1. Roll Call.

Bettina Redway for Bill Lockyer, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 2:00 p.m. Also present: Vince Brown for Michael Genest, Director of the Department of Finance; Steve Spears for Theresa Parker, Executive Director of the California Housing Finance Agency; and Elliott Mandell for Lynn Jacobs, Director of the Department of Housing and Community Development. Richard J. Chivaro, representative for John Chiang, State Controller, entered the meeting at 3:04 p.m.

2. Approval of the minutes of the January 23, 2008 Committee meeting.

No public comment.

MOTION: Mr. Brown moved to adopt the minutes of the January 23, 2008 meeting. Ms. Redway seconded and the motion passed.

3. Executive Director’s Report.

Mr. Pavão announced that staff has revised the 2008 TCAC Applications and changed the online application formatting from Microsoft Word to Microsoft Excel. He brought the Committee’s attention to the Revised 2008 Program Schedule in their meeting binders. Mr. Pavao suggested the due date for the first round applications be pushed back to April 9, 2008. Additionally, the second round application due date should be moved July 24, 2008. He suggested first round awards meeting originally scheduled for June 11, 2008 be changed to June 25, 2008. And the second round meeting changed from September 24, 2008 to October 1, 2008.

4. 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.

<table>
<thead>
<tr>
<th>Project #</th>
<th>Project Name</th>
<th>Credit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA-2008-801</td>
<td>Ten Fifty B Apartments</td>
<td>$1,834,505</td>
</tr>
<tr>
<td>CA-2008-804</td>
<td>Ten Fifty B Apartments</td>
<td>$1,995,678</td>
</tr>
<tr>
<td>CA-2008-808</td>
<td>Norden Terrace Apartments</td>
<td>$1,337,016</td>
</tr>
<tr>
<td>CA-2008-809</td>
<td>Corsair Park Senior Apartments</td>
<td>$604,477</td>
</tr>
<tr>
<td>CA-2008-810</td>
<td>Garden Manor</td>
<td>$349,473</td>
</tr>
</tbody>
</table>

MOTION: Mr. Brown moved to approve staff recommendation. Mr. Mandell seconded and the motion passed unanimously.
5. Public Comments.

Margaret Brookes-Beavers made the following comments: “I reside in Elk Grove, California. I am here today because I had written this Committee on behalf of other previous homeowners like myself who have gone through foreclosure. I am here because there are programs in affordable housing units that receive government subsidized monies through your Committee who are denying otherwise eligible low-income people affordable housing based on the simple fact that they have a foreclosure. This policy is not in writing. It’s not their management criteria for eligibility. However, in requesting assistance and being referred to the IRS, both agencies who oversee the tax credits seem to neither one have the authority over the people that they’re giving the money to. In my opinion, it violates the constitution, it has no checks and balances, and it is feeding the pig. They’re receiving our hard earned tax dollars and still being able to practice discriminatory practices for which they have no written policy and are arbitrarily implementing. It seems that the federal government and the federal administration as taken a stand in regards to helping those that are facing foreclosure. He has done that in the private sector and is basically implementing and forcing them to do certain things in the private sector. While right under his nose where our federal dollars are going are being allowed to discriminate against the very people that he is trying to help now. To me there is something wrong with that. The fact that again nobody seems to have any checks and balances over the policies being implemented in affordable housing that is receiving these subsidies because we are too busy worrying about the wrong things. We are worried about things people are doing in other countries, yet right here in America, there are families that would otherwise be able to afford housing – some even cannot afford it – but those that can afford it, those who have owned their homes (I owned my home over eight years), now I am being told that I am not even good enough to live in government subsidized housing. When I complained to HUD, I was sent a list of housing in Oak Park and other areas. I have lived in Elk Grove for almost ten years, so that was kind of insulting to be sent housing listings that are not in my neighborhood and are still going to make my children go to a different school. Being in Elk Grove, the boundaries are already messed up. By second grade, he was already in five different schools. I am not trying to uproot my child anymore. High school students are at Franklin getting ready to graduate. Why would I want to move and uproot her before her graduation? This complex would keep them in the same school and it is in my neighborhood. I passed through all of the credit criteria and was told they would just increase my deposit. Thirty days later, I was told they do not accept foreclosures. In my application, I disclosed that I had the foreclosure. Again, something is wrong when a body cannot mediate and say this not acceptable. Your policy is not written and your policy hurts American families. There have been articles in the Bee about the meltdown in the market and how it’s going to cause a recession in this area and the trickle down effect that these foreclosures are having on businesses and families who are becoming homeless. Am I going to have to compete at shelters with other people who cannot afford housing?”
Ms. Redway commented that she is very sympathetic to Ms. Beavers’ situation. She stated that the Committee is mainly involved with project owners during the development stages. The Committee does not have much interaction with the owners in their on-going business activities.

