



## California Tax Credit Allocation Committee

901 P Street, Room 102  
Sacramento, CA 95814

June 18, 2025

### 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 1:47 p.m. with the following Committee members present:

##### **Voting Members:**

Fiona Ma, CPA, State Treasurer, Chairperson  
Malia M. Cohen, State Controller  
Evan Johnson for Malia M. Cohen, State Controller  
Michele Perrault for Joe Stephanshaw, Department of Finance (DOF) Director  
Gustavo Velasquez, Department of Housing and Community Development (HCD) Director  
Stephanie McFadden for VACANT, California Housing Finance Agency (CalHFA) Executive Director

##### **Advisory Members:**

Michelle Whitman, County Representative  
VACANT, City Representative

#### 2. *Agenda Item: Approval of the Minutes of the April 8, 2025, Meeting*

Chairperson Ma called for public comments:

None.

**MOTION:** Ms. Cohen motioned to approve the minutes of the April 8, 2025, meeting, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

#### 3. *Agenda Item: Executive Director's Report*

*Presented by: Marina Wiant*

Marina Wiant, Executive Director, reported that CTCAC entered into a contract for rent in the amount of \$477,105 for fiscal year 2025-2026.

Ms. Wiant said she attended the Supplier Diversity City Summit in May this year. The Treasurer was the keynote speaker the previous year. At the event, Ms. Wiant met with a lot of stakeholders who are working on increasing diversity in the supplier market and helping implement AB 2873, for which this is the first year of reporting. She is happy to have been part of that conversation.

Chairperson Ma called for public comments:

CTCAC Committee Meeting  
June 18, 2025



## California Tax Credit Allocation Committee

None.

- 4. Agenda Item: Discussion and consideration of appeals filed under California Code of Regulations, title 4, section 10330 for reservations of 2025 first round federal 9% Low-Income Housing Tax Credits (LIHTCs) and the impact of any granted appeals on the proposed recommended reservations in Item 5. See Exhibit A for project list, subject to change.**

*Presented by: Anthony Zeto*

Mr. Zeto explained that there is one project appealing to the Committee today, U.S. VETS – E Street (CA-25-052), and the applicant is here in person to present the appeal.

Chairperson Ma invited the appellant to speak.

Darryl Vincent, President and CEO of U.S. VETS, said he would give a quick synopsis and then turn it over to Kingdom Development, the housing development partner on the project. U.S. VETS is the largest nonprofit veterans' service provider in the nation for veterans experiencing homelessness, and they have been doing this work for 32 years. Mr. Vincent has been part of the organization for 22 years, and he is a Marine Corps veteran. U.S. VETS serves all across the nation, and they understand that homelessness comes from poverty and a lack of affordable housing. People like to say that the causes of homelessness are substance abuse and mental health, but those issues merely exacerbate the problem. U.S. VETS has been attacking the problem head on by making affordable housing across the nation and making sure people have services in those affordable housing projects. It takes everyone doing this work; Mr. Vincent does not believe it is the government's sole responsibility to take care of the community. All of the community needs to give back to the world they live in and make sure there are affordable units. It makes no sense to create units that veterans cannot afford, and it makes no sense not to wrap around services so that people can have what they need to stay in affordable housing. U.S. VETS has layered funding from different resources to ensure that happens.

Mr. Vincent said that U.S. VETS' goal is not just to end homelessness but to prevent it, and they do that by making sure all services are wrapped around, and units are affordable. It is often said that people are living one paycheck away from homelessness, but veterans experiencing homelessness are going day to day. It is U.S. VETS' job to subsidize that with proper resources. Kingdom Development can answer more specific questions about the application. As a Marine Corps veteran and someone who has served his organization for 22 years, Mr. Vincent knows that for veterans coming out of the military, housing with services needs to be created, and U.S. VETS is doing that. He believes everyone has a responsibility to do this, and no one role is more important than another; it is just a different delegation of duty. He will leave it to the experts to answer specific questions about the application, but he knows that U.S. VETS is creating units that are affordable across the nation, including Hawaii, Los Angeles, Houston, and San Bernardino. Mr. Vincent, as leader of the organization, will ensure that things are always economically feasible to support the veterans that the organization is meant to serve.

