

# California Debt Limit Allocation Committee

Jesse Unruh Building  
915 Capitol Mall, Room 587  
Sacramento, CA 95814

**December 10, 2014**  
Meeting Minutes

## OPEN SESSION

### 1. **Call to Order and Roll Call**

Michael Papanian, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:32 p.m.

Members Present: Michael Papanian for Bill Lockyer, State Treasurer  
Eraina Ortega for Edmund G. Brown, Jr., Governor  
Alan Gordon for John Chiang, State Controller

Advisory Members Present: Tia Boatman-Patterson for the California Housing Finance Agency (CalHFA)

### 2. **Approval of the Minutes of the September 17, 2014 and the November 12, 2014 Meetings** (Action Item)

Alan Gordon moved approval of the minutes for the September 17, 2014 and the November 12, 2014 meetings. Upon a second by Eraina Ortega, the minutes passed 3-0 with the following votes: Alan Gordon: Aye; Eraina Ortega: Aye; Michael Papanian: Aye.

### 3. **Executive Director's Report** (Informational Item)

Sean Spear began his report by notifying Committee Members about two (2) revisions to the Qualified Residential Rental Program (QRRP) in the Agenda packet as well as removal of Item 5 from the packet. Approval of an extension date for the San Diego Square Apartments (14-077) was removed from the Agenda as the project has gone forward and issued bonds making the extension request unnecessary. The first Exhibit A revision, Item 7.2, Triangle Court Apartments (14-135) supplemental had some feasibility questions due to its bond financing; therefore, staff recommended that item be held over to the January 2015 meeting. Item 7.11, John Burton Foundation Housing Complex (14-307) was withdrawn which reduced the total proposed QRRP projects from eighteen to sixteen. Mr. Spear stated that staff reports have been revised accordingly as has the list of staff recommendations. Mr. Spear went on to report, in greater detail, the post-issuance compliance memo as well as revisions to the staff report on Item 8, the Lump Sum Allocation, and the chart on the carry-forward allocation for the last 10 years later in his report.

Mr. Spear reported that staff is seeking guidance from the Committee relating to one of CDLAC's compliance monitoring requirements by the awardees of allocations, essentially the Issuers for all projects across all programs, and their responsibility for accurately collecting and forwarding the Project Sponsor's completed compliance certification.

Under the federal Internal Revenue Code (IRC), Issuers and Project Sponsors have varying levels of responsibility for confirming that tax-exempt private activity bond proceeds are used for qualifying purposes to deliver the intended public benefits under the law. For the most part, there are minimal ongoing monitoring responsibilities for the parties once the intended project or asset purchase is completed and all the bond proceeds have been expended. A notable exception to this is the Qualified Residential Rental Program (QRRP) and its ongoing requirement that only qualifying households occupy the bond-financed residential units. In addition to the federal IRC requirements, there are a number of additional State-imposed public benefits and administrative requirements for volume cap-

governed private activity bond projects, memorialized in the CDLAC Regulations and the individual CDLAC Award Resolutions.

Sean further reported that to insure compliance with the IRC and CDLAC requirements, the Committee incorporated the Compliance Certification Form ("QRRP Compliance Certification") into the CDLAC QRRP project resolution as an on-going reporting requirement in 2000. As noted in the QRRP resolution, Project Sponsors were required to provide the form on the anniversary of the Bond closing date, or when reasonably requested by the Committee. In the following years, this reporting information was collected and logged throughout the calendar year, but with a low percentage of Project Sponsor compliance.

Mr. Spear stated that in 2007, the Committee began a more aggressive effort to ensure annual reporting. For the first time, a letter was mailed to the Applicant (Issuer) of each non-compliant QRRP project indicating that it was both the responsibility of the Issuer and Project Sponsor to ensure the terms and conditions of the Committee Resolution were met. The letter also stated that the outstanding certification was required to be submitted within 45 days of the notice to ensure compliance and avoid possible penalties. This was part of CDLAC's compliance reporting process until 2011.

In 2011, staff developed an Annual Applicant Public Benefits and Ongoing Compliance Self Certification ("Self-Certification") requirement that would provide confirmation that the applicable initial and on-going public benefits of not only QRRP projects, but all CDLAC projects and programs were being adequately tracked and accounted for by the Issuer. Again, given the minimal ongoing IRC-based requirements for non-QRRP projects, the Self-Certification essentially just asked the Issuers if they: 1) knew of any ownership or usage changes to the projects; and 2) knew of any violation of the CDLAC Resolution.

