

## MINUTES

March 25, 2009  
(Agenda Item 2)

California Debt Limit Allocation Committee  
Jesse Unruh Building  
915 Capitol Mall, Room 587  
Sacramento, CA 95814

### OPEN SESSION

#### **Call to Order and Roll Call** (Agenda Item 1)

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

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer  
Marcy Jo Mandel for John Chiang, State Controller  
Thomas Sheehy for Arnold Schwarzenegger, Governor

Members Absent: None

Advisory Members Present: Steven Spears, Executive Director  
California Housing Finance Agency (CalHFA)  
  
Elliot Mandel, Executive Director  
Department of Housing and Community Development (HCD)

Quorum: The Chairperson declared a quorum

#### **Approval of the Minutes of the January 28, 2009 Meeting** (Agenda Item 2) (Action Item)

Marcy Jo Mandel moved approval of the minutes from the January 28, 2009 meeting. Upon a second, the minutes passed 3-0 with the following vote: Marcy Jo Mandel Aye; Thomas Sheehy Aye; Patricia Wynne Aye.

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

Joanie Jones Kelly reported the following:

There are two major issues that are impacting CDLAC. The first is the funding issue related to the HCD

Multi Family Housing Program (MHP) and the second is the federal government's elimination of Difficult to Develop Area (DDA) designations that provide tax credit incentives to projects.

- 1) For those projects that require MHP funding to issue bonds, CDLAC staff has agreed to extend CDLAC allocations. It is anticipated that the MHP issue can be resolved within the next few months as the PMIB proposes a bond issuance schedule to provide banks the security they need to underwrite MHP financed projects.
- 2) For projects with DDA designations that expired on December 31, 2008, CDLAC provided a mechanism to preserve the DDA designation by allowing projects to submit a completed application prior to December 31, 2008 as per federal guidelines. The DDA Applicants were allowed to apply for the January or March CDLAC allocation. The Applicants that have both an MHP issue and a DDA issue CDLAC is providing an allocation extension. However, CDLAC has received requests from Applicants requesting an open ended extension to maintain their DDA through the end of calendar year 2009 with no definitive financing proposal. The problem is without a definitive financing proposal this Committee does not know what project they are approving. For tax-exempt bond financing unlike tax credits the financing structure determines the project that is ultimately financed. (Affordability, debt service, credit enhancement, bond term etc.).

CDLAC Procedures have public benefit requirements without knowing what will be financed CDLAC staff is unable to make a recommendation to the Committee regarding the public benefits the project will generate. The Committee will have no Applicant accountability, allocation will be granted for projects without identifying the sources of funding. CDLAC has always provided flexibility to Applicants; however, CDLAC has developed Procedures to insure the projects financed provide public benefits. CDLAC requires that to receive an allocation the project and the funding sources must be identified which is in accordance with existing CDLAC Procedures.

- On this agenda CDLAC received allocation requests for Single Family Housing MCC Fair Share allocation of \$48 million.
- In the Qualified Residential Rental Pool (QRRP) CDLAC received allocation requests totaling \$144.3 million.

## **Comments**

Patricia Wynne asked what would be the estimated time of any extensions requested by an applicant. Joanie Jones Kelly replied that the standard allocation period for CDLAC is 110 days, and for CTCAC projects it is 130 days.

Thomas Sheehy asked if all of these projects are multifamily projects, and will this situation affect CDLAC's ability to use volume cap.

Joanie Jones Kelly responded that there would not necessarily be an effect. There are only about 6 projects which are affected. This is a very small portion of the volume cap for QRRP projects.

Thomas Sheehy also commented that he understands from CTCAC that many projects haven't been able to meet the 150 day rule. Will this affect CDLAC projects?

Joanie Jones Kelly responded that that is correct. However due to this situation, CDLAC is allowing applicants to return their allocation and come back at a later date, without the loss of their performance deposit.

Thomas Sheehy replied that he would like updates on any allocation that is returned. If the committee has been overly optimistic on the volume cap provided to QRRP projects, he would like to see us use any excess allocation to create new jobs.