William Leach from Kingdom Development said he lived in San Bernardino for 10 years when he served in the Army National Guard, and this property is only a few blocks away from where he used to live. He loves the idea of providing housing for veterans. When applying for special needs housing, applicants need to show that the units will be affordable to the residents. There were some situations in the past where developers would put together a project with 50% AMI rents to make the project feasible, and



## California Tax Credit Allocation Committee

then they would put in a special needs household that had no way to pay the 50% AMI rent. The household would go from being overburdened outside of affordable housing to overburdened inside of affordable housing. This regulation was put in place to make sure that scenario would not repeat itself. Projects either need to have vouchers or other subsidies to help make sure tenants can pay rent that is affordable to them, and if they don't, they have to provide an explanation for how tenants are not going to be rent overburdened.

Mr. Leach said the CTCAC staff has done a great job of making forms for the application process, and a few years ago, they went out of their way to make Exhibit A, which is a spreadsheet to help calculate and show applicants if they are in or out of conformance before they apply. The whole industry breathed a sigh of relief when that form was created. The form helps applicants determine if they meet this requirement. They have to check the box indicating whether they have project-based vouchers or a public operating subsidy. If a project does not have either of those, there is a spot on the form to provide an explanation. Along with that box, the form provides a calculation, but it does not fit every project. It is impossible for this project to meet the calculation. The developers have a plan and financing to ensure the veterans pay a rent that is affordable to their income, specific to their income, but there is no way to show that on the form. An explanation was provided, but it was not good at all, and the form was not filled out as required. The instructions on the form state to enter the lowest income possible and the highest rent possible. That is not in the regulations, and it does not make sense since the project is serving veterans with a range of incomes from 30-50% AMI. The market study indicates that incomes for homeless veterans range from \$14,000 to \$46,000 per year after their first year in housing. An income of \$46,000 will not qualify for 30% AMI, so projects that want to serve veterans need to serve 30% and 50% AMI.

Mr. Leach said that apart from U.S. VETS, Kingdom Development just finished a grand opening of a veterans' project in North County Los Angeles. The residents there earn between \$1,000 and \$58,000 per year. The project needs the 50% AMI level to be able to house homeless veterans who are coming in with economic mobility or spouses with income and still have the ability to qualify. The calculation on Exhibit A that asks for the lowest income and highest rent is doomed. The calculation is not called for by the regulations. It helps applicants explain, but it is not a requirement. The regulations state that projects that do not have a public rental or operating subsidy must explain how they will not overburden the residents. Mr. Leach admitted that the explanation in the application for this project was terrible; it said that the project would not overburden the tenants because someone could make \$40,000 per year and would not be overburdened. He should have called staff and asked for guidance. He said this was his fault and apologized.

Mr. Leach said U.S. VETS is committed to charging every tenant who lives in the project a rent exactly 30% of the tenant's income, just like vouchers do. The project can afford this because its local and state partners, including the City of San Bernardino, the County of San Bernardino, and HCD's Veterans Housing and Homelessness Prevention (VHHP) Program, have provided \$13.4 million. \$4.5 million of those funds will be set aside in a Capitalized Operating Subsidy Reserve (COSR). This is a bank account holding the \$4.5 million that will earn a small amount of interest based on being invested in U.S. treasuries. This will last 20+ years of subsidizing the rents, just like project-based vouchers, but there is no risk of appropriations. The money is simply in the bank account and in the budget, and it was shown in the application. While Mr. Leach apologizes for filling out the form contrary to its instructions, he



## California Tax Credit Allocation Committee

hopes the Committee realizes that the calculation in Exhibit A is not required by the regulations. The applicants provided an explanation, and they are happy to continue to provide a better explanation. Mr. Leach hopes there is no better explanation than that the project is going to charge every single household a rent exactly 30% of their income through the COSR. The project can afford that, based on the applicants' calculations, for 22+ years before the account would need to be refilled and the project could continue to serve the same population.

At 2 p.m., Ms. Cohen excused herself from the meeting. Deputy State Controller Evan Johnson took her place.

