

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the September 25, 2013 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 10:11 a.m. Also present: Alan Gordon for State Controller John Chiang; Eraina Ortega for the Department of Finance Director Michael Cohen; Timothy Hsu for California Housing Finance Agency Executive Director Claudia Cappio; Russ Schmunk for Department of Housing and Community Development Representative Laura Whittall-Scherfee; and City Representative Lucas Frerichs.

County Representative Lois Starr was absent.

2. Approval of the minutes of the August 21, 2013 Committee meeting.

Mr. Pavão advised the Committee that staff made 2 corrections to the version of the minutes they received in their meeting binders. He brought their attention to golden rod copies of the new version. He explained that staff inaccurately identified who made the motion and who seconded the motion on Action Item 2. He reported that staff corrected the minutes to reflect that Ms. Ortega made the motion, Ms. Redway seconded the motion, and Mr. Gordon abstained from the vote.

Development manager, Anthony Zeto, stated that there was a typo on page 2 of the original minutes. He explained that the project number for the Crossings on Amigo was stated as CA-13-203 and the golden rod version showed the corrected number, CA-12-203.

MOTION: Mr. Gordon moved to adopt the minutes of the August 21, 2013 meeting. Ms. Ortega seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão reported that upon finishing the 2013 Second Round application reviews, staff would focus on drafting proposed regulation changes for 2014. He predicted that staff would post the proposed changes for public view and comment in late October or early November. Mr. Pavão stated that staff would accept public comments for 45 days then draft the final recommended changes for the Committee to consider at the January meeting.

Mr. Pavão reported that TCAC received a national pool award, as it usually did each year. He explained that the award was a federal-level exercise whereby the IRS retrieved unused credits from other state administering agencies and redistributed them to states that used all of their credits. Mr. Pavão reported that California received \$370,106 in annual federal credits or approximately \$3.7 million in the 10-year credits for that year. He noted that the California award was the largest single national pool award followed by that of Texas and New York.

4. Discussion and consideration of the 2013 Second Round Applications for Reservation of Federal and State Low Income Housing Tax Credits and pending appeals, if any, filed to staff recommendations.

Ms. Redway proposed that the Committee first vote on all the recommended projects, except for Crenshaw Family Apartments (CA-13-135) and Turner Apartments (CA-13-168) because she anticipated there would be several public comments related only to those 2 projects. She suggested voting on the remaining 2 projects after public comments were heard.

The Committee members supported Ms. Redway's proposal.

Mr. Pavão summarized that staff recommended 44 of the 98 applicants for 9% tax credits. He directed the Committee's attention to golden rod Staff Reports given to them at the beginning of the meeting.

Mr. Zeto explained that page 2 the original Staff Report for Sunset Valley Duplexes (CA-13-126) stated the project had two (2) 4-bedroom units. Staff corrected the unit mix to show one (1) 4-bedroom unit and one (1) 5-bedroom unit. Mr. Zeto reported that the original Staff Report for Lofts on Landis (CA-13-182) incorrectly stated the construction type as "N/A". Staff since corrected the construction type to be "New Construction".

Ms. Redway invited Anna Slaby to comment.

Ms. Slaby apologized that she could not speak very loudly. She requested that the Committee reconsider funding Heritage Square Senior Housing (CA-13-142). She explained that the project was not funded in the 2013 Second Round because credits for an "At-Risk" project were counted towards the senior housing type goal. She predicted that the next set of regulation changes would relate to consideration of at-risk projects not being taken from other application pools. Ms. Slaby requested the Committee reconsider CA-13-142 for funding in the 2013 Second Round.

Ms. Redway asked if the Committee members had questions or comments.

Mr. Gordon stated that he could not hear any of Mr. Slaby's comments.

Mr. Pavão explained that the project was located in Pasadena. He reported that the project lost in the balance of county competition on the first tie-breaker because it was a senior project. He explained that the project ultimately lost to a large family project and a special needs project. Mr. Pavão pointed out that the project was a senior housing type that was actually receiving credits from the at-risk set aside. He stated that staff pondered changing the project type to at-risk. He suggested the regulations be updated in accordance with staff's actions. He explained that the current regulations dictated that the applicant selects the housing type and then separately selects the set aside they wish to compete in.

