



## California Tax Credit Allocation Committee

915 Capitol Mall, Conf Rm 587  
Sacramento, CA 95814

November 30, 2022

### CTCAC Committee Meeting Minutes

#### 1. *Agenda Item: Call to Order and Roll Call*

The California Tax Credit Allocation Committee (CTCAC) meeting was called to order at 10:15 a.m. with the following Committee members present:

**Voting Members:** Fiona Ma, CPA, California State Treasurer, Chairperson  
Anthony Sertich for California State Controller Betty T. Yee  
Gayle Miller for Department of Finance (DOF) Director Joe Stephenshaw  
Director Gustavo Velasquez for the Department of Housing and  
Community Development (HCD)  
Tiena Johnson Hall, Executive Director for the California Housing  
Finance Agency (CalHFA)

**Advisory Members:** City Representative Vivian Moreno - ABSENT  
County Representative Terra Lawson-Remer - ABSENT

#### 2. *Agenda Item: Approval of the Minutes of the September 28, 2022 Meeting – (Action Item)*

**MOTION:** Ms. Miller motioned to approve the minutes of the September 28, 2022 meeting, and Mr. Sertich seconded the motion.

Chairperson Ma called for public comments:  
None.

Motion passed unanimously via roll call vote.

#### 3. *Agenda Item: Executive Director's Report* *Presented by: Nancee Robles*

Ms. Robles addressed the following topics:

**2023 CTCAC Meeting Calendar and Award Schedule:** Unlike CDLAC, CTCAC regulations do not require Committee approval of the meeting calendar. The 2023 CTCAC Calendar and Award Schedule matches CDLAC calendar, except for the 9% tax credits. The proposed calendar includes 6 meetings, with 5 of those meetings including awards of tax credits.

**Low-Income Housing Credit:** For calendar year 2023, the amount used by the IRS to calculate the state housing credit ceiling for Low-Income Housing Credits has increased from \$2.60 last year to \$2.75. This factor will be multiplied by the state's 2022 estimated population. That figure has not been published yet, but based on last year's population and the Department of Finance data report from May 2022, the new population estimate for January 2023 is 39,185,605. The amount of annual federal tax credits for 2023 is expected to be about \$108 million.

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California also received funds from the National Pool. Each year, unused housing credit carryover for LIHTCs that was not allocated by states is added to a National Pool and redistributed to qualified states that apply for additional credits. The 2022 National Pool amount is \$5.4 million. Among the 27 states receiving 2022 National Pool credits, California received the most – \$982,548. This amount will be allocated to projects on this year’s waiting list.

**State Audit Annual Update:** CTCAC is required to provide an annual update to State Audit 2020-108 by November 17 each year, and the deadline was met. CDLAC and/or CTCAC responded to and completely satisfied 3 of the 4 items requested in the audit. The last item that remained open was a recommendation to CTCAC that could not be accomplished. As a result, CTCAC was required to provide a written report to the State Auditor, the Senate and Assembly policy committees and budget subcommittees overseeing CTCAC, and the Department of Finance. In that letter, Ms. Robles explained that the request could not be accomplished because the recommendation of the State Auditor to CTCAC was to ensure the allocation of bonds aligns with the state’s housing priorities and that its award process is sufficiently transparent. It also suggested that CTCAC establish regulations to consistently allocate bonds based on factors including demand for bond resources, use of previously allocated bonds, documented legislative priorities, and risk of allocated bonds being lost.

Additionally, CTCAC was advised to document and disclose annually, in its public meetings and on its website, the extent of any bonds lost, the purpose for which the bonds were allocated, and the rationale for the allocation. Ms. Robles explained that although CTCAC and CDLAC share one Executive Director and work closely together, the recommendation that CTCAC adopt and implement regulations on bond allocation cannot be accomplished because CDLAC has sole jurisdiction over bond allocation. Everything the auditor requested is already done at CDLAC with the advice and approval of the Committee.

**Grand Openings:** Since the last Committee meeting, there have been 5 grand opening and groundbreaking events. Anthony Zeto, Deputy Director, attended the grand openings of Harris Family Senior Residence and Mid-City Family Apartments, a 195-unit intergenerational mixed-use community located in San Diego.

**Conferences:** Ms. Robles recently attended and spoke at the Affordable Housing Finance Live Conference – a 2023 Forecast for LIHTC Allocations which took place in Chicago.

Chairperson Ma called for public comments:  
None.

4. **Agenda Item: Reservation of 2022 State Farmworker Low Income Housing Tax Credits (LIHTCs) for a Tax-Exempt Bond Financed Project under California Code of Regulations, title 4, section 11000 et seq. and Preservation of the Performance Deposit Previously Submitted – (Action Item)**  
*Presented by: Gabrielle Stevenson*

Ms. Stevenson said CTCAC regulations require applicants who elect to certificate state tax credits make the election at the time of application. Given, the applicant chose to elect to certificate state tax credits following application submittal and award, the applicant for Brentwood Crossings (CA-21-456) was forced to return their previously awarded allocation and reapply. Staff re-reviewed the application and the applicant re-submitted their application fee. Staff is now recommending the project for the previously awarded state farmworker tax credits. The project previously submitted a performance deposit in the amount of \$100,000, which they have requested to transfer to their new allocation if it is awarded.