Mr. Velasquez thanked Mr. Leach for the explanation and for owning the mistake in explaining. He became concerned when he saw this appeal because this Committee typically does not grant appeals if there is either a misrepresentation in the application or if an applicant comes back during the appeal process with new information. In this case, neither of those things has happened. This was simply a poor explanation, and the staff did exactly the right thing because things have to be clear on these applications. The formulas, spreadsheets, and tables have to be crystal clear. In this case, it was not clear. This is concerning because this will have the potential to disencumber the \$15 million VHHP award. The VHHP Program is administered by HCD in partnership with CalVet, and CalVet can attest to the program not being easy. It is very challenging, and there have been issues with many awards made to projects that have not been able to succeed. This project can succeed with the use of the COSR, and that should have been clear in the application. It is also important to consider that granting this appeal would not impact any other projects in this round. The VHHP Program includes many comprehensive service plans for every veteran that is housed in these projects, and the program has produced nearly 4,000 units for veterans who are experiencing homelessness and are very low-income. Mr. Velasquez wants this project to succeed, but the bottom line is that there was neither a misrepresentation in the application nor new information. It was just a poor explanation. For those reasons, Mr. Velasquez would like the Committee to consider granting the appeal.

Ms. Perrault said she hears Mr. Velasquez's comments, and she tends to agree with where he is coming from. She said this looks like more of an application omission error and asked if staff sees this as a material change to the project.

Ms. Wiant said she agrees that it is not a material change.

Ms. Perrault said the Committee has had conversations in the past about material changes to projects, and it sounds like that is not the situation with this project.

Ms. Wiant said she would encourage applicants to meet this requirement in the future. Ultimately, in the CTCAC program, every tenant is going to be rent overburdened using maximum CTCAC rents. The purpose of this regulation is to reduce rents below the maximum CTCAC rent for special needs populations. That needs to be articulated in the application. Applicants can demonstrate that by using the form to show that they will not use maximum CTCAC rents and will instead reduce the rents to a lower amount. That is the way applicants need to demonstrate their commitment to not overburden tenants.



## California Tax Credit Allocation Committee

Ms. Perrault said she appreciates that Mr. Leach is being bluntly honest about the fact that he should have reached out to staff. The Committee continues to encourage any applicants who are not sure about something, or even if they think they are sure, to utilize the well-versed staff before submitting an application.

Mr. Johnson said the Committee is grappling with whether there was a material change to the application that would set precedent. What he just heard from Ms. Perrault's question to Ms. Wiant is that this is not a material change to the application. He asked if the staff is recommending approval of this appeal. He said is asking because the Committee has hinged on this question before.

Ms. Wiant said the answer to Mr. Johnson's question is complicated. When the appeal was presented to staff, there were other problems with the application. The applicant first appealed to Mr. Zeto, and he granted several components of the appeal. The appeal was then resubmitted to Ms. Wiant, and based on what was presented in the appeal, the staff saw it as an application change. That is why the staff denied the appeal. The idea presented in Mr. Leach's letter to the Committee today is that the COSR is a public rental subsidy, and therefore the applicant does not need to make the argument around rent overburden. Because the project is fundamentally feasible with the COSR as presented in the application, the Committee could find that this is an application omission that is allowable under appeal, as opposed to what was presented to staff in the first and second appeals as the argument.

Mr. Johnson asked for clarification that the COSR was in the original application, but the box was not checked, so the applicant would not need to rely on demonstrating that there was no rent overburden.

Ms. Wiant said that is correct. The COSR was part of the application; it was in the pro forma, but less was reduced from the COSR to cover the operating expenses than would be with the reduced rent that the applicants are presenting today. However, one could argue that the COSR is a public rental subsidy, especially since it is being financed using City of San Bernardino funds. Mr. Leach also provided an additional letter from the city supporting that argument. In that case, the argument could be made that the box was not checked, and it was an application omission.

Mr. Velasquez said he is not familiar with the Exhibit A form. He asked if it shows the split of the COSR separately.

Ms. Wiant said yes, that is in the application.

Chairperson Ma asked if the applicant would not have had to file the separate form if they were using the COSR.

Ms. Wiant said that if this were a traditional public operating subsidy, the applicant would not have had to make the argument of rent overburden. A public rental subsidy or operating subsidy does not require this. The COSR in this application is not exactly a public rental subsidy, but it could be seen as one since it is being capitalized by the City of San Bernardino's loan.

Chairperson Ma asked Mr. Leach if he is saying that he did not have to file the form.