**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** (Agenda Item 4)

(Action Item)

Staff – Sarah Lester

The Committee received six (6) applications requesting their Fair Share 2009 Single Family Housing allocation for the issuance of Mortgage Credit Certificates (MCCs): 1) The Sacramento Housing and Redevelopment Agency requested their Fair Share allocation of \$9,358,969; 2) The County of Los Angeles requested their Fair Share allocation of \$10,000,000; 3) The County of San Diego requested their Fair Share allocation of \$10,713,706; 4) The County of Contra Costa requested their Fair Share allocation of \$6,909,914; 5) The County of Alameda requested their Fair Share allocation of \$10,138,120; 6) The Housing Authority of the County of Marin requested their Fair Share allocation of \$1,691,259. The total Fair Share allocation requested for MCC’s totaled \$48,811,968.

**RECOMMENDATION:** Staff recommends approval of a total Fair Share allocation of \$48,811,968 to issue Mortgage Credit Certificates for the six projects listed above.

| <u>ISSUER</u>                                       | <u>PROJECT</u> | <u>AMOUNT REQUESTED</u> | <u>AMOUNT RECOMMENDED</u> |
|---|----------------|-------------------------|---------------------------|
| Sacramento Housing & Redevelopment Agency<br>09-030 | MCC Program    | \$20,000,000            | \$9,358,969               |
| County of Los Angeles<br>09-031                     | MCC Program    | \$10,000,000            | \$10,000,000              |
| County of San Diego<br>09-032                       | MCC Program    | \$20,000,000            | \$10,713,706              |
| Housing Authority of the County of Marin<br>09-037  | MCC Program    | \$65,000,000            | \$6,909,914               |
| County of Contra Costa<br>09-038                    | MCC Program    | \$12,670,702            | \$10,138,120              |
| County of Alameda<br>09-039                         | MCC Program    | \$15,000,000            | \$1,691,259               |

Thomas Sheehy moved approval of staff’s recommendation. Upon a second, the minutes passed 3-0 with the following vote: Marcy Jo Mandel Aye; Thomas Sheehy Aye; Patricia Wynne Aye.

**Consideration and Approval of \$1.865 million in additional 2009 tax-exempt bond allocation for Lincoln Anaheim Phase B Apartments (Anaheim Housing Authority)** (Agenda Item 5) (Action Item)

Staff- Richard Fischer

On January 28, 2009, the California Debt Limit Allocation Committee (the “Committee”) awarded the Anaheim Housing Authority (the “Applicant”) \$23.5 million in allocation for the Lincoln Anaheim Phase B Apartments project. As a portion of this award, the Applicant was authorized to use \$1.865 million of its unused 2007 Carryforward Allocation. The balance of the award in the amount of \$21,635,000 was transferred from the 2009 State Ceiling on Qualified Private Activity Bonds.

On March 9, 2009, staff was notified that the Carryforward Election (the “Election”) associated with the original December 5, 2007 award of \$24.215 million in allocation to the Anaheim Housing Authority for the Bel Age Manor Apartments project did not specify the full amount of the award as required. Instead, the Election erroneously specified the “issued” amount of bonds for the project in the amount of \$22.35 million. As a result, \$1.865 million in unused 2007 allocation was not preserved as was previously documented by the Committee and later transferred to Lincoln Anaheim Phase B Apartments project.

A Carryforward Election as authorized by Internal Revenue Service (IRS) is necessary to preserve the use of current year allocation in a future year. The Applicant is currently required to issue bonds for the Lincoln Anaheim Phase B Apartments project no later than May 18, 2009. Staff recommends that the Committee approve an additional award of allocation to replace the 2007 Carryforward Allocation previously awarded to the Lincoln Anaheim Phase B Apartments project. This will enable the Applicant to issue bonds within the Committee’s required timeframe.

Please note: The Applicant has also requested a supplemental award of allocation for the Anaheim Phase B Apartments project in the amount of \$450,000 - March 25, 2009 Agenda Item 6.20.

### **Comments**

Marcy Jo Mandel asked for an explanation on how staff will improve paperwork to make sure that we catch these errors in the future.

Joanie Jones Kelly explained that the paperwork is usually prepared by bond counsel. However CDLAC will be changing the due date for the Report of Action Taken form. The form will be due a week earlier so that staff may review the information for accuracy.

