

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the January 15, 2020 Meeting

1. Roll Call.

Jovan Agee for State Treasurer Fiona Ma chaired the meeting of the California Tax Credit Allocation Committee (CTCAC). Mr. Agee called the meeting to order at 2:30 p.m. Also present: Anthony Sertich for State Controller Betty Yee; California Housing Finance Agency (CalHFA) Executive Director Tia Boatman Patterson; Zachary Olmstead for California Department of Housing and Community Development (HCD) Acting Director Doug McCauley and Gayle Miller for Department of Finance (DOF) Director Keely Martin Bosler.

City Representative Vivian Moreno was absent.

2. Approval of the Minutes of the December 11, 2019 Meeting.

MOTION: Mr. Sertich moved to approve the Meeting Minutes. Ms. Miller seconded and the motion passed unanimously by a roll call vote.

3. Executive Director's Report.

Executive Director, Judith Blackwell gave a recap of all the various accomplishments since her arrival at CTCAC in August 2019. She also reinforced that CTCAC and the California Debt Limit allocation Committee (CDLAC) are working closely together to administer the bonds and tax credits associated with the new state program in a manner that is both transparent and equitable. She referenced a few bills, one of which was a federal bill providing a one-time \$100 million allocation for disaster relief addressing homelessness and explained how it will be utilized. Ms. Blackwell, provided a brief overview of the new changes coming in 2020. She also put out a request to the housing community soliciting ideas on how best to utilize the new monies. Ms. Blackwell explained that staff is working as quickly as possible concerning the challenges set forth by all these changes. She also emphasized that Treasurer Ma will continue to align the State Treasurer's Office with the Governor's housing goals for 2020.

Ms. Blackwell stated that unit production in 2019 has significantly increased compared to years 2017 and 2018 and provided the specific figures for units in each year. She noted that 53 applications were received for the new state tax credit program and that the program is well oversubscribed as staff had anticipated and that the 2020 calendar year will be an extremely busy landscape for CTCAC staff.

State Treasurer, Fiona Ma joined the meeting.

Mr. Sertich thanked staff for their hard work and asked if there will be a special meeting to address how the new funding from the federal legislation will be appropriated in CTCAC's programs.

Ms. Blackwell stated that staff plans to address the appropriation of the new funding at a February 2020 special meeting.

A public comment on the phone from Paul Patierno was received and he asked a few clarifying questions regarding the new federal funding, specifically in regard to SROs, rural set asides and timing. Staff addressed the questions on the phone and stated that any issues will be addressed at a February 2020 special meeting.

Ms. Boatman Patterson stated that the timeline for the new federal funding was very aggressive and cautioned the Committee to take a more reasonable approach.

Ms. Blackwell clarified that the new federal funding will be added to already existing programs and not to the new pilot program.

4. Discussion and Consideration of the 2020 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects

Development Section Chief, Gina Ferguson stated that staff have reviewed the four (4) projects, they met program requirements, and are being recommended to the Committee for approval of a preliminary reservation of credits contingent upon receipt of a bond allocation from CDLAC at the March 2020 Committee meeting. She also stated that staff does not anticipate having this contingency for future projects after this meeting.

MOTION: Ms. Miller moved to approve the four (4) projects. Mr. Sertich seconded and the motion passed unanimously by a roll call vote.

5. Discussion and consideration of an appeal, if filed, under TCAC Regulation Section 10330(b), and if granted in its entirety, a Preliminary Reservation of 2020 Federal Four Percent (4%) and State Low Income Housing Tax Credits

Deputy Director, Anthony Zeto stated that appeal for Westview Village Phase III (CA-20-433) was granted at the Executive Director's level so it will not be heard. He added that staff did not receive an appeal by the appeal deadline for Page Street Studios (CA-20-415) so it will not be heard either. Mr. Zeto stated there was only one appeal on the agenda for 1322 O Street (CA-20-424) and he invited the appellant up to present their appeal.

