

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the October 8, 2008 Meeting

1. Roll Call.

Bettina Redway for Bill Lockyer, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 10:15 a.m. Also present: Marcy Jo Mandel for John Chiang, State Controller; Tom Sheehy for Michael Genest, Director of the Department of Finance; Lynn Jacobs, Director of the Department Housing and Community Development; Steve Spears for Theresa Parker, Executive Director of the California Housing Finance Agency; and David Rutledge, County Representative.

2. Approval of the minutes of the August 20, 2008 Committee meeting.

No public comment.

MOTION: Ms. Mandel moved to adopt the minutes of the August 20, 2008 meeting. Mr. Sheehy seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão reported that TCAC staff was aware that developers with 2008 tax credit reservations were being challenged to reach agreements with tax credit investors. He announced that staff posted a memorandum on the TCAC website advising the 2008 First Round 9% tax credit recipients that the carryover allocation deadline for Second Round 2008 credit reservation had been extended to Friday, November 14, 2008.

4. Discussion and Consideration of the 2008 Second Round Applications for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs) and appeals filed under TCAC Regulations Sections 10330.

Mr. Pavão announced that 37 projects were being recommended for 9% tax credits. He reported that the recommended projects are seeking \$41.9 million in annual federal 9% credits. Additionally, they are seeking \$44.5 million in State tax credits.

Ms. Mandel made the following statement: "I have four items on this agenda that I will not be participating in. They are Hollydale Plaza Apartments (CA-2008-144), Del Norte Apartments (CA-2008-165), Villa Siena Apartments (CA-2008-178), and Mesquite Springs Apartments (CA-2008-187)".

MOTION: Ms. Redway moved for approval of Hollydale Plaza Apartments (CA-2008-144), Del Norte Apartments (CA-2008-165), Villa Siena Apartments (CA-2008-178), and Mesquite Springs Apartments (CA-2008-187). Mr. Sheehy seconded and motion passed.

An audience participant approached the Committee. She commented on behalf of a Second Round 9% tax credit project called Cannery Square Senior Housing. She stated that Cannery Square Senior Housing was not recommended for funding but had been placed on the TCAC Waiting List. She stated that the project was very time sensitive and hoped the Committee would consider funding the project with returned credits from the Second Round. She stated that if the project could not be funded in the current cycle, she would like to discuss the possibility of changing the TCAC policy with regard to scoring and tie-breakers.

Mr. Pavão responded that he would be glad to discuss TCAC policies with the applicant in preparation for the next funding cycle; however, he would not recommend deviating from the TCAC Waiting List. He pointed out that projects on the Waiting List had been scored by staff, but had not undergone the complete feasibility review.

MOTION: Mr. Sheehy moved for approval of staff recommendations, excluding Hollydale Plaza Apartments (CA-2008-144), Del Norte Apartments (CA-2008-165), Villa Siena Apartments (CA-2008-178), and Mesquite Springs Apartments (CA-2008-187). Ms. Mandel seconded and the motion passed unanimously.

5. Discussion and Consideration of a Resolution, establishing a Waiting List of pending Applications listed under Item #4 above, provided that Credit becomes available and such Applications are complete, eligible and financially feasible.

Mr. Pavão explained that the Waiting Lists in the Committee meeting binders were prescribed by TCAC regulations in anticipation of certain events. He stated that if a set-aside received returned credits, the returned credits would be awarded to the next highest ranked project on that set-aside waiting list.

MOTION: Mr. Sheehy moved for approval of staff recommendations. Ms. Mandel seconded and the motion passed unanimously.

6. Discussion and Consideration of 2008 Applications for Reservation of Federal and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects and appeals filed under TCAC Regulation Section 10330.

Mr. Pavão reported that 7 projects were being recommended for 4% with State tax credits. He reminded the Committee members that they had approved a minimum score of 110 for the 4% with State credit applications.

MOTION: Mr. Sheehy moved for approval of staff recommendations. Ms. Mandel seconded and the motion passed unanimously.

7. Discussion and Consideration of 2008 for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

MOTION: Mr. Sheehy moved for approval of staff recommendations. Ms. Mandel seconded and the motion passed unanimously.

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
CA-2008-901	Casa Adobe Senior Apartments	\$200,871
CA-2008-904	Los Medanos Village	\$1,140,327
CA-2008-915	Gleason Park	\$1,270,500
CA-2008-917	Westview Terrace Apartments	\$466,023
CA-2008-918	Montclair Place	\$1,378,252
CA-2008-919	The Arbor on Date	\$426,239
CA-2008-920	Waterford Gardens Apartments	\$274,291
CA-2008-921	Tres Lomas Garden Apts.	\$208,854
CA-2008-922	Montecito Village	\$374,905
CA-2008-923	Columbus Square Apts.	\$374,145
CA-2008-924	MacArthur Park Metro Apartments	\$1,274,801
CA-2008-925	Crossings West	\$203,309
CA-2008-930	Santa Clara Terrace Apartments	\$378,226

Ms. Mandel made the following statement: "I will not be participating in Montclair Place (CA-2008-918) and MacArthur Park Metro Apartments (CA-2008-924)".

MOTION: Mr. Sheehy moved for approval of Montclair Place (CA-2008-918) and MacArthur Park Metro Apartments (CA-2008-924). Ms. Redway seconded and the motion passed.

MOTION: Mr. Sheehy moved for approval of staff recommendations, excluding Montclair Place (CA-2008-918) and MacArthur Park Metro Apartments (CA-2008-924). Ms. Mandel seconded and the motion passed unanimously.

8. Discussion and Consideration of a Resolution Authorizing the Executive Director of the California Tax Credit Allocation Committee to execute a Contract Amendment to add the second year of funding (\$449,000) to the compliance monitoring contract.

Mr. Pavão reported that the Department of Finance assisted TCAC in determining the amount of staffing necessary to meeting annual compliance monitoring obligations. He explained that approval of the Resolution would allow him to contract monitoring services through Spectrum for one more year. Mr. Pavão stated that the monitoring work performed by Spectrum would be phased out as TCAC hired and trained additional staff.

MOTION: Mr. Sheehy moved for approval of staff recommendations. Ms. Mandel seconded and the motion passed unanimously

9. Public Comments.

Mr. Rutledge commented that he understands the tax credit program policy regarding selection of Waiting List Projects. He predicted that the program is going to see a large volume of returned credits due to challenges in the capitol markets and lack of participation by syndicators.

Mr. Pavão responded that he welcomed all comments and suggestions with regard to program procedures. He stated that he expects several projects to return credits. He suggested that applicants who plan to return credits do so in a timely manner so that staff could award the returned credits to Waiting List projects. He stated that he would like to assist struggling applicants in taking the steps necessary to be successful in the tax credit program.

Jim Hare from the Sacramento Housing and Redevelopment Agency commented that his agency supported a project in the First Round called the Hotel Berry. He suggested that TCAC match the Carryover Allocation due date with the Readiness due date. He predicted that fewer credits would be returned if TCAC gave applicants more time to secure the commitment of lenders and syndicators.

Richard Shay from PNC Bank commented that investors have used up their 2008 budgets. He stated that the only entities making commitments to buy tax credits were those that put tax credits into their warehouse line. He predicted that in early 2009 corporations would start investing in First Round tax credits, but would be reluctant to participate in the Second Round. He explained that TCAC policy requires the investor to make a financial commitment by October 31, 2009, even though the project may not have secured a syndicator or a construction lender. Mr. Shay stated that he did not feel that the October 31st deadline served the overall program objective of developing affordable housing.

10. Adjournment.

The meeting adjourned at 10:50 a.m.