Mr. Pavão reported that staff recommended an at-risk project and counted it toward the senior housing type tally. He stated that the recommendation affected several other applicants including CA-13-142. Mr. Pavão stated that the applicant was advised that staff adhered to the regulations and information reported by the

applicant. He stated that staff scored the application and employed the first tie-breaker accordingly.

Mr. Pavão predicted that staff would propose a regulation change, which specified that projects funded from the at-risk set aside must demonstrate they met the at-risk definition. In addition, such projects should also be counted toward the at-risk housing type tally.

Ms. Redway asked if there were any further comments from Committee members or the public. She advised Ms. Slaby that there was no motion from the Committee to reconsider her application. Ms. Redway thanked Ms. Slaby for her comments.

MOTION: Mr. Gordon moved to adopt staff recommendations, excluding project numbers CA-13-135 and CA-13-168. Ms. Ortega seconded and the motion passed unanimously.

Ms. Redway asked Mr. Pavão to summarize the situation regarding project numbers CA-13-135 and CA-13-168.

Mr. Pavão stated that staff reviewed, scored, and recommended projects to the Committee consistent with the regulations. He reported that TCAC received 2 applications for projects in the City of Los Angeles geographic apportionment, which were reviewed and recommended for funding by virtue of their scores. He explained that opponents of the 2 projects were present that day to advocate a third Los Angeles project. Mr. Pavão stated that the third applicant had the second highest tie-breaker in the region; however the project lost on the first tie-breaker because it was a senior project. The project was defeated by an at-risk project and a large family project. He reiterated that staff adhered to the regulations as they made recommendations to the Committee.

Ms. Redway noted that 2013 was the first year in which the Committee allocated credits to the City of Los Angeles. She commented that the Committee was trying to learn a new process and understand how it worked. Ms. Redway stated that because the Committee was bound by public meeting rules, they had not yet discussed the issues among themselves. She stated that one of the Committee members requested the representative of the City of Los Angeles, Manuel Bernal, make the first comment.

Mr. Bernal stated that he served as the Director of Housing for the City of Los Angeles. He thanked Mr. Pavão and his staff for working with his agency to craft the Los Angeles geographic region. Mr. Bernal explained that for the last 10 years the city has had a process for prioritizing projects. He stated that the city released a Notice of Funding Availability (NOFA) in conjunction with each TCAC funding round. He explained that the city requested permission to release the NOFA from the city council. Mr. Bernal stated that once the NOFA was approved the city held a public meeting to explain the type of projects it was looking for. He stated that the city provided an online application to the public and publicized the application deadline. Mr. Bernal stated that after the deadline his agency reviewed the applications submitted. He stated that for supportive housing the city collaborated with the Housing Authority, the County Department of Health, and the Department of Mental Health in order to make staff recommendations to the appropriate boards. Mr.

Bernal explained that his agency recommended supportive housing, family, and senior deals to its council and then released recommendations to the mayor. Subsequently, the mayor released recommendations to the city council after which the city council scheduled a public meeting at a committee level. Mr. Bernal stated that the committee made recommendations to the city council after which another public meeting was held to adopt the list of recommended projects. He stated that the process had been the same during each funding round for the last 10 years.

Mr. Bernal reported that the city received more 2013 Second Round applications than it could fund just as TCAC did. He stated that the city used its current process to recommend 8 projects for awards. He reported that 7 of the projects were funded by TCAC and 1 was funded by other sources. All 8 projects were reviewed by the city council and the mayor's office. The applications were processed by the city council after which the city council scheduled a housing committee meeting. Mr. Bernal reported that the projects were approved at the meeting and were then recommended to the city council. The city council approved the projects for the TCAC competition on June 28<sup>th</sup>.

Mr. Bernal stated that the city changed its regulations for the 2013 Second Round after it requested city council approval to oppose any project that did not go through the NOFA process. He explained that the city's request affected projects applying in the First and Second Round. He stated that the city requested the new policy because it was faced with a major reduction in sources of affordable housing financing. Mr. Bernal stated that the city had \$34 million at stake for the First Round, so it requested permission to oppose any project that did not go through its recommendation process. He reported that the city's request was approved for the Second Round at which time there was \$22 million in other funding sources at stake for affordable housing development. Mr. Bernal stated that in August, his agency submitted Local Reviewing Agency (LRA) reports to TCAC in support of the projects that went through the NOFA process. The agency also submitted LRA reports opposing CA-13-135 and CA-13-168 because they did not go through the NOFA process. Mr. Bernal noted that all the projects were good and had perfect scores on their TCAC applications. He noted that the city had to reject important projects because it could not fund every project. Mr. Bernal asked that the Committee consider the priorities of the city, which were the 7 recommended projects he previously mentioned.

