

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the March 19, 2014 Meeting

1. Roll Call.

Bettina Redway for State Treasurer Bill Lockyer chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 11:27 a.m. Also present: Alan Gordon for State Controller John Chiang; Eraina Ortega for the Department of Finance Director Michael Cohen; Timothy Hsu for California Housing Finance Agency Executive Director Claudia Cappio; and County Representative Lois Starr.

Department of Housing and Community Development Representative Laura Whittall-Scherfee and City Representative Lucas Frerichs were absent.

2. Approval of the minutes of the January 29, 2014 Committee meeting.

MOTION: Mr. Gordon moved to adopt the minutes of the January 29, 2014 meeting. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

3. Executive Director's Report.

Executive Director, William Pavão reported that TCAC has received 85 applications for 9% Low Income Housing Tax Credits by the application deadline of March 5th. This application total is down a bit from 2013 when 90 applications were received. Staff anticipates recommending between 40 and 45 applications to the Committee at its June 11th meeting. In addition, the Committee received 12 applications requesting 4% federal credits along with California State Low Income Housing Tax Credits. Staff has begun reviewing and scoring the highest self-scored 9% applications.

Mr. Pavão also reported that staff is reconsidering an internal draft proposal to increase developer fees within the 4% credit program. Staff had been approached with the idea of increasing permitted developer fees for 4% applications in an effort to induce in additional equity for new construction projects. However, additional research has revealed that California's developer fee policies are not excessively restrictive in comparison to other states that employ a variety of limitations. In addition, staff is re-evaluating the potential costs and benefits of raising permissible fees.

Committee member Gordon remarked that the Controller would want evidence that other states had seen increases in affordable housing production when they raised developer fee limits before he would endorse such a strategy in California.

Mr. Pavão stated that staff would research the availability of such evidence.

4. Discussion and consideration of the 2014 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Mr. Pavão brought the Committee's attention to a revised Agenda on golden rod paper. He explained that 2 projects, Stoneman Village CA-14-818 and Mill Creek Courtyard CA-14-821, were recently withdrawn from that days agenda.

TCAC Development Section Chief, Anthony Zeto, brought the Committee's attention to revised Staff Report for Central Avenue Village Square (CA-14-828) printed on golden rod paper. Mr. Zeto noted that there was a transposition error in the amount of tax credits recommended and that the error resided on pages 1, 3 and 4 of the staff report. The correction was made and had no effect on the remainder of the information on the staff report.

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously by a roll call vote.

5. Discussion and consideration of a Resolution authorizing the Executive Director to execute a third amendment to the Interagency Agreement with the California State Controller's Office for an additional amount up to \$150,000 and extension to June 30, 2015 for audit review services.

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously by a roll call vote.

6. Public Comments.

No public comments.

7. Adjournment

The meeting adjourned at 11:35 a.m.