Mr. Spear reported that as instructed in the Self-Certification, the Issuer would now be responsible for collecting and forwarding the Project Sponsor's complete QRRP Compliance Certification. Although an Issuer would be responsible for collecting Self-Certifications for all projects dating back to 1990, QRRP Compliance Certifications would only be required for those dating back to 2000.

On July 5, 2011, CDLAC staff conducted a publicized stakeholders' meeting to discuss the proposed Issuer Self Certification regulation requirements. The Issuers present expressed general concern regarding the proposed deadline of March 1, 2012 for the Self-Certification submittal. At this meeting, Issuers also indicated that historically, they had performed limited monitoring of Project public benefits and that for high volume Issuers, fulfilling the self-certification requirement would take considerable time and effort on their part. Nevertheless, CDLAC concluded that confirmation of the legal usage of the bond proceeds and compliance with the CDLAC Resolutions would more importantly benefit the Issuers by presenting the opportunity to identify and address any issues before a potential default and/or IRS Examination would occur. Further, after the initial year's work of re-establishing sometimes long-dormant contact with the project sponsors, the work required in subsequent years would be much easier since the Issuers would only be seeking any update to information that they already had on-hand.

CDLAC expects the Self-Certification and QRRP Compliance Certification, when applicable, to be submitted by March 1st of each year. After ninety days, which is typically the amount of time it takes CDLAC staff to review the certifications that have been submitted, a non-compliance letter is sent to all Applicants that have not submitted one (or for many QRRP projects, both) of the required certifications for each of their projects.

Mr. Spear recognized that this was a major undertaking for the Issuers and applauded them for their efforts in terms of complying with the requirements. However, at this point, a small core group has yet to respond. Approximately 16% of the forms have not been submitted. Of the approximately 70 Issuers, 21 of those have not complied at all since implementation of this requirement. A few of the options discussed were to: 1) continue to send out the Non-Compliance letters; 2) post a list on the CDLAC website identifying the non-compliant Issuers and projects; 3) a revision to the regulations focusing on compliance by the Issuers as well as the Project Sponsor, negative points applied to future applications; or 4) barring those not in compliance from future participation until becoming compliant. Staff is requesting guidance from the Board on how to proceed with the non-compliant Issuers.

Alan Gordon asked Mr. Spear for a concise answer as to what information staff is trying to glean from this form, more importantly, what information are we lacking by not getting this information before staff attempts the next step? Mr. Gordon stated that the letters do not seem to be working.

Mr. Spear stated that the main reason for these requirements was born out of signals from the IRS regarding post-issuance compliance. The IRS was concerned about Bond projects that may have been awarded allocation and then turned out not to have provided the public benefits as intended. CDLAC encountered situations where an award was provided, the IRS certificate was issued once the Bonds were issued and then the project never went forward for whatever reason. It would be years later before CDLAC would find out those housing units that were supposed to be provided were actually never built.

Mr. Spear reported that the letters give an opportunity for CDLAC staff to make sure there is compliance with its regulations and resolutions. Also, it would be an opportunity for the Issuer to make sure those projects having their name on it, by virtue of the bonds that have been issued by the entity, have provided the Public Benefits as intended.

Mr. Gordon stated that the options given were: non-compliance letters that do not seem to be working, barring Issuers from bringing forward projects until they become compliant, or assigning negative points. If CDLAC wants to go forward with negative points, it could be done. Mr. Gordon believes that the information requested by CDLAC is important; therefore, if the Issuers do not have the capacity to provide this information to staff, perhaps they should not be doing business with CDLAC. Mr. Gordon stated that he believes ineligibility until an Issuer becomes current is also a reasonable solution.

Michael Paparian stated that, in order of severity, the options presented were: publishing a list of non-compliant Issuers; reporting information on the percentage of compliance, or lack of; negative points; or being banned from doing business with CDLAC until they become compliant. Mr. Paparian stated that the last two options would require changes to CDLAC regulations. Prior to a regulation change, the Board cannot, unilaterally, look at the Issuers negatively until the regulatory process has been gone through.