Silvia Solis, representing the City of Los Angeles Mayor Eric Garcetti, commented that she understood tax credits were a scarce and precious resource and appreciated the strategic approach by the city and TCAC to utilize state, local, and non-public resources. She stated that tax credits must be aligned with local priorities in order to have the most impact. The city considered many strategic factors in prioritizing affordable housing developments. Ms. Solis stated that she understood the Committee had the final vote on projects to be funded and urged the members to honor the city's process of reviewing applications and prioritizing local projects. She commented that she hoped the projects selected would have the most important developments for the city's residents. Specifically, she urged the Committee to fund Playa Senior Affordable Housing (CA-13-105) and to not fund CA-13-135 and CA-13-168. Ms. Solis stated that she believed sponsors of CA-13-135 and CA-13-168 chose to bypass the highly publicized competitive NOFA process at the local level. In addition, if CA-13-135 and CA-13-168 were funded, projects that were locally prioritized by the mayor and city council, like CA-105, would not be funded. Ms.

Solis stated that the city would like to protect its new vision and process developed in coordination with TCAC to overcome the landmark shifts in the affordable housing industry.

Mr. Gordon asked Mr. Bernal if sponsors of CA-13-135 and CA-13-168 were informed of the process that the housing authority and the city were undertaking.

Mr. Bernal stated that the sponsors were not specifically informed. He stated that his agency published a NOFA, which was a public document. In addition, the agency emailed those on its meeting list and held a public meeting to discuss the NOFA.

Mr. Gordon asked Mr. Bernal if the project proponents were on the meeting list.

Mr. Bernal stated that he did not know, but could verify if they were. He stated that he believed one of the proponents was on the meeting list because a representative of the proponents' developer attended one of the city meetings.

Ms. Ortega asked Mr. Bernal and Ms. Solis if they expected or desired that going forward the city's slate of approved projects would always be approved as proposed without any other projects received by TCAC. She asked if they thought the kind of recommendations requested that day would always be the outcome going forward.

Mr. Bernal commented that he believed the way the city selected projects was fair and the projects selected were the best. He stated that it was inefficient and a waste of time for funding sources not to be aligned. He stated that for the city and TCAC to be in agreement as to which projects got the investment of their time was good public policy and a great use public resources. Mr. Bernal stated that there were very logical reasons for the city to be aligned with TCAC as it tried to align with the housing authority and the county.

Mr. Gordon stated that the Controller's Office greatly appreciated the city's efforts to develop a pipeline list of projects. He commented that local governments were far more attuned to their local needs than the Committee. He stated that the Committee would give great deference to the city's efforts to give them a priority list. Mr. Gordon explained that the laws governing the Committee gave it the ability to override the strict scoring criteria that existed in the regulations. He commented that if the Committee did not have such authority it would simply be an administrative function that rubber stamped staff's recommendations. Mr. Gordon stated that the Committee had great discretion to add its own imprimatur on the list. He stated that regarding CA-13-135 and CA-13-168, it was the Committee's priority to give great deference to the city's process and list. He stated that he would listen to commenters to find out if there was any reason to override that preference. Mr. Gordon stated that he was highly inclined to follow the city's request. He asked Mr. Bernal if he thought there was any distinction between CA-13-135 and CA-13-168. Mr. Gordon stated that it was his understanding that the city would support 1 of the projects being funded under an at-risk designation without funds from the city pool.

Mr. Bernal confirmed that the city was on record through the LRA process as supporting CA-13-168 if the funding came from the at-risk set aside. He stated that the city strongly opposed CA-13-135 because funding for the project would be taken from the geographic apportionment.

Ms. Redway invited Gwendy Egnater, from Corporation for Better Housing, to comment.