Patrick Sabelhaus introduced the project to the Committee and explained the rationale for the basis of their appeal, which was an issue that had to do with the appellant's inability to comply with CTCAC regulations regarding rent per square foot. He asked the Committee to waive CTCAC's rent per square foot regulatory requirement and grant the appeal since the requirement is impossible to meet because the project utilizing a new innovative unit type, referred to as micro units, could not be compared to the comparables provided in the application due to no micro units comparables being available. Mr. Sabelhaus added that this project is serving the Governor's purpose of utilizing excess land.

Wendy Saunders, Executive Director of Capitol Area Development Authority (CADA) and partner of the 1322 O Street project explained that the project is extremely well located in the heart of Downtown Sacramento. She added that the area has only seen the construction of 84 affordable housing units since 2015 and that this project is desperately needed. Ms. Saunders added that the project has a waiting list of 300 people. She distributed an infographic to the Committee members and went over some of the special accommodations the project will provide to its tenants. Ms. Saunders stated the project's objective is to make use of state owned property, which is one of the goals identified in the Governor's plan to address the ongoing housing crisis.

Sacramento City Council Member Steve Hansen advocated on behalf of the project and emphasized that the micro units were desperately needed in Sacramento to help accommodate the workforce. He believes that the best public policy outcome is to approve the appeal to show the public that this new innovative approach to constructing units belong in the City's housing mix, in the hopes that it will encourage other developers to take up more projects like this.

Treasurer Ma stated SROs are the key component to getting people off the streets and into an affordable living situation. She added the disappearance of SROs have exacerbated the state's housing crisis. The Treasurer emphasized that she is in support of constructing micro units to help address the state's affordable housing crisis.

Mr. Sertich stated he was also in support of building multiple types of units at various income levels and lifestyles to make sure there is housing for everyone. He also deeply appreciated that the project is close to jobs, which is something he seeks to incentivize as well.

Ms. Miller thanked staff for their due diligence in bringing this appeal to the Committee.

MOTION: Ms. Miller moved to approve the preliminary reservation for the Westview Village Phase III (CA-20-433) contingent on receipt of a bond allocation from CDLAC at the February 2020 Committee meeting for which the 180-day clock would begin. Mr. Sertich seconded and the motion passed unanimously by a roll call vote.

MOTION: Ms. Miller moved to approve to grant the appeal and approve the preliminary reservation for the 1322 O Street (CA-20-424) contingent on receipt of a bond allocation from CDLAC at the February 2020 Committee meeting for which the 180-day clock would begin. Mr. Sertich seconded and the motion passed unanimously by a roll call vote.

6. Discussion and Consideration of the 2020 Applications for Preliminary Reservation of Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects

Ms. Ferguson stated that staff have reviewed the 28 projects, they met program requirements, and are being recommended to the Committee for approval of a preliminary

reservation of credits contingent upon receipt of a bond allocation from CDLAC at the February 2020 Committee meeting for which the 180-day clock would begin.

MOTION: Mr. Olmstead moved to approve the 28 projects, contingent on receipt of a bond allocation from CDLAC at the February 2020 Committee meeting for which the 180-day clock would begin. Ms. Miller seconded and the motion passed unanimously by a roll call vote.

7. Discussion and Consideration of the 2020 Applications for Preliminary Reservation of Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects with CalHFA Mixed Income Program Funding

Ms. Ferguson stated there were four (4) projects seeking federal four percent (4%) and state LIHTCs with the CalHFA Mixed Income Program Funding (MIP). She stated that staff have reviewed the four (4) projects, they met program requirements, and are being recommended to the Committee for approval of a preliminary reservation of credits contingent upon receipt of a bond allocation from CDLAC at the February 2020 Committee meeting for which the 180-day clock would begin.

Ms. Blackwell clarified that the state tax credits accounted for \$69 million of the \$200 million set aside for MIP projects.

MOTION: Ms. Miller moved the approval of the four (4) projects, contingent on receipt of a bond allocation from CDLAC at the February 2020 Committee meeting for which the 180-day clock would begin. Mr. Sertich seconded and the motion passed unanimously by a roll call vote.

