

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the March 25, 2009 Meeting**

1. Roll Call.

Patricia Wynne for Bill Lockyer, State Treasurer, chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 2:00 p.m. Also present: Marcy Jo Mandel for John Chiang, State Controller; Tom Sheehy for Michael Genest, Director of the Department of Finance; Steven Spears, Acting Executive Director of the California Housing Finance Agency; and Elliott Mandell for Lynn Jacobs, Director of the Department Housing and Community Development. David Rutledge, County Representative, was absent.

2. Approval of the minutes of the February 25, 2009 Committee meeting.

No public comment.

MOTION: Mr. Sheehy moved to adopt the minutes of the February 25, 2009 meeting. Ms. Mandel seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão reminded the Committee that on February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009, which created two new funding resources for California. He explained that the first resource called the Tax Credit Assistance Program (TCAP) would be administered by the Federal Department of Housing and Urban Development (HUD). Mr. Pavão stated that California would receive \$325 million in TCAP funds. He stated the funds would be allocated to TCAC applicants that needed financing either because their equity partner did not invest enough cash into the project or because they could not secure an equity partner at all. Mr. Pavão summarized a second cash resource, which provides cash dollars in exchange for credits. He explained that TCAC may exchange up to 40% of the 2009 9% credits for cash. He stated that the exchange rate is \$0.85 in cash for every dollar of credit. Mr. Pavão predicted that if TCAC took full advantage of the exchange provision the cash disbursement would equal approximately \$287 million. He stated that TCAC may also exchange any 9% credits that were awarded in prior years and returned in 2009. He noted that there is no cap for prior year exchanges.

Mr. Pavão reported that TCAC has received comments urging the Committee to use its new resources to address the revenue stream problem related to PMIB. He explained that projects were in jeopardy due to challenges in the PMIB process. He informed the Committee that staff inserted a passage in the regulations, which states that the Committee may use the new resources to address the PMIB issue.

Mr. Sheehy asked Mr. Pavão how TCAC would help with problems related to the PMIB program.

Mr. Pavão stated the most immediate problem was that a high volume of completed and nearly completed projects have not received the MHP funds they needed to pay their construction lenders. He explained that there is a growing back log of take out financing payments. He reported that overdue payments are causing a lot of chaos for lenders and jeopardizing their ability to generate loans for future projects. Mr. Pavão suggested that TCAC assist applicants by giving them loans to pay their lenders while they wait for MHP funding.

Mr. Sheehy asked Mr. Pavão to keep him informed of policy changes regarding the MHP funding. He stated that agencies throughout the state have contacted him to discuss their concerns about the MHP program as it relates to PMIB. He stated that he wanted to be sure he was giving out accurate information to his contacts.

Mr. Pavão stated that TCAC staff contacted HUD to find out if loaning money to applicants was permissible. He reported that HUD was initially troubled that TCAC would deliver money to projects that did not meet TCAC application requirements.

Mr. Sheehy suggested Mr. Pavão should argue that if TCAC does not provide loans to struggling applicants the projects will fail and banks will not finance any future projects. He stated that Citibank, Union Bank, JP Morgan Chase were participating financially in the construction loans for the MHP program. He predicted the banks would be more willing to finance construction loans if they saw the Committee was doing all it could to help applicants pay back the construction loans.

4. Discussion of and Action on 2009 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects, and appeals filed under TCAC Regulation Section 10330.

<u>Project #</u>	<u>Project Name</u>	<u>Credit Amount</u>
CA-2009-801	Shannon Bay Apartments	\$267,677
CA-2009-802	Placerville Apartments	\$361,240
CA-2009-803	Lacy & Raitt Apartments	\$268,746
CA-2009-806	740 South Olive Street Senior	\$2,476,080

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

5. Public Comment.

There were no comments from the public.

6. Adjournment.

The meeting adjourned at 2:20 p.m.