

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the January 23, 2008 Meeting**

1. Roll Call.

Bill Lockyer, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Mr. Lockyer called the meeting to order at 3:25 p.m. Also present: Marcy Jo Mandel for John Chiang, State Controller; Vince Brown for Michael Genest, Director of the Department of Finance; Theresa Parker, Executive Director of the California Housing Finance Agency; and Russ Schmunk for Lynn Jacobs, Director of the Department of Housing and Community Development.

1. Approval of the minutes of the December 5, 2007 Committee meeting.

No public comment.

MOTION: Mr. Brown moved to adopt the minutes of the December 5, 2007 meeting. Mr. Lockyer seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão announced that non-voting Committee member, Kathleen Paley, has resigned from the Committee and the Housing Authority of the City and County of Fresno. TCAC now has vacancies for a city representative and a county representative. Mr. Pavao stated that he would author a letter to the legislature to request appointments for the two vacant positions.

4. Discussion and consideration of a Resolution to Adopt Proposed Emergency Regulations, Title 4 of the California Code of Regulations, Sections 10300 through 10337, Revising Allocation and Other Procedures.

Mr. Pavão announced that there are 12 substantive changes and 9 clarifying changes to the Regulations up for consideration.

Mr. Lockyer asked if there were any comments from the public regarding the proposed Regulation changes.

Mark Hyatt from KDF Communities commented that building tax credit projects is becoming more difficult due to the dramatic decrease in equity pricing. Since December 2007, equity pricing has dropped approximately 10 percent. He spoke in opposition to the proposed regulation change increasing the rehabilitation standard by which developers could include larger developer fees in eligible basis.

Bob Lawler from St. Anton Partners agreed with Mr. Hyatt that it is becoming increasingly difficult to compete with market rate investors for acquisition rehabilitation projects.

Marcus Griffin expressed concerns regarding the proposed Regulation change, which would implement a portfolio data-based method for establishing operating cost minimums for tax credit projects.

Caleb Roope commented on the proposed change to Regulations Section 10315(k). He agreed with the proposal to no longer deduct the projects funded in the non-profit set-aside from their geographic regions. He stated that he would like to see the policy extended to the other set-asides currently taking from the geographic regions.

Pat Sabelhaus, from the California Council for Affordable Housing, commented that all of the changes proposed by TCAC are positive and constructive.

The Treasurer stated his support of the proposed changes with the exception of the change to Section 10327(c)(2)(B), which raises the rehabilitation standard by which developers could budget larger developer fees in basis. He commented that the Committee and tax credit project developers should be viewed as business partners. He requested the Committee be sensitive to the needs of the developers by keeping the \$15,000 rehabilitation threshold currently mandated in Section 10327(c)(2)(B).

Mr. Lockyer exited the meeting at 4:00 p.m. Bettina Redway chaired the rest of the meeting for the Treasurer.

Cindy Cavanaugh from Sacramento Housing and Redevelopment Agency commented that her agency is in support of most of the proposed Regulation changes. She stated that her agency is very interested in the topic of balanced communities.

Joel Rubenzahl, from Community Economics, complemented Mr. Pavao and his staff for their efforts to make appropriate changes to the Regulations. He commented that the proposed change to the operating expenses is relatively modest, yet long overdue. He suggested that staff look for ways to diminish the future value of tax credit properties from the prospective of the owners so that they are not buying projects with the objective to sell them for a profit after 15 years.

MOTION: Mr. Brown moved to adopt proposed Regulations, except for the Substantive Regulation Change to Section 10327(c)(2)(B), concerning the higher rehabilitation cost threshold for larger developer fees in basis. Ms. Mandel seconded and the motion passed unanimously.

5. Discussion and Consideration of setting a minimum point requirement for competitive first round applications.

MOTION: Mr. Brown moved to adopt staff recommendations. Ms. Mandel seconded and the motion passed unanimously.

6. Discussion of and Action on 2007 and 2008 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Finance Projects, and appeals file under TCAC Regulation Section 10330.

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
CA-2007-903	East Leland Family Apartments	\$1,088,505
CA-2007-906	Bakersfield Family Apartments	\$749,924
CA-2007-919	Fairgrounds Senior Housing Apartments	\$1,992,275
CA-2007-920	Burns Manor	\$569,147
CA-2007-921	Village Grove	\$114,706
CA-2007-922	Arborelle Apartments	\$747,735
CA-2007-923	Mammoth Lakes Family Apartments	\$663,920
CA-2008-800	Montego Falls Apartments	\$1,049,140
CA-2008-802	Patios de Castillo Apartments & River Rose Apartments	\$161,932
CA-2008-803	Fair Plaza Senior Apartments	\$222,647

Ms. Mandel made the following statement: “Out of an abundance of caution and due to a potential source of income to the Controller, the Controller is not participating in project CA-2007-920 Burns Manor. That is due to the Well Fargo involvement.”

Ms. Mandel exited the meeting.

MOTION: Mr. Brown moved to approve staff recommendation regarding only project CA-2007-920 Burns Manor. Ms. Redway seconded and motion passed.

Ms. Mandel re-entered the meeting.

MOTION: Mr. Brown moved to approved staff recommendations, excluding project CA-2007-920 Burns Manor. Ms. Mandel seconded and the motion passed unanimously.

7. Public Comments.

No public comments.

8. Adjournment.

The meeting adjourned at 4:20 p.m.