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Chairperson Ma said legally the applicant could get the performance deposit back and then remit another check for the performance deposit on the new allocation. Ms. Stevenson said that is correct, and typically if they successfully developed the project, the performance deposit would be returned. Preserving the performance deposit will be a substantial savings to the project and help fill some gaps.

Ms. Miller said she will motion to approve this allocation, but she asked Ms. Stevenson to explain the certification process because it is a complicated transaction. Ms. Stevenson said this will provide project flexibility in selling the tax credits and must be awarded to a non-profit organization. The project's investor reviewed the financial feasibility of the project and determined it would result in an additional \$400,000 to \$500,000.

Ms. Miller asked if this could also potentially generate additional revenue for the project. Ms. Stevenson confirmed it will generate additional equity to the project.

Mr. Sertich asked Ms. Miller to confirm if her motion will include preservation of the performance deposit. Ms. Miller responded affirmatively.

**MOTION:** Ms. Miller motioned to approve the recommendation, and Mr. Sertich seconded the motion.

Chairperson Ma called for public comments:  
None.

Motion passed unanimously via roll call vote.

5. ***Agenda Item: Reservation of 2022 Second Round Federal Four Percent (4%) and State LIHTCs for Tax-Exempt Bond Financed Projects – (Action Item)***  
*Presented by: Gabrielle Stevenson*

Ms. Stevenson said there are a total of 53 projects recommended for reservation of 4% State Low-Income Housing Tax Credits, including the appeals granted. These projects will produce 5,247 units. Staff has extensively reviewed all applications in conjunction with CDLAC.

**MOTION:** Mr. Sertich motioned to approve the recommendation, and Ms. Miller seconded the motion.

Chairperson Ma called for public comments:  
None.

Motion passed unanimously via roll call vote.

6. ***Agenda Item: Appeals filed under California Code of Regulations, title 4, section 10330 for 2022 Second Round Federal Nine Percent (9%) and State LIHTCs Applications – (Action Item)***  
*Presented by: Gabrielle Stevenson*

Ms. Stevenson said both appeals were resolved at the staff level, and the projects have both been moved to the 9% Preliminary Waiting List. Agenda Item 6 is therefore withdrawn.

7. ***Agenda Item: Resolution establishing a Waiting List of pending applications for a Reservation of 2022 Second Round Federal Nine Percent (9%) and State LIHTCs and delegating authority to the Executive Director to approve reservations for projects on the Waiting List, provided that***

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**credit remains available and those applications are complete, eligible and financially feasible –**  
*(Action Item)*

*Presented by: Anthony Zeto*

Mr. Zeto said following the second round of 9% awards annually, the Committee may establish a Waiting List to ensure any returned or remaining 9% credits are used prior to the end of the year. Therefore, a Preliminary Waiting List for 9% awards is being presented. Additionally, staff is requesting Committee approval to delegate authority to the Executive Director to award projects from the Waiting List administratively between now and the end of the year to ensure CTCAC allocates the necessary federal credits to qualify for the National Pool. There are sufficient credits remaining and staff intends to reach projects in the General Pool on the Waiting List.

Chairperson Ma asked Mr. Zeto to explain how the Waiting List works. Mr. Zeto said CTCAC regulations prescribe the process in which projects are selected from the Waiting List. The order in the geographic regions are based on the amount of tax credits remaining in each region, with respect to the amount of credits that were available. The highest-ranking project in the region will be awarded starting with the region with the highest percentage of tax credits remaining. Once that process is completed, if there are still federal credits remaining, all remaining projects are ranked and awarded based on their point score and tiebreaker, without regard to set-aside or region. There could be credits returned any time between now and the end of the year, so administrative latitude is needed to award projects through the end of the year if necessary.

Chairperson Ma asked for clarification that the top half of the chart is based on regions, and the bottom half is the General Pool, which is organized by ranking. Mr. Zeto confirmed that is correct; the General Pool projects are ranked by point score and tiebreaker. However, not all projects have been reviewed, so projects may be skipped if staff finds any deficiencies.

**MOTION:** Mr. Sertich motioned to approve Resolution No. 22/23-02, and Ms. Miller seconded the motion.

Chairperson Ma called for public comments:

Justin Solomon from Dawson Holdings asked if geographic regions are awarded before the General Pool. Mr. Zeto confirmed that is correct; the highest-ranking project from each region with credits on the table will be awarded first.

Chairperson Ma closed public comment.

Motion passed unanimously via roll call vote.

### 8. *Agenda Item: Public Comment*

No public comment.

### 9. *Agenda Item: Adjournment*

The meeting was adjourned at 10:31 a.m.