

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the November 17, 2010 Meeting**

1. Roll Call.

Bettina Redway for State Treasurer Bill Lockyer chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 2:10 p.m. Also present: Cindy Aronberg for State Controller John Chiang; Cynthia Bryant for the Department of Finance Director Ana Matosantos; Howard Iwata for Executive Director of the California Housing Finance Agency Steven Spears; and Chris Westlake for Department of Housing and Community Development Director Lynn Jacobs. County Representative David Rutledge and City Representative Christopher Armenta were absent.

2. Approval of the Minutes of the October 27, 2010 Meeting.

MOTION: Ms. Bryant moved to adopt the minutes of the October 27, 2010 meeting. Ms. Aronberg seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão updated the Committee regarding the American Recovery and Reinvestment Act (ARRA) projects. He stated that as of November 15<sup>th</sup>, TCAC closed 120 ARRA loans representing \$704 million. He also reported that staff recommended two additional projects for ARRA funding as described in Agenda Item 4.

Mr. Pavão reminded the Committee that TCAC facilitated a third round funding competition to award 4% plus state tax credits. He reported that staff received 7 applications requesting \$17.7 million in state credits. Mr. Pavão explained that TCAC would expend a large portion of its state credits if all 7 applicants were awarded, however the program would still have a balance at the year end. He stated that the Third Round recommendations would be brought to the Committee at the December meeting.

Mr. Pavão reported that staff was working on draft regulation changes for 2011. The staff scheduled public hearings to collect comments from stakeholders. He stated that the final recommendations would be brought to the Committee at the January meeting.

Mr. Pavão brought the Committee's attention to the three (3) golden rod staff reports given to them at the beginning of the meeting. He explained that staff made revisions to the reports at the request of the project sponsors.

Mr. Zeto explained that construction bids for Village Meadows Apartments (CA-2010-843) were higher than anticipated causing an increase in costs and a need for additional credits. He stated that the revised project staff report showed the necessary adjustments.

Mr. Zeto reported that staff initially characterized some of the units at Highlands Point Apartments (CA-2010-844) as “market rate” because they were over 60% of Area Median Income. Staff revised the description language after learning that the units were regulated at a higher rent and income level by another agency.

Mr. Zeto summarized the last revised staff report for LA Pro 1 (CA-2010-847). He explained that staff removed an incorrect sustainable item, which they initially reported based on information in the California Debt Limit Allocation Committee’s staff report.

4. Report and Discussion of the Reservation of Remaining Section 1602 Funds.

Mr. Pavão explained that TCAC received Section 1602 funds back unexpectedly late in the year. He stated that program regulations gave the executive director authority to re-award the available funds. He summarized staff’s recommendation of 2 projects: Pioneer Village Apartments (CA-2010-527) and Hudson Oaks (CA-2010-528). He explained that they were the highest scoring acquisition rehabilitation applicants from the Second Round that were not funded.

Mr. Pavão explained that staff considered projects based partly on their ability to incur costs equivalent to 30% percent of the project’s basis by the end of calendar year 2010. He stated that projects receiving Section 1602 funds in November had just 45 days to incur the required percentage of project costs. He explained that acquisition rehabilitation projects were generally able to incur the cost of property acquisition and other predevelopment costs totaling 30% of their basis within the required time frame.

5. Discussion of and Action on 2010 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 stated that the recommended projects were reviewed for feasibility and compliance with state and federal requirements associated with low income housing tax credits. He recommended them for approval.

Marc Fontes, from the City of San Ramon, commented on Highlands Point Apartments. He thanked the Committee for their help revising the project staff report. He asked Mr. Pavão to confirm that residents of tax credit units would not have to pay for the parking space assigned to their units.

Mr. Pavão stated that parking spaces assigned to each tax credit unit were covered by the rent. He explained that the additional parking was available to residents for a fee. He stated that federal regulations permit the sponsor to charge residents for additional parking spaces, provided the associated costs are not included the project’s basis. He stated that the tax credits should not defray the costs associated with providing the additional parking. Mr. Pavão asked the project sponsor to confirm his response to Mr. Fontes’ inquiry.

Steven Eggert, from St. Anton Partners, stated that 58 of the 293 project units were tax credit units. He stated that the project had a total of 517 parking spaces. He

stated that 168 of the parking spaces were garages and the remaining 349 spaces were provided to tax credit residents free of charge.

MOTION: Ms. Bryant moved to adopt staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

6. Public Comment.

There were no public comments.

7. Adjournment.

The meeting adjourned at 2:28 p.m.