Ms. Egnater advised the Committee that she recently submitted a letter from her counsel, Reuben, Raucher and Blum. She stated that her firm's project, Crenshaw Family Apartments (CA-13-135), was recommended by TCAC for 2013 Second Round 9% credits. She stated that the City Los Angeles LRA opposed allocation to the project, not based the project merits, but because the project proponent did not participate in the city's new pipeline management plan for prioritizing projects. Ms. Egnater stated that she sees 3 issues at play. She stated that the regulations required LRA requests for evaluation. The LRA had 5 choices of recommendation: 1) Strongly Opposed 2) Opposed 3) No Issue 4) Support and 5) Strongly Support. Ms. Egnater stated that her firm reviewed a copy of the LRA for CA-13-135 and noted that the city selected 2) Opposed. She stated that sometimes the LRA provided no comment or no response at and TCAC could make a recommendation based on any type of response or no response from the LRA. She stated that even though the city opposed CA-13-135, TCAC staff still recommended it for funding.

Ms. Egnater stated that there was another issue related to the City of Los Angeles geographic allocation. She stated that the debate regarding a jurisdiction owning all of their allocation had been discussed in previous forums. She stated that LAHD, the city, and the mayor's office had acknowledged that even though they could prioritize their leverage projects, TCAC made the final ruling.

Ms. Egnater stated that she would like to address another issue regarding timing, communication, and funding need. She stated that her firm did not participate in the NOFA process because CA-13-135 did not require city funding. She stated that her firm contacted city council member Bernard Parks and received council district approval for the project. In addition, the firm contracted the Planner Department and the Department of Building and Safety and obtained a verification zoning form from the City of Los Angeles. Ms. Egnater stated that her firm advised each of the contacted agencies that CA-13-135 was an affordable housing project. She explained that none of the agencies advised her that the project needed to be approved by LAHD because the agencies were unaware of the city's new policy. She stated that the reason the agencies were unaware of the new policy was because the city council took action on LAHD's managed pipeline plan on June 28<sup>th</sup> and the city clerk published the new plan on July 1<sup>st</sup>, just 2 days before the TCAC application deadline of July 3<sup>rd</sup>. Ms. Egnater stated that her firm worked on project CA-13-135 for a year and was very transparent. The firm did not go around any system and did not require city funding for the project. Ms. Egnater reported that her firm held an appeal period during which no public comments were received. Ms. Egnater stated that she first received notice of LAHD's opposition to CA-13-135 after receiving a Project Staff Report from TCAC. She stated that her firm could not have gone through the city's pipeline plan with only 2 days' notice.

Ms. Egnater reported that her firm met with Mr. Bernal since learning about the city pipeline plan. She stated that her firm was now aware that projects must go through the city's process even if they do not require city funding. She requested that the Committee uphold its recommendation and allocate funds to CA-13-135.

Ms. Redway invited Ben Lingo to comment.

Mr. Lingo stated that Corporation for Better Housing began working on CA-13-135 in October 2012. He stated that while working with the Los Angeles City Planning Department, the Building and Safety Department, and the council office, his firm was never told they needed to consult with LAHD or that the managed pipeline existed or that the plan was being contemplated. Mr. Lingo stated that the project did not require city funding therefore his firm did not request funds from LAHD. He stated that he became aware that the managed pipeline was implemented on July 1<sup>st</sup>, just 2 days before the TCAC application deadline. Mr. Lingo stated that his firm followed the city's zoning code and TCAC regulations during the tax credit application process as it normally did not knowing about new city policy. Mr. Lingo stated that the allocation rules had been changed. He commented that even though TCAC recommended CA-13-135 for credits, the regulations would not be carried out so that another project could be funded instead.

Mr. Lingo stated that page 1 of the managed pipeline program stated that TCAC retained ultimate control over allocation of 9% LIHTCs. He commented that the law of the land gave TCAC control over tax credit allocations, unless the allocation was occurring in Los Angeles. He commented that changing the allocation rules after the competition was inherently unfair. He stated that his firm would abide by the new policy going forward as it had always intended to.

Mr. Gordon summarized Mr. Lingo's allegation that the rules regarding Committee action were being changed. He asked Mr. Lingo if it was his opinion that the Committee was required to follow staff recommendations.