Mr. Spear stated that was correct. CDLAC would draft regulation changes to that effect, bring it before the Board, go through the normal public comment and review process leading to their submission to the Office of Administrative Law (OAL).

Tia Boatman Patterson asked if staff knows any of the reasons for non-compliance. Is it a capacity issue, or is it a "we just don't care thumbing of the nose"?

Mr. Spear stated that unfortunately it may be all of the above.

Ms. Patterson stated that it may be a transparency and information process, i.e. here is the list of people who never comply so watchdog groups, or those who do care about this issue, may start questioning it as well. Who are the 69 Issuers? Is it the same people over and over? Are they large or small Issuers?

Mr. Spear stated that some of them are the core group of 21 Issuers who have never provided any of the forms as required. Many are Issuers that have not come back to CDLAC for years. It would seem to suggest that their bond program may have gone away. At the same time, the larger Issuers, by virtue of having a larger inventory of projects, have had a problem getting all of their forms in on time. Two weeks ago, staff was still receiving forms. This is a process that renews itself each March 1st. Once Issuers go through the process, it is just a matter of making a call to verify that all of the information is still the same as last year. Staff is not dictating to them how they go about the process. It is up to them based upon their own internal procedures on how they carry out the requirements. Still, we believe it is an opportunity for the Issuers to determine whether there have been any changes to projects that would possibly jeopardize compliance with CDLAC or IRS requirements.

Ms. Patterson asked if CDLAC is able to, without any changes to regulations, begin posting the list right now.

Mr. Spear stated that is correct.

Eraina Ortega suggested that starting with the list would be the best way to begin immediately. If there is a letter to those folks on the list, perhaps the letter would mention that the Board may consider some more serious action including a change to regulations making clear that this could be the next step. Since the regulatory process would take some time to complete, at least publishing the list would allow

an interim immediate step. Also, if the Board is going to consider the regulations at another meeting, staff could tell the Board the effects of the list. If the list has no effect that would tell the Board that it would need to consider more serious action.

Mr. Paparian asked if there was any public comment.

Thomas Erickson of Highridge Costa Housing Partners stated that as borrowers and developers, they would like to know who the non-compliant Issuers are so they do not use them to issue their bonds. After doing all the work, they do not want to find out that they are subject to negative points and that their application is deficient.

Mr. Paparian asked if CDLAC's next deadline for compliance form submission is March 1, 2015. Are there regulation changes coming up this year?

Mr. Spear stated that the deadline is March 1, and that there are no regulation changes at this time, though some changes are anticipated for next year.

Mr. Paparian stated that posting the list at this time would be the way to start. Also, staff may be better informed by March 1, 2015 to report to the Board the level of compliance for this year.

Mr. Spear stated that staff would take up the Board's recommendation and go forward with posting of the list.

Lastly, Mr. Spear reported that staff is going forward with its 2014 permanent regulations package. The public hearing was held and there was no public comment. At this point, staff is waiting for comments or approval from OAL. Staff believes that the permanent regulations will be in place by the first week of January. Applicants are expected to be subject to these permanent regulations for the March round.

**4. Consideration and Approval of a Revised Resolution 14-40 for the Heritage Commons Apartments Project (14-063) – Qualified Residential Rental Program: (Action Item)**

Brian Clark reported that at the time of application, it was the intent of the Project Sponsor to construct a total of 59 tenant-occupied units, all at 50% AMI or less. As a result of escalating construction costs, namely an approximately 24% increase in construction pricing, the Project Sponsor now proposes to construct a total of 54 units, a decrease of five (5) units overall. The Project Sponsor further proposes an affordability mix of 53 units at or less than 50% and one (1) unit at or less than 60% AMI.

Mr. Clark stated that it should be noted that this allocation award was made in a non-competitive CDLAC round, and the Applicant's CDLAC allocation eligibility would not have been impacted by this change. It should be further noted that, as the Project has not yet closed, the final number of restricted units for the Project have not been reported to the IRS.

Michael Paparian stated that it was his understanding that if the information regarding the number of units had been given at the time of initial approval, it would not have changed the eligibility, recommendation or approval of the project.