8. Public Discussion and Consideration of a Resolution, establishing a Waiting List of pending applications for Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs), provided that credit remains available and such applications are complete, eligible and financially feasible.

Ms. Ferguson stated staff is seeking the approval of a Resolution to establish a Waiting List of pending applications, if credit remains available and such applications are complete, eligible and financially feasible. She explained that the waiting list is generally generated for CTCAC's nine percent (9%) program but since the state tax credit program was oversubscribed, staff needed to reach deeper into the pool of applicants if credits remained. Ms. Ferguson referenced a golden rod document of the updated Waiting List, which has been published on the CTCAC website.

MOTION: Mr. Sertich moved to approve the Waiting List. Ms. Miller seconded and the motion passed unanimously by a roll call vote.

During the public comment period, Luke Watkins with Neighborhood Partners, LLC stated that he had two projects on the Waiting List and asked a few questions in hopes of

clarifying the technicalities associated with the scoring mechanisms on both CTCAC's and CDLAC's lists.

Ms. Ferguson and Ms. Blackwell provided clarifying details regarding the two lists for Mr. Watkins.

Ms. Miller stated she was concerned with questions on how the two lists work together.

Mr. Watkins stated concerns that one of his two projects on the Waiting List has special HUD 811 vouchers, which will disappear if the project is not awarded by September 2021.

Ms. Ferguson stated that if the application is not approved, Mr. Watkins could resubmit his CDLAC/CTCAC joint application in the next state tax credit cycle.

Mr. Watkins thanks staff for the clarification.

9. Discussion and Consideration of establishing a minimum point requirement for the competitive 2020 applications

Mr. Zeto stated this action item is an annual exercise establishing the minimum point requirement. He explained there were no changes to scoring associated with the nine percent (9%) program, but that there was a change to the four percent (4%) plus state credit program from the original state tax credit program, not the new \$500 million in state tax credits. Mr. Zeto stated that the minimum point requirement conformed with regulation changes were made to the competitive system, which involved a reduction to the maximum points available down to 86 points. He stated that the minimum point requirement was based on 85% of the maximum points available, consistent with previous years. Mr. Zeto requested approval from the Committee establishing the minimum point requirement.

MOTION: Mr. Sertich moved to approve the new minimum point scores. Mr. Olmstead seconded and the motion passed unanimously by a roll call vote.

10. Discussion and Consideration of a Resolution Authorizing the Executive Director of the California Tax Credit Allocation Committee to Sign an Interagency Agreement with the State Treasurer's Office on behalf of the Committee for Administrative Support Services

Mr. Zeto stated this action item is also an annual exercise and requested Committee approval to delegate authority for the signing of an Interagency Agreement with the State Treasurer's Office to the Executive Director. He added that the contract amount was slightly lower than last year's due to the changes in the State Treasurer's Office staffing.

MOTION: Ms. Boatman Patterson moved to the resolution. Mr. Sertich seconded and the motion passed unanimously by a roll call vote.

11. Discussion and Consideration of a Resolution to Adopt a Proposed TCAC/HCD Opportunity Area Map for 2020

Ms. Blackwell stated that due to a delay, staff is requesting to re-adopt the 2019 TCAC/HCD Opportunity Maps for 2020. She explained that the updated 2020 maps will be brought to the Committee for approval following a public comment period following the release to the public later this year. Ms. Blackwell added that the 2020 maps will contain changes to rural areas involving census tracts and block groups.

MOTION: Ms. Miller moved to approve the resolution to re-adopt the 2019 TCAC/HCD Opportunity Maps for 2020. Mr. Sertich seconded and the motion passed unanimously by a roll call vote.

12. Public Comment

Mr. Sabelhaus thanked Ms. Blackwell's efforts to address SROs with the new funding obtained from the Federal Government.

Ms. Boatman Patterson reminded staff of language in last year's trailer bill with regard to the 95% multiplier was intended to address the construction of deeply targeted affordable housing units that was unable to carry a lot of debt.

13. Adjournment

Treasurer Ma adjourned the meeting at 3:32 p.m.