced that there are 33 projects for consideration and approval for 9% Federal Tax Credits. There are also four projects for consideration and approval for 4% Federal Tax Credits and State Credits. Finally, there is an action item for 12 projects that are requesting 4% Federal Credits only.

The last item on the agenda is the re-adoption of existing program regulations. This does not reflect any change, but is a routine every 120-day re-adoption of emergency regulations.

Review and recommendations associated with the projects was due to the diligence of TCAC staff. Mr. Pavão thanked all for their hard work, including Lisa Vergolini, Ed Johnson, Stephenie Alstrom, Tiffani Armstrong, Gene Boyd, Elaine Johnson, Kelly Luu, Adrian Ownby, Jack Waegell, and Anthony Zeto. Mr. Pavão introduced his new Executive Assistant, Tiffany Golden.

Mr. Pavão announced that many staff will be attending the National Council of State Housing Finance Agencies conference the week of June 26-30. This conference consists of panels of federal officials and other industry experts. This conference is also attended by comparable state officials from around the country. Mr. Pavão also announced that the next Committee meeting would take place on July 19, 2006, and would primarily include consideration of 4% Tax Credit applications. The second round for 9% Credits is due July 20 and recommendations will be offered at the September 20 Committee meeting. Report concludes.

4. Discussion and Consideration of the 2006 First Round Applications for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs) and appeals filed under TCAC Regulation Section 10300.

Mr. Pavão announced that thirty-three 9% applications are being recommended. A total of 58 applications were received in this round. Three of those applications withdrew early in the process, leaving 55 applications for consideration. Each of those applications were scored and 14 received points that were less than what each applicant had determined in the self-scoring process. Two applicants appealed and one was upheld. This particular application had two issues - a point reduction matter and a basic eligibility question. The basic eligibility question was considered first and this mitigated the need to address the point scoring.

After point scoring, reviews are conducted, making sure that the basic program requirements are met, and focusing on those applications that, based on their scoring, appeared to be eligible for approval. After more in-depth review, 12 of those applications received disqualification letters, which means that the applications did not meet some additional threshold requirement. Five of those applicants appealed to Mr. Pavão, and he upheld the decision on three and reinstated the eligibility of two. At the end of this process, ten of the applications failed to meet the threshold requirements. Staff is in the process of reviewing those disqualifications further. Reasons for disqualification included:

- Applicants proposed developer fees that were in excess of the program maximums;
- Proposal of deferred developer fees in excess of the program maximum;
- Inadequate market demand – based on study information from the applications themselves;
- Lack of professional certifications; and,
- Co-mingling of commercial and residential space descriptions

Mr. Pavão stated that all of the regulatory deadlines have passed for appeals coming to the Committee. There are no petitioners for appeal at this time.

Mr. Pavão delivered a PowerPoint presentation regarding how the Committee makes credits available in set-asides and apportionments. This addressed an issue that came to light in the first round relating to how credits are made available in the geographic apportionments in the first and second rounds and how the review of this apportionment affected various regions. Ms. Weir commended Mr. Pavão and staff on their efforts in this matter.

A question was posed by a Committee member as to whether any safeguards have been put into place to prevent this from happening again. Mr. Pavão advised that staff are taking steps to track these type of specific program features and he is confident that this situation would not happen again.

Mr. Pavão addressed a question from a member of the audience regarding the two deficit counties and the change in allocations in both rounds.

MOTION: Ms. Weir moved to adopt the staff recommendations. The motion was seconded and passed.

5. Discussion and Consideration of the 2006 Applications for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

Mr. Pavão presented four applications that have filed for both 4% federal and state credit. All four are recommended for approval. This round also coincides with the 9% round.

Mr. Pavão recommended approval of the following projects with standard conditions:

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
2006-835	Willow/Winchester Neighborhood Revitalization Project	\$2,273,181
2006-837	Lincoln Plaza	\$1,151,535
2006-838	Parkside Court	\$675,160
2006-839	Terracina at Springlake Family Apartments	\$3,728,992

There were no appeals.

MOTION: Ms. Weir moved to adopt staff recommendations. The motion was seconded and passed.

6. Discussion and Consideration of 2006 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

The following statement was read by Ms. Weir:

“The Treasurer has disqualified himself from participation in all decisions relating to this matter (Westview Ranch Apartments – 2006-849). It is our understanding that Peter Geremia is a part of the development/management team that has applied for this allocation. While we have concluded that Mr. Geremia is not a source of income under the Political Reform Act, in an abundance of caution, the Treasurer will continue to disqualify himself from this matter.”

Mr. Pavão announced that these are projects which are applying for only 4% federal credits. Ms. Weir recused herself from this matter on behalf of the Treasurer, and passed control of the Chair to Ms. Cindy Aronberg.

Mr. Pavão proceeded with the presentation of the Westview Ranch project.

MOTION: Ms. Aronberg moved to adopt the staff recommendation on this project. The motion was seconded and passed.

Ms. Weir returned to the Panel and continued to act as the Chair.

Mr. Pavão stated that the remaining projects have gone through staff review and are being recommended for approval.

MOTION: Ms. Weir moved to adopt staff recommendations. The motion was seconded and passed.

7. Discussion and Consideration of a Resolution to Adopt Proposed Emergency Regulations, Title 4 of the California Code of Regulations, Sections 10300 through 10337.

Mr. Pavão explained the routine re-adoption of TCAC's emergency regulations.

MOTION: Ms. Weir moved to adopt staff recommendations. The motion was seconded and passed.

8. Public Comment.

No public comment. Ms. Weir congratulated TCAC staff on their work in conducting a very smooth meeting.

9. Adjournment.

The meeting adjourned at 3:40 p.m.