Mr. Spear stated that was correct. Historically, CDLAC has been very concerned about reducing the number of affordable units on a project. However, the bonds have not yet been issued and the information has not been reported to the IRS per CDLAC's normal procedures. This reflects a change to the Committee's approval which has not yet been acted upon.

Alan Gordon asked if CDLAC had any sense as to why the cost on the project increased 24%.

Brian Clark stated that he did not know the cause of the increase in construction.

Mr. Paparian asked if the Applicant was present and would like to explain the increase to the Board.

Luke Watkins, General Partner for Heritage Commons Apartments Phase II, stated that costs are rising in the Bay Area and Solano County is on the edge of the Bay Area. The original estimate may have been tighter than perhaps it should have been.

**RECOMMENDATION:**

Staff recommended the approval of a Revised Resolution 14-40 for the Heritage Commons Apartments Project (14-063).

Eraina Ortega moved approval of staff's recommendation. Upon a second by Alan Gordon, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan Gordon: Aye; Michael Paparian: Aye.

**5. ~~Consideration and Approval of Issuance Date Extension for the San Diego Square Apartments Project (14-077) – Qualified Residential Rental Program:~~ (Action Item)**

**6. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Single Family Housing Programs and Awards of Allocation (Action Item)**

**a. Consideration of appeals\***

Sarah Lester reported that there were no appeals.

**b. Consideration of applications – See Exhibit A for a list of Applications\*\***

Sarah Lester reported that staff is seeking approval of four (4) Mortgage Credit Certificate (MCC) awards for a total of \$204,833,263.

Eraina Ortega stated that a request was made to the Committee to modify the allocation amount of Item 6.2, (14-130). There are ongoing conversations between the California Housing Finance Agency (CalHFA) and the California Home Finance Authority (CHF), formerly known as CRHMFA Homebuyers Fund, regarding some confusion between the two organizations' names. Ms. Ortega requested a smaller amount be allocated at this time in order to give CalHFA and CHF time to continue this discussion. The smaller allocation would allow CHF to continue business until January when the item would be revisited by the Board.

Mr. Paparian reiterated that this would give CHF funds to continue business in the interim.

Ms. Ortega stated that the Board had no desire to shut down business for CHF, nor affect borrowers that are in the middle of a process with CHF.

Mr. Paparian asked Ms. Ortega if she had a specific amount in mind.

Ms. Ortega replied in the neighborhood of \$5,000,000 based on the volume of applications processed by CHF per month.

Mr. Spear stated that based on their volume and the number of applications identified by CHF in October as 25 to 30 MCC's per month that would translate to \$5,000,000 as opposed to the \$68,833,263 requested by CHF.

Ms. Ortega stated that it is her request that the Board allocate \$5,000,000 for Item 6.2 at this time.

Craig Ferguson, representing CHF, stated that he is not following what the difference is between issuing \$5,000,000 as opposed to issuing the requested allocation at this time. Mr. Ferguson reported that the issue between CalHFA and CHF should not have any bearing on the Board's approval of the requested allocation amount. CHF has been issuing tax-exempt debt for Single Family Housing (SFH) as well as MCC's very successfully for over twenty years. CHF supports the constituents of California much like California Housing (CalHFA) and Southern California Home Mortgage Finance Authority do.

Mr. Ferguson stated that CHF has shown success in the current MCC's Program that it has managed. Originally the allocation started as tax-exempt debt for SFH until that market fell through. The allocation was carry-forward money that was going to die and CHF turned it in to successful MCC's, probably the most successful MCC Program the state has at this time.

Eraina Ortega responded that the issue that does appear before this Committee is the confusion that may exist over a long-term plan to operate under the new name. The Committee would like to see if this issue may be resolved before the January meeting at which time CHF may come back for the

balance of the allocation. At this time, the Board is not suggesting denying allocation that might suspend activity for CHF.

Mr. Ferguson replied that this name change issue is self-directed by CalHFA. He stated that the confusion is an opinion. CHF changed its name from California Rural Home Mortgage Finance Authority to California Home Finance Authority. It has been doing business since 1993 serving the same clientele without any confusion. CHF deals directly with lenders and not with borrowers. The same lenders know who CalHFA is. Mr. Ferguson feels that CHF is being punished by CDLAC for this unheard of business model.

Ms. Ortega replied that the Board has every confidence that CHF and CalHFA will be able to work out the name issue. The action the Committee proposed does not seek to punish as it will not have an effect on any activity between this meeting and the January meeting.

