

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the February 29, 2012 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 11:00 a.m. Also present: Alan Gordon for State Controller John Chiang; Jennifer Rockwell for the Department of Finance Director Ana Matosantos; California Housing Finance Agency Executive Director Claudia Cappio; and Russ Schmunk for the Department of Housing and Community Development Director Linn Warren.

2. Discussion and consideration of a Resolution to Adopt Proposed Regulations, Title 4 of the California Code of Regulations, Sections 10317(d) and 10325(c)(8), revising allocation and other procedures discontinuing state-designated difficult to develop area (DDA) status and permitting an additional 90-day extension to the readiness deadline for 2011 award recipients who already received one 90-day extension.

Mr. Pavão explained that several First Round 2011 projects experienced significant delays as a result of Supreme Court proceedings that effected the project's redevelopment agency (RDA) funding commitments. He reported that staff consulted with legal counsel to determine if the Committee could adopt an accommodation for RDA projects that needed additional time to meet the readiness requirements. Mr. Pavão reported that staff drafted a regulation change that provided an additional 90-day extension to projects that already received one 90-day extension. The proposed regulation change was posted for public comments and staff held a public hearing to gather comments. Mr. Pavão concluded that staff received no formal public comments regarding the proposed regulation change.

Mr. Pavão stated that there were 2 competitive funding rounds in 2011. He explained that the Committee previously adopted regulations that allowed staff to extend the readiness deadline by 90 days if the project had RDA funding commitments. 39 projects from the First Round of 2011 had RDA funding commitments. 10 of the 39 projects received the 90-day extension, which extended their readiness deadline to March 19, 2012. 33 projects from the Second Round of 2011 had RDA funding. 18 of the 33 projects were seeking a 90-day extension, which would change their readiness deadline to June 25, 2012.

Mr. Pavão predicted that the Second Round 2011 projects seeking a 90-day extension would be able to meet the June 25<sup>th</sup> deadline, however, 4 of the First Round projects were unlikely to meet the March 19<sup>th</sup> deadline. He commented that staff reviewed the 4 projects and determined that they warrant an additional 90-day extension. If the First Round 2011 projects received the extension, their readiness deadline would change to June 18, 2012.

Mr. Pavão explained the second proposed change to the regulations. He explained that under federal law certain counties are designated as difficult to develop areas (DDAs) because the cost to develop housing in those counties is high in relation to the incomes. Under federal law states may also designate a county as DDA for the purpose of 9% credit allocation, even if the county has not been designated as DDA by the federal government. Mr. Pavão stated that California allowed counties to retain their DDA status for one additional year after termination of their federal DDA designation. He explained that the proposed regulations would discontinue the practice of designating counties as DDA for an additional year after the federal DDA designation was terminated. Mr.

Pavão explained that projects use the DDA status to increase their basis and receive a larger amount of federal credits. He stated that projects in non-DDA counties can receive the standard amount of federal credits but also garner additional equity by accessing state credits. Mr. Pavão concluded that the regulation change would allow TCAC to better utilize all the federal and state resource available for affordable rental housing development.

Mr. Schmunk asked Mr. Pavão if staff received comments on the second proposed regulation change.

Mr. Pavão stated that TCAC did not receive comments on either of the proposed changes. He noted that staff held a public hearing on February 22<sup>nd</sup>, which no one from the public attended.

William Leach commented that he supported staff recommendations. He complimented the staff on their flexibility regarding the RDA projects.

MOTION: Ms. Redway moved to adopt staff's recommendation to permit an additional 90-day extension to the readiness deadline for 2011 award recipients who already received one 90-day extension. Mr. Gordon seconded and the motion passed.

MOTION: Mr. Gordon moved to adopt staff's recommendation to discontinue state-designated difficult to develop area (DDA) status. Ms. Rockwell seconded and the motion passed unanimously.

3. Public Comment.

There were no public comments.

4. Adjournment.

The meeting adjourned at 11:25 a.m.