Mr. Lingo stated that he was not of that opinion. He explained that it seemed the allocation rules had changed because his firm was of the understanding that the project would be scored pursuant to the regulations but later discovered that the Committee was not going to act according to the regulations. Mr. Lingo stated that it was a difficult position for a nonprofit developer to be in.

Mr. Gordon stated that he was interested to hear the city's response to the project sponsor's claim that they were not told about the city's new pipeline process even though the sponsor contacted several city offices during the TCAC application process. He stated that he would like to hear how the information was diffused to the development community in Los Angeles.

Mr. Bernal explained that for every funding round the city held its NOFA process and selected projects for TCAC funding. He stated that the NOFA for the 2013 Second Round was released in April and on June 28<sup>th</sup> the city council gave his agency approval to recommend 7 projects to TCAC and permission to oppose projects. In addition, the city established its 24-month pipeline of projects to be recommended to TCAC beginning in 2014.

Mr. Bernal stated that the city received 43 projects and was currently prioritizing them. He predicted the city would recommend projects to TCAC starting in 2014. Mr. Bernal stated that CA-13-135 and CA-13-168 did not apply through the city's process, although they could have because the process was widely publicized. He

stated that the projects should have applied through the city process because there was no guarantee they would have been funded in 2013.

Ms. Ortega asked Mr. Bernal to confirm that the sponsors contacted a different division of the city or used another process that did not identify the new pipeline process. She stated that there might concern that sponsors were going through a separate permit process and no one advised them of the new process. She commented that she questioned whether enough effort was made to ensure developers were aware of the city's new process.

Mr. Bernal stated that LAHD had a process of publicizing city funding availability. He stated that the NOFA published in April for the 2013 Second Round technically served as both a NOFA and a call for projects. He explained that the NOFA was for sponsors who wanted funding and the call for projects was for sponsors wanting LAHD support.

Ms. Redway invited Charles Brumbaugh to comment.

Mr. Brumbaugh stated that he appreciated the Committee's ability to have some level discretion and to not necessarily adhere strictly to all the regulations. He stated that he thought it would be an abuse of discretion if the Committee approved projects that the City of Los Angeles supported because his firm was not aware of the city's new policy. He stated that LAHD sent out NOFAs frequently. His firm did not need city funding so it did not go through the NOFA process. Mr. Brumbaugh stated that he was the executive director of CVH a long time ago. He stated that his firm had not developed a project in Los Angeles since 1999, though it had been an active developer throughout California. Mr. Brumbaugh stated that his firm had developed nearly 60 projects and in all his years he had never seen the Committee completely disregard staff recommendations. Mr. Brumbaugh stated that the reason project CA-13-105 was not funded was because it was a senior project and the set aside for senior housing was completely full. He stated that CA-13-105 had a higher tie-breaker score than his firm's project, but the project lost in the first tie-breaker in accordance with TCAC rules. Mr. Brumbaugh stated that he understood the Committee had some discretion and the city was a powerful organization that desired to control the credits in its area; however his firm's project won the TCAC recommendation in accordance with the existing rules.

Mr. Brumbaugh stated that he understood the city wanted to prioritize the regulations concerning its projects. He explained that the current TCAC regulations did not state that projects should undergo the usual process, unless they were Los Angeles projects, in which case the city would decide if the projects were worthy of state or federal tax credits. Mr. Brumbaugh stated that there was no reason for his firm's project not to be funded other than the city's belief that its managed pipeline was more important than the regulations.

Mr. Brumbaugh stated that city argued that the sponsors knew about the managed pipeline policy. He reiterated that his firm was not aware of the policy and did not contact LAHD because it did not need city funding. Mr. Brumbaugh stated that the city was short on housing funds. He stated that his firm's project did not need city funding, which meant that city resource could go to another project next year. Mr. Brumbaugh urged the Committee to analyze what they were being asked to do and

consider his firm's position. He explained after his firm went through the application process and spent a lot of money, at the last minute the city was attempting to exert its power and authority over the Committee.

Ms. Redway invited Keith Stanley to comment.

Mr. Stanley stated that he represented Turner Apartments (CA-13-168). He stated that LAHD was asking the Committee to respect its internal process and essentially disregard established TCAC regulations. He suggested that going forward TCAC could be lobbied to adjust the regulations to clarify that only the City of Los Angeles had the power to prevent legitimate projects from being funded. Mr. Stanley stated that his firm put a lot of time, effort, and cost into its development and application. He stated that the firm received very late notice that LAHD opposed the project.

