

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the June 20, 2008 Meeting**

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 11:00 a.m. Also present: Cindy Aronberg for John Chiang, State Controller; Anne Sheehan for Michael Genest, Director of the Department of Finance; Elliott Mandell for Lynn Jacobs, Director of the Department Housing and Community Development; Theresa Parker, Executive Director of the California Housing Finance Agency; and David Rutledge, County Representative.

2. Approval of the minutes of the May 28, 2008 Committee meeting.

No public comment.

MOTION: Ms. Sheehan moved to adopt the minutes of the May 28, 2008 meeting. Ms. Aronberg seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão announced that staff added a 9% tax credit application called Menlo Park (CA-2008-088) to the list of First Round Preliminary Recommendations. Staff handed out copies of the Project Staff Report for Menlo Park and the revised version of the Preliminary Recommendations to the Committee members.

4. Discussion and Consideration of the 2008 First Round Applications for Reservation of Federal and State Low Income Tax Credits (LIHTCs) and appeals filed under TCAC Regulation Section 10330.

Mr. Pavão announced that 36 projects are being recommended for 9% tax credits. He reported that staff was withdrawing Westside II (CA-2008-050), a Special Needs Set-aside project from the list of First Round of Preliminary Recommendations. He explained that the project was withdrawn because a public funding source built into the development budget was not secured at the time of application. The funding source would have come from the Infill Infrastructure Grant (IIG) administered by the Department of Housing and Community Development (HCD). Mr. Pavão recommended the Committee postpone their decision on Westside II until the next meeting in July.

Mr. Mandell commented that the IIG is one of HCD's new Proposition 1C funded programs.

Mr. Pavão informed the Committee that the IIG application was being considered by HCD's Loan and Grant Committee that day for funding recommendation to the HCD Director.

Mr. Mandell explained that the Proposition 1C funds are generally continuously appropriated, however, the Infill program is not. The Infill program requires a budget act appropriation. The appropriation under discussion at today's Loan and Grant Committee meeting is not sufficient to cover the amount of requests that HCD has received. He commented that the IIG program is greatly oversubscribed and as a result the legislature is considering a bill AB1252 that would provide the additional augmentation for the 2007-08 program funding. The bill has not passed yet and as a result the actions of the loan and grants committee is contingent. In that it is HCD has two lists, the A List and the B List. The A List is for the amounts continuously appropriated and thus do not require approval from the legislature or from Director Jacobs to take the recommendation of the loan and grants committee and then make the award by June 30, 2008. The B List dollar amounts are in some cases for different projects or for additional money for projects receiving A List money. The B List is fully subject to the enactment of AB1252, which will not be approved in time to allow funding for the Westside II project. He summarized that due to legal notice requirements and the short time frame there is no definitive funding source from the HCD Infill program.

Mr. Pavão stated that even if the HCD funding source became available, the funds were not committed by the application submittal date.

Ms. Parker commented that the Department of Mental Health and the California Housing Finance Agency (HFA) had signed an inter-agency agreement on the MSHA fund. She stated that counties have authorized transfer of \$400 million dollars to the state. To date 50 projects had been submitted to the California Housing Finance Agency. She stated HFA expected many special needs projects to be submitted, several of which will seek 9% tax credit. CalHFA will work with Mr. Pavão and his staff to make sure the funding schedules for each agency match up.

Ms. Sheehan asked Mr. Pavão if Westside II would have to reapply in the next funding round.

Mr. Pavão explained that the Westside II project would have exhausted the year's worth of Special Needs Set-aside credits, however, the next project in line would not. There actually would be some credit available for another special needs deal, such as Westside II, under that set-aside for the next round. Such projects could compete in their geographic apportionments as well.

MOTION: Ms. Aronberg moved for approval of staff recommendations. Ms. Sheehan seconded and the motion passed unanimously.

5. Discussion and Consideration of the 2008 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 reported that CTCAC received 11 applications for 4% with State credits. He stated that 3 projects were being recommended for funding, which

would virtually exhaust the year's set-aside of state credits for 4% with state credit deals.

Mr. Pavão informed the Committee that CTCAC would entertain a second round of applications for 4% with state credits in anticipation of having leftover State credits at the end of the Second Round.

MOTION: Ms. Aronberg moved for approval of staff recommendations. Ms. Sheehan seconded and the motion passed unanimously.

6. Discussion and Consideration of 2008 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.

Mr. Pavão reported that 12 projects were being recommended for 4% tax credits. He pointed out that 2 of the projects were very large in scale. He mentioned that Angelus Plaza (CA-2008-869), a rehabilitation project located in downtown Los Angeles, contains 760 units.

MOTION: Ms. Aronberg moved for approval of staff recommendations. Ms. Sheehan seconded and the motion passed unanimously.

7. Discussion and Consideration of changing the minimum point requirement for second round Tax-Exempt Bond Financed Projects requesting State Tax Credits.

Mr. Pavão stated that CTCAC would entertain a second round of applications for 4% with state credits even though staff does not know how much state credit would be available at the end of the Second Round. He suggested that there would be enough credits to fund at least 1 or 2 projects based on prior funding years.

Mr. Pavão stated that high scoring applications not funded in the First Round would likely apply again in the Second Round. He predicted that the Second Round would be much more competitive as a result. Therefore, staff recommended that the Committee raise the minimum threshold score from 70 points to 110 points out of a possible score of 124 points.

MOTION: Ms. Sheehan moved for approval of staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

8. Public Comments.

Ms. Redway thanked the CTCAC staff for all their hard work during the First Funding Round.

9. Adjournment.

The meeting adjourned at 11:45 a.m.