## California Tax Credit Allocation Committee

Mr. Leach said if he had filled out the application correctly, he would not have had to address this. If he had appealed better to staff, they would have had more information and maybe would have granted the appeal. He apologized and said he is appealing to the Committee now with more of the facts. He thanked Ms. Wiant for enumerating some of them.

Chairperson Ma called for public comments:

Cassandra Searcy, Deputy Director of Housing and Homelessness for the City of San Bernardino, expressed strong support and endorsement for this project. It is a much-needed affordable housing project for the veterans. It aligns with the city's local priorities and will have a meaningful impact on the local community. The city has full support from its council as well as the community, and the city has shown a financial commitment to provide \$4 million in gap funding for this project. U.S. VETS is an outstanding organization with a history of developing high-quality projects, and this will help meet the need of the unhoused veteran community where there is a shortage of affordable housing inventory. This project is truly supported by the city.

Carrie Harmon, Director of Community Development and Housing for San Bernardino County, said the county is very supportive of this project and has invested \$5 million of funding to assist with the gap. The funding is not federal or state passthrough funding; these are general funds that the board has committed to support homeless and at-risk veterans in San Bernardino County. The county believes U.S. VETS is an outstanding organization that serves both Riverside and San Bernardino counties. Unfortunately, and this time, the majority of its housing resources lie in Riverside County, which requires San Bernardino veterans to leave the county for housing options. Loma Linda VA Hospital is located in San Bernardino County, so there is a large number of veterans who want to seek housing closer to the VA hospital. The City of San Bernardino is home to the former Norton Air Force Base, and in continuing the legacy of military residents in the city and county, it is important to have resources for unhoused veterans. The county stands behinds U.S. VETS in support of this project.

Chairperson Ma asked how many units are in the project.

Mr. Leach said there are 30 units total, 29 of which are for veterans. There is one manager unit.

Chairperson Ma closed public comments.

**MOTION:** Mr. Velasquez motioned to grant the appeal on the basis of no material change in the application. Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote, with the acknowledgment that Ms. Cohen left the meeting and was replaced by Mr. Johnson for the State Controller's Office.

Mr. Zeto asked the Committee if they would like to approve the reservation of 9% tax credits in the Nonprofit Set-Aside for this project during this agenda item, as has typically been done.

Chairperson Ma said yes, the Committee will take the vote under this agenda item.



## California Tax Credit Allocation Committee

**MOTION:** Mr. Velasquez motioned to approve the reservation of 2025 first round federal 9% Low-Income Housing Tax Credits for U.S. VETS – E Street (CA-25-052), and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

Chairperson Ma thanked U.S. VETS and all the veterans for their service.

5. **Agenda Item: Recommendation for reservation of 2025 first round federal 9% and State LIHTCs, subject to change if appeals are granted under Item 4. (Health & Saf. Code, §§ 50199.10, 50199.14; Cal. Code Regs., tit. 4, § 10310)**

*Presented by: Carmen Doonan*

Ms. Doonan reported that 24 projects have been reviewed by staff and meet all federal and state regulations. Staff is recommending those projects for award of first round federal 9% and state tax credits. These projects will provide approximately 1,200 units of housing.

Chairperson Ma called for public comments:

None.

**MOTION:** Mr. Johnson motioned to approve the reservation of 2025 first round federal 9% and state LIHTCs, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

6. **Agenda Item: Initial State Historic Rehabilitation Tax Credit Allocation Determination (Cal. Code Regs., tit. 4, § 11012)**

*Presented by: Anthony Zeto*

Mr. Zeto reported that since the last Committee meeting, CTCAC has received one additional approved application from the Office of Historic Preservation totaling \$20,000 in State Historic Rehabilitation Tax Credits. Staff has reviewed the application and published a preliminary recommendation list. Staff is recommending that the Committee determine the initial tax credit allocation consistent with the regulations. This project is located in Vallejo and is contributing to the Saint Vincent's Hill Historic District.

Chairperson Ma called for public comments:

None.

**MOTION:** Ms. Perrault motioned to approve the initial State Historic Rehabilitation Tax Credit allocation determination, and Ms. McFadden seconded the motion.

The motion passed unanimously via roll call vote.

7. **Agenda Item: Public Comment**

There were no public comments.



## California Tax Credit Allocation Committee

### 8. *Agenda Item: Adjournment*

The meeting was adjourned at 2:16 p.m.