

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the December 21, 2005 Meeting

1. Roll Call.

Ted Eliopoulos for Philip Angelides, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Mr. Eliopoulos called the meeting to order at 1:48 p.m. Also present were: Cindy Aronberg for Steve Westly, State Controller; Ann Sheehan for Michael Genest, Director of the Department of Finance; and Russ Schmunk, representing Judy Nevis, Acting Executive Director, the Department of Housing and Community Development. Theresa Parker, Executive Director of the California Housing Finance Agency (CalHFA) and Kathleen Paley, County Representative were absent.

2. Approval of the minutes of the November 16, 2005 meeting

MOTION: Ms. Sheehan moved to adopt the minutes of the November 16 meeting. Ms. Aronberg seconded the motion. The motion passed.

3. Executive Director's Report

Mr. Pavão announced that an interim Committee meeting had been tentatively scheduled for the week of December 26, to accommodate a Commercial Revitalization Deduction Program application in the San Francisco zone.

Mr. Pavão also stated that staff would be bringing the final proposed regulatory changes before the Committee at the January 18, 2006 meeting. He noted that there have been numerous comments and as a result there will be some changes to the initial proposal and those changes will be made available to the public in early January.

Mr. Pavão reminded the Committee that staff had proposed an accelerated program calendar for 2006, with the 9% application round deadlines being moved forward by one month. He stated that comment received from the public at the public hearings had been in favor of the standard calendar; therefore the schedule will be roughly the same as the 2005 schedule.

Mr. Pavão announced that Ms. Kathy Ely, Deputy Director, would be leaving TCAC. Mr. Pavão and Mr. Eliopoulos thanked Ms. Ely for her hard work and Mr. Pavão stated the vacancy would be filled promptly.

4. Discussion and Consideration of allowing CA-2005-073 Montclair Family project to compete in the Inland Empire geographic region and to adjust the preliminary scoring of this project to allow for the neighborhood revitalization points awarded in the first application round of 2005 and amend the Waiting List established on September 28, 2005 accordingly.

Mr. Pavão reminded the Committee that the Montclair project had applied in the first round of 2005 as a non-rural project, however staff determined that, according to the list of rural areas provided by Department of Housing and Community Development (HCD), it was in a rural area. Therefore staff removed the application from consideration in that first round.

In the second round, the resubmitted application fell just below the funding cut-off in the very competitive rural set-aside. At the Committee's September 28, 2005 meeting where the second round projects were allocated credit, a speaker for the applicant asked that the Committee revisit Montclair's rural designation. HCD has since determined that the area is not a rural jurisdiction.

Because the first round application had been submitted in good faith, staff proposes rescoring the second round application which received all the points available to rural projects (146), and restore nine points that the project received in its disqualified first round application in the Neighborhood Revitalization section. 155 points would move this project to the top of the current waiting list and would receive a reservation of credits. Returned credits within the supplemental set-aside would fund the next two in line on the waiting list as well as the Montclair project.

Mr. Pavão explained that the comments received on this issue have generally favored funding the project. However, some commenters are concerned that funding the Montclair project as an Inland Empire project, rather than as a rural project, would exacerbate the Inland Empire's oversubscription as a region this year. The oversubscription would be deducted from that region next year. In addition, the second project on the waiting list is a Riverside project, and funding those projects would leave the Inland Empire with very few credits remaining for 2006.

Mr. Eliopoulos asked if there was a way to remedy this wrong by allowing the project to be awarded credits this year without impacting the Inland Empire's 2006 credits. Mr. Pavão answered that program regulations allow supplemental set-aside credits to fund Committee-designated "priority projects." The Committee could designate the Montclair project as a priority project and direct staff to fund it from the supplemental set-aside, rather than place it on the waiting list. This remedy would not invoke the regulatory requirement that "all waiting list reservations will be counted towards the projects' Geographic Apportionments." Mr. Eliopoulos clarified that the regulations do not provide a definition of "priority project." He also suggested that the staff look at the regulations to ensure that they are meeting the Committee's intent.

Mr. Patrick Sabelhaus spoke from the public and stated that funding the Montclair project was a fair thing to do and suggested that the Committee adopt a "use it or lose it" policy with regards to the geographic set-asides so that those credits could be used in the current year to fund projects without penalizing projects in the coming year.

MOTION: Ms. Sheehan moved to adopt the staff recommendation that CA-2005-073 Montclair Family project, be designated and funded as a priority project. Ms. Aronberg seconded. The motion passed.

5. Discussion and consideration of applications for award or reservation of federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

Mr. Pavão recommended approval of the following projects with standard conditions:

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
05-921	575 Eddy Street Apartments	\$308,689
05-922	Mendota Gardens	\$177,675
05-923	Tynan Village Apartments	\$580,660
05-926	The Courtyards at Arcata II	\$347,135
05-928	Gray's Crossing Affordable Housing	\$780,858
05-930	Madison Apartments	\$943,737

There were no appeals.

MOTION: Ms. Sheehan moved to adopt staff recommendations. Ms. Aronberg seconded the motion. The motion passed.

5. Discussion and consideration of applications for award of Commercial Revitalization Tax Deductions.

The following is a list of all applicants:

<u>Project #</u>	<u>Project Name</u>	<u>Zone</u>	<u>Deduction Amount</u>
CRDP-05-06	Custom Produce	City of Parlier	\$537,01

7. Other Business.

There was no other business.

8. Public Comment

There was no public comment.

9. Adjournment.

The meeting was adjourned at 2:10 pm.