

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the June 10, 2015 Meeting

1. Roll Call.

State Treasurer John Chiang chaired the meeting of the Tax Credit Allocation Committee (TCAC). Mr. Chiang called the meeting to order at 11:00 a.m. Also present: State Controller Betty Yee; Eraina Ortega for the Department of Finance Director Michael Cohen; California Housing Finance Agency (CalHFA) Executive Director Tia Boatman-Patterson; and Russ Schmunk for Department of Housing and Community Development (HCD) Acting Director Susan Lea Riggs.

City Representative Lucas Frerichs was absent.

2. Approval of the minutes of the May 20, 2015 Committee meeting.

MOTION: Ms. Ortega moved to adopt the minutes of the May 20, 2015 meeting. Ms. Yee seconded and the motion passed unanimously by a roll call vote.

3. Executive Director's Report.

Executive Director, Mark Stivers reported that has concluded the listening sessions and is working on a package of proposed regulation changes. He predicted staff would be ready to present the regulation package this summer.

Mr. Stivers reported there would be very few state credits left if the Committee approved the recommended 4% plus state credit projects that day. He estimated there would be \$1.3 million in credits remaining for Second Round 4% projects. He predicted that HCD's HOME funded projects could be delayed due to the lack of state credit funding available. He noted that staff would be seeking alternative solutions to that issue.

Mr. Stivers reported that TCAC was visited by staff from the Federal General Accounting Office last month as part of their national wide review of the LIHTC program. California was one of eight states included in the review. Mr. Stivers reported that the federal staff required a lot of documentation for their audit, but overall they seemed pleased with TCAC's progress and the program in general. He stated that the final report would be released later that year or next year.

4. Discussion and consideration of the 2015 First Round Applications for Reservation of Federal Nine Percent (9%) and State Low Income Housing Tax Credits (LIHTCs).

Development Section Chief, Anthony Zeto, reported that TCAC received 81 applications for 9% credits. He directed their attention to a revised Staff Report for project number CA-15-057. He explained that after the Committee received their meeting binders, staff changed the point score for the project from 133 to 138. Staff also revised the score shown in the Staff Report for project CA-15-027

upon appeal by the applicant. Finally, staff corrected one of the funding source titles in the Staff Report for project number CA-15-074.

Mr. Zeto stated that 48 of the 81 applications were recommended for approval. He stated each recommended project was ranked, scored, and reviewed for compliance with federal and state regulations.

MOTION: Ms. Ortega moved to adopt staff recommendations. Ms. Yee seconded and the motion passed unanimously by a roll call vote.

5. Discussion of the 2015 First Round Applications for Reservation of Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond financed projects and pending appeals, if any, filed to staff recommendations.

Mr. Zeto reported that TCAC received 9 applications for 4% plus state credits. He directed the board's attention to a revised Staff Report for project CA-15-820. He explained that the staff corrected the tax credit equity amount in the report.

Ms. Yee asked Mr. Stivers to provide a history of the state credit competition in light of the disproportionate amount recommended for 2015 First Round applicants. She asked him to comment on his expectations for the future.

Mr. Stivers stated that in prior years TCAC has not awarded quite as many state credits in the First Round. He explained that the regulations are silent regarding how TCAC should apportion state credits for 4% projects across the funding rounds.

Mr. Stivers stated that historically TCAC has funded all eligible projects in the First Round. He said staff is considering a change in the upcoming regulation package to create a process wherein only projects that received maximum points in the First Round would be funded and any credit remaining would be available for Second Round awards.

Mr. Zeto stated that 8 projects were recommended for approval. He stated that each applicant was ranked, scored, and reviewed for compliance with federal and state regulations.

MOTION: Ms. Yee moved to adopt staff recommendations. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

6. Discussion of the 2015 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond financed projects.

Mr. Zeto stated that TCAC received the two 4% credit applications after the May meeting deadline so they were recommended for funding that day. He directed the board's attention to a revised Staff Report for project CA-15-846. He

explained that staff revised language on the requirements the sponsor promised to the California Debt Limit Allocation Committee (CDLAC).

Mr. Zeto stated that the projects were reviewed for compliance with federal and state regulations and recommended them for approval.

MOTION: Ms. Ortega moved to adopt staff recommendations. Ms. Yee seconded and the motion passed unanimously by a roll call vote.

7. Discussion and consideration of a Resolution to adopt proposed Regulations, Title 4 of the California Code of Regulations, Section 10325(c)(1)(C) through 10325(f)(8)(E), revising allocation and other procedures.

Mr. Stivers explained that the proposed regulations would give additional time to projects that were expected to receive awards from the Veterans Housing and Homelessness Prevention Program (VHHP) and the Affordable Housing and Sustainable Communities Program (AHSC). He explained that the programs were new and required time to make their awards. Staff initially predicted the programs would make their awards by the Second Round application deadline, July 1st. Mr. Stivers reported that the VHHP recipients could possibly make the deadline. He stated that the AHSC recipients would invariably be awarded in July.

Mr. Stivers explained that the regulations required applicants to have their financing committed at the time of application. The proposed regulations would allow TCAC to accept projects placed on a recommended list for funding through the VHHP and AHSC programs prior to July 1st. He noted that TCAC would not fund projects that did not actually receive a VHHP or AHSC award.

MOTION: Ms. Yee moved to adopt staff recommendations. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

8. Public Comment.

There were no public comments.

9. Adjournment.

The meeting adjourned at 11:15 a.m.