Mr. Pavao commented that TCAC had been contacted regarding Ms. Beavers’ situation. Although TCAC does not normally intervene in the tenant selection process of management companies, staff contacted Pinnacle Management, the company that declined Ms. Beavers’ rental application. After reviewing the selection criteria presented by Pinnacle, staff concluded that the company was not involved in any discriminatory practices. Mr. Pavao explained that if a tax credit project is suspected of discriminatory practices, TCAC would refer the matter to the Department of Fair Employment and Housing. He announced that a representative from Pinnacle Management was present at the meeting should any of the Committee need further details about the tenant selection criteria.

Ms. Beavers made the following comments: “I am here to go on the record, not necessarily to ask for a resolution. I believe most of these practices are going and people don’t know about them. I am sure that President Bush in telling the private sector what to do regarding lending money would not agree and is not aware that the very people he is giving money to are being contradictory to the other policies.”

Ms. Redway suggested that Ms. Beavers contact her local legislator. She commented that local leaders have been looking for ways to assist people going through foreclosure.

Ms. Beavers made the following comments: “I have contacted the legislator as well. If there is no oversight, if there are no checks and balances, I don’t see how it is constitutional. I ask you to review your bylaws and your mandates and ask yourselves why this Committee exists if not to make sure that prospective tenants are not discriminated against based solely on foreclosure. That is what this issue is based solely on.”

Mr. Brown commented that he would like the representative from Pinnacle Management to describe, for the record, the criteria used for tenant selection.

A Pinnacle representative identifying herself as “Leslie” addressed the Committee. She made the following comments: “I follow my company’s policies. Pinnacle Property Management and Pac West, the owners, do not accept foreclosures. We have our qualification process. We put this in every single brochure we hand out.” Leslie showed the Committee a photocopy of the selection criteria. “It says the applicant must make two times the amount of rent in income; no skips, evictions, or eviction filings; no foreclosures. That is Pinnacle’s policy as well as the owners. Ms. Beavers’ did give us a letter that stated she had a foreclosure, but I received the letter after I denied her. The foreclosure did not show up on her credit report. It showed up as a home that was owned. We actually worked on this for two or three weeks straight, starting on 1/27/08 all the way to 2/10/08 when we denied her. We would not have spent that
much time working on the file had we intended to deny her. Believe me we want
to rent to everybody that comes in. We need the rentals just as she needs the unit.
But we cannot discriminate. We have turned countless people away that have
foreclosures because it is Pinnacle’s policy not to take foreclosures. We have to
go through a state compliance officer. On her credit report, the home that was
foreclosed upon, did not show up as a foreclosure, it showed up as a sale or that
she still owned the home. We finally sent the file to state compliance, after giving
her a few weeks to pay off some debt that she had. Her credit was not a pass. It
was a pass with conditions, meaning she had to pay off some things and we gave
her time to do that. Once we started working on the file and we did send it to
state compliance, they noticed on the credit report the home that was sold or that
she owned. They said that if it was an asset, it was going to put her over income.
And if it was sold then we needed the seller’s agreement. We asked for the
seller’s agreement and that is when she said it was foreclosed on and did not have
a seller’s agreement and that is when I denied her. Either way we were not going
to be able to rent to her. On one hand she had a foreclosure, which is against
Pinnacle’s policy. On the other hand she couldn’t provide a seller’s agreement,
which the compliance officer would not sign off on unless she had. So my hands
were tied. I feel for the situation, but unfortunately I have to uphold Pinnacle’s
policies and I wasn’t able to rent to her.”

Ms. Beavers made the following comments: “The application started to be
worked on January 11th when I gave them the letter. Not on January 27th, but
January 11th. By January 27th I had already had credit approval with the
condition of an $800 deposit. Nobody said anything about paying anything off.
They said I would have an increased deposit. I do not know what form she has
there, but I assure it is something they just made up. This is there selection
criteria that I was given and it says nothing about foreclosures. I do have a copy
for the Committee. Again this criteria does not say foreclosures are against the
policy.”

Leslie reviewed the selection criteria presented by Ms. Beavers and made the
following comments: “I do not know what this paper is. I have never seen this.”

Mr. Pavao asked if the selection criteria presented by Ms. Beavers was on
Pinnacle’s letter head.

Leslie stated that the selection criteria are not on Pinnacle’s letter head.

Ms. Redway commented that the Committee is not an adjudicatory body and
cannot intervene in the dispute between Ms. Beavers and Pinnacle Management.
She thanked Ms. Beavers for her time and bringing her situation to the
Committee’s attention. She encouraged Ms. Beavers to work with her local
legislature to resolve the matter.

6. Adjournment.

The meeting adjourned at 2:45 p.m.