**RECOMMENDATION:** Staff recommends the award of \$1.865 million in 2009 tax-exempt bond allocation to the Anaheim Housing Authority for the Lincoln Anaheim Phase B Apartments.

Thomas Sheehy moved approval of staff’s recommendation. Upon a second, the minutes passed 3-0 with the following vote: Marcy Jo Mandel Aye; Thomas Sheehy Aye; Patricia Wynne Aye.

### **Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation** (Agenda Item 6) (Action Item)

Staff – Misti Armstrong

a. Consideration of appeals\*  
There are no appeals

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

The Rural Pool

The Rural Pool received three (3) applications requesting an allocation of \$25,061,511.

| <u>ISSUER</u>   | <u>PROJECT</u>                                  | <u>AMOUNT REQUESTED</u> | <u>AMOUNT RECOMMENDED</u> |
|---|---|-------------------------|---------------------------|
| California Municipal Finance Authority (09-024)                 | Windsor Redwoods Apartments                     | \$14,100,511            | \$14,100,511              |
| California Municipal Finance Authority (09-026)                 | Finnell Place and Washington Gardens Apartments | \$5,961,000             | \$5,961,000               |
| California Statewide Communities Development Authority (09-042) | Moonlight Apartments                            | \$5,000,000             | \$5,000,000               |

**RECOMMENDATION:** Staff recommends approval of \$25,061,511 in bond allocation to fund all three projects.

The General Pool

The General Pool received (9) applications requesting a total allocation of \$119,278,724.

| <u>ISSUER</u>   | <u>PROJECT</u>                           | <u>AMOUNT REQUESTED</u> | <u>AMOUNT RECOMMENDED</u> |
|---|--|-------------------------|---------------------------|
| California Statewide Communities Development Authority (09-019) | Golden Age Garden Apartments             | \$7,700,000             | \$7,700,000               |
| County of Contra Costa (09-023)                                 | Valley Vista Senior Housing Apartments   | \$19,660,092            | \$19,660,092              |
| California Municipal Finance Authority (09-027)                 | Amistad House Apartments                 | \$6,300,000             | \$6,300,000               |
| Housing Authority of the County of Sacramento (09-029)          | Old Foothill Farms Apartments            | \$15,926,794            | \$15,926,794              |
| Housing Authority of the City of Santa Ana (09-040)             | Lacy Apartments                          | \$2,889,000             | \$2,889,000               |
| California Statewide Communities Development Authority (09-043) | 710 South Olive Street Senior Apartments | \$64,186,838            | \$64,186,838              |
| Housing Authority of the City of Santa Ana                      | Raitt Apartments                         | \$1,166,000             | \$1,166,000               |

|  |                                    |             |                            |
|--|------------------------------------|-------------|----------------------------|
| (09-044)                                   |                                    |             |                            |
| California Housing Finance Agency (09-045) | Montecito Village Apartments       | \$1,000,000 | \$1,000,000 (carryforward) |
| Anaheim Housing Authority (09-046)         | Lincoln Anaheim Phase B Apartments | \$450,000   | \$450,000                  |

The **740 South Olive Street Senior Apartments** application 09-043 submitted by CSCDA as issuer exceeds the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures. The project located in Los Angeles is requesting an allocation of \$64,186,838.

**RECOMMENDATION:** Staff recommends the Committee waive the maximum allocation amount for Application 09-043 based on the demand for rental projects is such that, the maximum allocation amount is not warranted due to the lack of competition there will be excess allocation for the current round.

**RECOMMENDATION:** Staff recommends approval of \$119,278,724 to fund all projects in the General Pool.

Thomas Sheehy moved approval of staff’s recommendation. Upon a second, the minutes passed 3-0 with the following vote: Marcy Jo Mandel Aye; Thomas Sheehy Aye; Patricia Wynne Aye.

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

Thomas Sheehy requested an update from staff on the status of CDLAC’s volume cap at the April 30<sup>th</sup> meeting.

No public comment.

**Adjournment** (Agenda Item 10)

The meeting adjourned at 1:57 pm.