Mr. Ferguson stated that the name change is already formal unless there is a separate action, or a possible court case. Their name is their name and there is no confusion in the market that CHF serves.

Mr. Gordon asked if Mr. Ferguson was opposed to the \$5,000,000 motion for a temporary allocation until January.

Mr. Ferguson replied that it was a waste of time since the same issue would apply in January, so it is not really temporary.

Mr. Paparian asked if CHF is planning to work out the issue.

Mr. Ferguson replied that this is not the forum for this discussion. Craig stated that this is an issue between CalHFA and CHF. He stated that it is unfair that CalHFA sits on the Board as it puts CHF in a lesser position. Craig reiterated that he felt it was a CalHFA and CHF issue and not a CDLAC issue.

Tia Boatman Patterson stated that CalHFA is not asking the Board to put CHF in a difficult position. Ms. Patterson reported that there is a legitimate dispute and is requesting the Board to allow one month to have discussions with CHF. If Mr. Ferguson would not like to have a discussion, or accept the temporary allocation, that is his prerogative.

Mr. Gordon stated that his substitute motion would be to not allocate any funds if CHF does not wish to wait for one month and have discussions with CalHFA.

Mr. Ferguson asked when the next application is.

Mr. Spear stated that the next allocation round is in March; however, depending on how the motion is worded, whether it is a continuation or a wait until March, that would be for the Committee to decide. Depending on the Board's action, CDLAC may elect to continue consideration of the rest of the allocation until the January meeting. It would then be placed on the January agenda.

Ms. Ortega stated that her original intention was to continue the balance of the allocation until the January meeting to allow the discussion to occur. Eraina is concerned that the discussion is not going to be productive. The motion is based on the assumption that it would be. The Board would like to give the limited allocation, continue the item until January and encourage all parties to come to an agreement and return in January.

Mr. Ferguson reiterated that this is not a CDLAC issue, but a CalHFA and CHF issue. The entity putting this forward is on the Board of CDLAC. CDLAC is, in fact, possibly hindering CHF's constituents from a successful program it has provided by implementing this temporary and much lesser amount.

Ms. Patterson stated that it is not the intention of the State of California to come between local housing finance authorities' doing a successful job. The State would like to have collaborative discussions with its local partners.

Mr. Ferguson stated that CHF would like to have a discussion, too. Mr. Ferguson again noted that this should be a separate issue from its ongoing business as it stands now.

Mr. Paparian strongly encouraged CHF to sit down and work something out with CalHFA. The \$5,000,000 allows a continuation of CHF's business in the coming month. CHF could then come back before the Board and report that things have worked out.

Mr. Ferguson stated that this is a public service that CHF does and there is very little revenue made from these deals. This is a public service provided by CHF. There are no self-directed interests or financial reasons for CHF to want to continue this program other than the fact that it is a great program and a great product for the constituents of California.

Mr. Gordon reiterated to Mr. Ferguson what Mr. Paparian and Ms. Ortega stated about good faith negotiations over the next month. As a representative of the Controller and the Treasurer-Elect, they are very interested in a compromise being reached.

Mr. Gordon stated that he is ready to second Ms. Ortega's motion for a reduced amount of \$5,000,000 for one month with the balance left open for discussion at the January meeting.

Mr. Paparian asked if there was further public comment on this item.

Mr. Spear stated that, to be clear, that motion was for Item 6.2. The remainder of the items will need a separate motion.

**RECOMMENDATIONS:**

Ms. Ortega recommended approval of a reduced allocation in the amount of \$5,000,000 for one (1) MCC Award, Item 6.2 (14-130).

Eraina Ortega moved approval of the recommendation. Upon a second by Alan Gordon, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan Gordon: Aye; Michael Paparian: Aye.

Staff recommended approval of three (3) Mortgage Credit Certificate awards for a total of \$136,000,000.

Alan Gordon moved approval of staff's recommendation. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan Gordon: Aye; Eraina Ortega: Aye; Michael Paparian: Aye.