Mr. Stanley stated that the city was far from united in its opposition to CA-13-168. He explained that in Los Angeles, each council member had their own region. He stated that CA-13-168 was located in council member Bernard Parks' region, Council District 8. Mr. Stanley reported that Bernard Parks strongly supported the project. He stated that he submitted letters of support from Bernard Parks to both TCAC and LAHD. He stated that recently Bernard Parks had been in discussions with Mercedes Marquez and LAHD in an attempt to avoid the situation currently under discussion.

Mr. Stanley reported that he was notified by Tim Elliot from LAHD on September 23<sup>rd</sup> that city representatives would attend that day's TCAC meeting and oppose CA-13-168. He stated that there was not enough notice to respond adequately to the opposition. Mr. Stanley stated that the latest correspondence he received from Bernard Parks after his discussions with LAHD was sent to him in a text message stating "Council Member Parks strongly supports the project and spoke at length with Mercedes Marquez and expressed his strong desire to have this project be granted consideration for credits". Mr. Stanley stated that Bernard Parks' stance had always been to not lose any at-risk units. He stated that other members of the Los Angeles City Council, such as the chair of the Housing Committee, supported the project. He stated that he was told that the City Council president desired resolution between Bernard Parks and LAHD.

Mr. Stanley commented that he felt his project was getting caught up in an internal power struggle within the City of Los Angeles due to a policy that was implemented for the current funding round. He stated that he had with him a copy of the city's pipeline management plan, which had different dates on it. He noted that the plan was finalized very close to the 9% application deadline. Mr. Stanley stated that 2 sections of the plan stated that LAHD would not support funding an at-risk project, a nonprofit project, or a special needs project within the Los Angeles geographic region. He quoted the plan as stating, "Nevertheless, should a development be competitive enough to be awarded 9% LIHTCs from the set aside pool under which it applied, the development sponsor would be required to withdraw the application". Mr. Stanley quoted another section stating, "However, while the city will facilitate access to the set asides, it will not allow for developments applying under the set aside to drop down to the Los Angeles geographic regions should they not receive an allocation from the set aside". Mr. Stanley commented that the idea that the opposition to the project was caused by the sponsor not going through the city's support process seemed moot when the pipeline plan specifically stated that the city

would not support projects in the categories he mentioned. He explained that CA-13-168 was an at-risk set aside project that did not have a sufficient tie-breaker to compete in the at-risk set aside and was therefore moved to the Los Angeles geographic region consistent with TCAC procedures.

Mr. Stanley reported that the city had no specific objection to CA-13-168, but simply objected to funding the project from the geographic region rather than the at-risk set aside. He commented that the city's argument seemed weak. He suggested that a better approach would be to lobby TCAC to adjust the regulations in the next round so that LAHD was given adequate discretion.

Mr. Stanley stated that he understood why the city prioritized its funding and support for projects in the set asides and essentially deemed projects that were eligible to compete in the set asides ineligible to compete in the geographic region. He explained that the city was attempting to garner a higher percentage of the State's allocation that would otherwise be obtained through the geographic area percentage established in the TCAC regulations. He commented that he understood the city's position. He noted that other areas in the State may ask why they were not afforded the same opportunity to target funding to the set asides so they could receive more awards in the set asides. Mr. Stanley stated that even though there were not enough funds remaining to fund projects in the geographic area, the city wanted to "call the shots" there as well.

Mr. Stanley stated that he received a voice mail message from Tim Elliott of LAHD prior to the July 3<sup>rd</sup> application deadline. In the message Mr. Elliott advised Mr. Stanley that he would like to discuss Turner Apartments. Mr. Stanley stated that he made multiple attempts to follow up with Mr. Elliott by telephone and email, but his messages were not returned. He stated that he became aware of the city's opposition to the project when he reviewed the Project Staff Report. Mr. Stanley explained that the report essentially stated that the city supported funding CA-13-168 from the set aside competition, but not from the geographic area. He stated that sponsors were normally given sufficient notice regarding the type of issues under discussion. He reported that he spoke with TCAC County Representative, Lois Starr, who supported the preservation projects such as CA-13-168.