6.1	14-128	SL	County of Riverside	MCC		Riverside	\$8,000,000
6.2	14-130	SL	CRHMFA Homebuyers Fund	MCC	Various	Various	\$5,000,000
6.3	14-132	SL	California Housing Finance Agency	MCC	Statewide	Statewide	\$80,000,000
6.4	14-133	SL	County of Los Angeles	MCC		Los Angeles	\$48,000,000

**7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects, \$30 million Maximum Allocation Limit Waivers, and Awards of Allocation (Action Item)**

**a. Consideration of appeals\***

Sarah Lester reported that there were no appeals.

**b. Consideration of applications – See Exhibit A for a list of Applications\*\***

Ms. Lester stated that one (1) project, Icon on Rosecrans Apartments, will necessitate a \$30 million allocation limit waiver. The second request was for the approval of the sixteen (16) QRRP projects which included the project requesting the \$30 million waiver.

Rural Pool

The Rural Pool received one supplemental (1) application for a project requesting a total allocation of \$300,000.

General Pool

The General Pool received fifteen (15) applications for projects requesting a total allocation of \$224,283,860.

**RECOMMENDATIONS:**

Staff recommended approval of the \$30,000,000 allocation limit waiver for one (1) project (14-305), Icon on Rosecrans Apartments.

Mr. Paparian asked if there was a motion to waive the \$30,000,000 allocation limit waiver.

Alan Gordon moved approval of the allocation limit waiver. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan Gordon: Aye; Eraina Ortega: Aye; Michael Paparian: Aye.

Staff recommended approval of:

- a) \$300,000 to fund one (1) project in the Rural Pool; and
- b) \$224,283,860 to fund fifteen (15) projects in the General Pool.

Alan Gordon moved approval of staff's recommendation. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan Gordon: Aye; Eraina Ortega: Aye; Michael Paparian: Aye.

7.1	14-134	SL	California Municipal Finance Authority	Maple Park Phase 2 Apartments (sup)	Live Oak	Sutter	\$300,000
7.3	14-136	DK (LC)	City of Los Angeles	One Wilkins Place Apartments (sup)	Los Angeles	Los Angeles	\$275,000
7.4	14-137	BC	City of Los Angeles	Normandie Senior Housing Apartments (sup)	Los Angeles	Los Angeles	\$437,500
7.5	14-138	RF	City of Los Angeles	Figuroa Senior Housing Apartments (sup)	Los Angeles	Los Angeles	\$400,000
7.6	14-301	SL	Housing Authority of the City of San Diego	Cielo Carmel Project I	San Diego	San Diego	\$18,700,000
7.7	14-302	BC	California Municipal Finance Authority	Stanford/Palo Alto Apartments	Palo Alto	Santa Clara	\$20,797,319
7.8	14-303	RF	Housing Authority of the City of San Diego	Atmosphere II Apartments	San Diego	San Diego	\$25,687,989
7.9	14-305	BC	California Municipal Finance Authority	Icon on Rosecrans Apartments	Hawthorne	Los Angeles	\$39,500,000
7.10	14-306	DK	California Municipal Finance Authority	The Presidio (fka Wycliffe Casa de Seniors) Apartments	San Clemente	Orange	\$15,000,000

7.12	14-308	SL	Housing Authority of the City of San Diego	Cielo Carmel Project II	San Diego	San Diego	\$15,900,000
7.13	14-309	RF	Housing Authority of the City of Sacramento	700 Block Apartments	Sacramento	Sacramento	\$22,186,052
7.14	14-311	DK	California Municipal Finance Authority	Eastgate at Creekside Apartments	San Marcos	San Diego	\$8,000,000
7.15	14-312	SL	California Municipal Finance Authority	Gilroy Apartments	Gilroy	Santa Clara	\$18,000,000
7.16	14-313	RF	California Municipal Finance Authority	Sea Mist Towers Apartments	Long Beach	Los Angeles	\$12,000,000
7.17	14-315	RF	Housing Authority of the City of San Diego	Pacific Highlands Ranch Unit 24 Apartments	San Diego	San Diego	\$18,400,000
7.18	14-316	BC	California Statewide Communities Development Authority	NW Manor Apartments	Pasadena	Los Angeles	\$9,000,000

**8. Consideration of Staff's Recommendation to Transfer and Award Unused 2014 Allocation to Various Issuers (Action Item)**

**a. Consideration of appeals\*\***

Sarah Lester reported that there were no appeals.

**b. Consideration of applications – See Exhibit A for a list of Applications\*\*\***

Mr. Spear wanted to update the Board on Item 8 before Ms. Lester's presentation. He stated that CDLAC continues to be undersubscribed. The overall volume for the year has gone up substantially, particularly in the multi-family pool where CDLAC expects to finish the year 22 percent above last year's amount; representing \$400,000,000 in additional allocation. The reality is that most of the approvals by the Board, up to this point, have used allocation that was previously provided to the Issuers as carry-forward. While CDLAC continues to have increased volume, the amount of current use cap continues to be small due to the available carry-forward amount. Attached is a chart that shows the carry-forward for the last ten (10) years. It will be some time before CDLAC will be using most of its current-year cap in the future. Mr. Spear will have more information for the Board at the January meeting, but for the moment, the bottom line is that there is a little over \$3,000,000,000 in carry-forward for this year.

Ms. Lester reported that after the December 10, 2014 allocations have been made, there will be a 2014 volume cap balance of approximately \$3,084,214,216 remaining.

In order to ensure that no amount of 2014 allocation is lost, staff recommended that the remaining allocation as of December 10, 2014 be made available to the following issuers (see attached list) in the following amounts:

For the QRRP Program, there are five (5) issuers that are interested in receiving lump sum allocations. There are three (3) issuers requesting lump sum allocations for the MCC Program, and the remaining 2014 lump sum allocation is allotted to the California Pollution Control Financing Authority (CPCFA) for the EXF Program.

8.1	14-139		California Statewide Communities Development Authority	Lump Sum	QRRP		\$700,000,000
8.2	14-140		California Municipal Finance Authority	Lump Sum	QRRP		\$750,000,000
8.3	14-141		California Housing Finance Agency	Lump Sum	QRRP		\$200,000,000
8.4	14-142		Housing Authority of the County of Sacramento	Lump Sum	QRRP		\$50,000,000
8.5	14-143		City of Los Angeles	Lump Sum	QRRP		\$150,000,000
8.6	14-144		City & County of San Francisco	Lump Sum	MCC		\$10,000,000
8.7	14-145		San Diego Housing Commission	Lump Sum	MCC		\$14,585,772
8.8	14-146		County of Contra Costa	Lump Sum	MCC		\$15,000,000
8.9	14-147		County of Alameda	Lump Sum	MCC		\$10,000,000
8.10	14-148		California Pollution Control Financing Authority	Lump Sum	EXF		\$1,000,000,000

**RECOMMENDATION:**

Staff recommended the approval of transferring and awarding unused 2014 allocation to various issuers.

Alan Gordon moved approval of staff's recommendation. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan Gordon: Aye; Eraina Ortega: Aye; Michael Papanian: Aye.

Mr. Spear stated that the chart reflects the overall amount which includes the non-multifamily housing figures as well.

**9. Public Comment (Action Item)**

Mr. Spear thanked Mr. Papanian for his work with CDLAC and for providing staff with his sage advice and knowledge of development and, more importantly, a strong voice for the Treasurer on the Committee over the last year.

Mr. Papanian thanked Mr. Spear.

Pat Sabelhaus, California Council for Affordable Housing (CCAH), asked that given the carry-forward allocation just awarded, what will be available for the QRRP Program in 2015.

Mr. Spear replied that, in addition to the \$1.85 billion in carry-forward by virtue of the motion of the last item, there is a little over \$3.1 billion in carry-forward as of December 31, 2014. There will be a new calculation made for the January 2015 meeting based upon the 2011 carry-forward that is expiring. Normally at the end of the year, staff reaches out to the largest issuers with a demand survey identifying what would be their anticipated amount of applications for the next year. Those figures would be used as a base to define the QRRP sub pool under the MFH Program for the 2015 year allocation. Typically,

over the last couple of years this amount has been \$850,000,000. Barring any unforeseen circumstances, that should be the starting number for 2015.

Bob Feyer, Orrick, Herrington and Sutcliffe, stated that if CDLAC has a chart with the prior carry-forward years, staff should be able to give an estimate of the carry-forward for 2015.

Mr. Spear stated that the chart reflects the overall amount which includes the non-multifamily housing figures as well, not just housing.

#### **10. Adjournment**

The Chairperson adjourned the meeting at 2:19 p.m.