Mr. Stanley suggested that a solution for the current round would be for the Committee to award either CA-13-168 or CA-13-105 from the supplemental set aside so that CA-13-168 did not take any funds from the Los Angeles geographic pool. He commented that the city would benefit and legitimate projects would not be prevented from moving forward.

Mr. Gordon asked Mr. Stanley if he originally applied for credits under both the geographic set aside and the at-risk set aside.

Mr. Stanley confirmed that he applied under both set asides.

Mr. Gordon asked Mr. Stanley when he became aware that the geographic set aside was not in the pipeline.

Mr. Stanley stated that the first indication that LAHD would oppose his project within the geographic area was when he reviewed the Project Staff Report. The

report included a line stating that the LRA, being LAHD, supported funding CA-13-168 through the at-risk set aside, but did not support funding it within the geographic area.

Mr. Gordon asked Mr. Stanley if he knew the approximate date he received the Staff Report.

Mr. Stanley suggested that staff might know the date.

Mr. Pavão stated that the sponsor probably received the Staff Report 2 weeks prior to that day.

Ms. Redway invited Daniel Falcon to comment.

Mr. Falcon, representative of developer McCormack Baron Salazar, stated that his firm supported all 3 of the projects under discussion. He stated that the parties involved were trying to work through a transitional period. He commented that his firm supported the city's process more than anything else. Mr. Falcon stated although the transition was difficult, the development community was moving in a positive direction. He stated that during the 2013 First Round the city's ability to oppose projects through the LRA process was in place; however the managed pipeline was not in place. Mr. Falcon stated that the managed pipeline adopted in June applied to projects going into the 2014 funding rounds. He expressed his support for the city's local process, which provided control and the ability to leverage scarce resources.

Ms. Redway invited Osvaldo Garcia to comment.

Mr. Garcia stated that he was an assistant project manager with East L.A. Community Corporation. He thanked the Committee for considering his firm's project. Mr. Garcia stated that his firm supported the City of Los Angeles apportionment and the NOFA process. He strongly urged TCAC not to support any applicants who did not have the city's support and knowingly circumvented the NOFA process. Mr. Garcia stated that approval of such projects would hurt the NOFA system and developers who chose to abide by the city's rules.

Ms. Redway invited Jesus Hernandez to comment.

Mr. Hernandez stated that he represented the nonprofit firm, PATH Ventures. He stated that 3 of his firm's projects were recommended for funding in the 2013 Second Round. He explained that one of the projects could have been included in the First Round; however the city was developing its managed pipeline at the time and asked his firm not to apply in the First Round. Mr. Hernandez stated that his firm supported the city's request and was later notified that the city would recommend the project for the Second Round competition. He commented that the city was transparent during the managed pipeline process. Mr. Hernandez expressed his support for the city's intention to keep tax credit reservations with projects it supported.

Andrew Gross, president of Thomas Safran and Associates Development Company, stated that his firm developed CA-13-105, a much needed 83-unit senior project in West Los Angeles. He stated that the project went through a very public NOFA

process and was selected through that process. He commented that the project was pivotal to the Playa Vista community, which included 1300-units. Mr. Gross stated that the community provided that amount of affordable housing in the high income areas of West Los Angeles. He asked that the Committee utilize its discretion and approve the project.

Arjun Nagarkatti, president of AMCAL, stated that his firm supported the city's proposal. He commented that the city's pipeline plan held a lot of promise. He stated that developers like his firm had participated in the pipeline process and followed the city's rules. Mr. Nagarkatti urged the Committee to support the City of Los Angeles.

Ms. Ortega commented that the arguments for Playa Senior Affordable Housing (CA-13-105) were compelling. She agreed with Mr. Gordon's comment about giving the city's process a great deal of deference, but because the current regulations gave entities the ability to apply directly to TCAC she was not comfortable with the notion of simply rejecting 2 projects because they did not go through the local process. Ms. Ortega asked staff if they could describe any differences between CA-13-135 and CA-13-168 that might be helpful to the Committee. She stated that as long as the regulations gave entities the ability to submit a project directly to TCAC, there was no reason for the Department of Finance (DOF) to reject the project for not going through a local process.

Mr. Pavão stated that CA-13-135 and CA-13-168 were the last 2 projects recommended in the City of Los Angeles geographic apportionment. He stated that CA-13-168 had a slightly stronger tie-breaker. In addition, CA-13-168 was an at-risk project and the CA-13-135 was a large family project. He stated that both projects scored the maximum 148 points on their applications. Mr. Pavão concluded that the only distinction between the projects was CA-13-168 having a slightly stronger tie-breaker.

Ms. Redway commented that TCAC was moving in a positive direction with the City of Los Angeles. She stated that Los Angeles was a very large and complex region. She explained that the size and complexity of Los Angeles was one of the reasons TCAC changed its regulations to allow the city to have a stronger role in its apportionment. Ms. Redway acknowledged that during the transition period there might be some confusion and misunderstandings in the stakeholder community. She stated that she had not yet fully digested the issues raised that day and would be willing to hold off projects CA-13-105, CA-13-135, and CA-13-168 until next month.

Mr. Gordon stated that he would like to make a motion to fund CA-13-168 under the at-risk pool, consistent with the scoring system and the discretion of the Committee.

Ms. Redway asked if the project would be funded through the supplemental set aside.

Mr. Gordon stated that the project would be funded through the at-risk set aside.

Mr. Pavão clarified that TCAC had a group of set asides and a geographic apportionment. He stated that the Committee already awarded several projects, exhausting the at-risk set aside funds. He reported that staff also exhausted the

supplemental set aside funds in order to fund the last few projects that did not get a sufficient amount of credits from the other set aside pools. Mr. Pavão concluded that the set asides were fully exhausted.

Mr. Gordon withdrew his previous motion.

Mr. Pavão stated that the only credits remaining for 2013 were those apportioned to the City of Los Angeles region.

Ms. Redway asked Mr. Pavão to confirm that there were not enough credits available to fund all 3 of the projects.

Mr. Pavão confirmed that there were not enough credits to award all 3 projects.

Ms. Redway stated that the Committee would have to reach forward into 2014 in order to fund all 3 projects. She stated that she would like more time to consider the projects. She suggested holding over CA-13-135 and CA-13-168 until the October meeting. She also suggested adding CA-13-105 to the October agenda.

Ms. Redway asked Mr. Pavão to confirm that the Committee would not have been able to act on CA-13-105 that day because the project was not on the agenda.

Mr. Pavão confirmed that the Committee would not have been able to act on CA-13-105 that day.

MOTION: Ms. Ortega moved to hold over Turner Apartments (CA-13-168) and Crenshaw Family Apartments (CA-13-135) until the next TCAC meeting and also to add Playa Senior Affordable Housing (CA-13-105) to the agenda item for the next meeting. Mr. Gordon seconded and the motion passed unanimously.

Ms. Redway thanked the TCAC staff for all their hard work during the 9% funding round.

5. Discussion and consideration of the 2013 Second Round Applications for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Mr. Pavão reported that TCAC received 2 applications for 4% plus state credits and recommended both projects for approval.

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously.

6. Discussion and consideration of the 2013 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Mr. Pavão directed the Committee's attention to a golden rod Staff Report for Peppertree Senior Apartments (CA-13-864).

Mr. Zeto explained that the applicant inadvertently inserted the project address where the applicant information should have been. He stated that staff corrected the applicant contact information accordingly.

Mr. Pavão stated that project was seeking 4% tax credits for use with tax-exempt bond financing.

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously.

Ms. Ortega requested that staff add another item to next month's meeting Agenda regarding The Crossings at Amigo. She asked that staff report to the Committee whether or not the project could be funded without taking funding away from any projects that had already been approved by the Committee.

Ms. Redway stated that she assumed staff would seek direction from the Committee regarding Ms. Ortega's request. She commented that she felt The Crossings at Amigo already had more than a full hearing. Ms. Redway stated that Ms. Ortega's question about funding availability had already been asked and answered and the Committee already made a decision on it. Ms. Redway stated that she would not support adding an Agenda item to next month's meeting regarding The Crossings at Amigo.

Mr. Gordon supported Ms. Ortega's request.

Ms. Redway stated that The Crossings at Amigo would be added to the October meeting Agenda because 2 of the Committee members requested it.

7. Public Comments.

No public comments.

8. Adjournment

The meeting adjourned at 11:37 a.m.