

California Debt Limit Allocation Committee

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

November 13, 2013
Meeting Minutes

OPEN SESSION

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

Michael Paparian, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:05 a.m.

Members Present: Michael Paparian for Bill Lockyer, State Treasurer
Jennifer Rockwell for Edmund G. Brown, Jr., Governor
Alan Gordon for John Chiang, State Controller

Advisory Members Present: Tim Hsu for the California Housing Finance Agency (CalHFA)
Laura Whittall-Scherfee for the Department of Housing and Community Development (HCD)

2. **Approval of the Minutes of the September 18, 2013 Meeting** (Action Item)

Jennifer Rockwell moved approval of the minutes from the September 18, 2013 meeting. Upon a second by Alan Gordon, the minutes passed 3–0 with the following votes: Jennifer Rockwell: Aye; Alan Gordon: Aye; Michael Paparian: Aye.

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

Sean Spear began his report by notifying the Committee Members about changes to some of the documents in the Agenda packet. The first revision is on Item 9.3 related to the Laurel Village Apartments. There was a change to the individual scoring for that project; however, the project actually picked up a point through that process and that change is reflected on the green sheet which is the overall list of projects for approval under Item 9.

Sean further reported on the Allocation Status Report, which is under the Item 3 tab. At this juncture, pending approvals today, staff will be looking at a little over \$3 billion in allocation remaining going in to the December meeting. Staff is expecting a couple hundred million in requests for the December meeting leaving approximately \$2.8 to 2.9 billion in allocation remaining at the end of the year.

Sean stated that staff has been receiving responses to the CDLAC survey that was sent out to the largest multifamily issuers regarding their willingness to take carry forward allocation that would be remaining at the end of the year. Staff will likely be looking at approximately the same amount being given to those multifamily issuers as was given last year, with approximately the same amount being left over for the California Pollution Control Financing Authority (CPCFA) which has expressed a willingness to take whatever remaining carry forward is left after the awards to the multifamily issuers.

Sean went on to report that at the December meeting CalHFA is expected to make a request related to its Single Family Program specifically for mortgage revenue bond allocation and also for a revision to some existing mortgage credit certificate (MCC) allocation that it has. This is, in part, related to CalHFA's rollout of its new and expanded Single Family Program. Therefore, staff thought it would be helpful for CalHFA to make an informational presentation to the Committee Members at the December meeting before actually hearing the item for the requested allocation approval. Staff feels that it is a positive thing that CalHFA is looking in to expanding its First Time Home Buyers Assistance Program and to rolling out its Single Family Mortgage Program again; effectively stating that CalHFA is back in the Single Family Mortgage business.

4. Consideration and Approval of Proposed Permanent CDLAC Regulations for Submittal to the Office of Administrative Law (Action Item)

Leslie Campaz reported that CDLAC will be adjusting the Department of Finance (DOF) Final Determination Letter requirements for RDA-supported QRRP projects in the permanent regulations package to provide the ability for non-Determination Letter eligible applications to still be considered by CDLAC. The original emergency regulations language had an absolute requirement for these Determination Letters for the RDA-supported applications.

RECOMMENDATION:

Staff recommended the approval of the updated proposed permanent CDLAC regulations language for submittal to the Office of Administrative Law (OAL) for regular rulemaking consideration.

Jennifer Rockwell thanked CDLAC staff; stating that staff has been working diligently with the DOF to get this regulation under way. DOF appreciates the efforts.

Michael Paparian asked if there was a sense of what is the universe of projects that are affected by this regulation.

Jennifer stated that the DOF does not entirely know because it is unaware of the total number of projects in the pipeline that may use remaining approved tax increment bond proceeds.

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

5. Consideration and Approval of an Issuance Date Extension for Various Projects – Qualified Residential Rental Program (Action Item)

<u>Appl.</u>	<u>Project</u>
13-049	Tulare Arms Apartments
13-065	Andres Duarte Terrace II Apartments

Sarah Lester reported that Issuance date extensions are requested for two (2) awarded QRRP projects. One relates to a delayed USDA Loan approval, and the other involves a HUD delay resulting from the Federal Government shutdown. There is no RDA involvement in either case.

RECOMMENDATION:

Staff recommended the approval of the following issuance date extensions:

13-049	Tulare Arms Apartments	February 11, 2014
13-065	Andres Duarte Terrace II Apartments	December 11, 2013

Jennifer Rockwell and Alan Gordon stated that they appreciated the preciseness and brevity of the staff reports.

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

6. ~~Consideration and Approval of a Revised Resolution 09-93 for the Emerald Cove Senior Apartments Project (09-117) – Qualified Residential Rental Program (Action Item)~~

This item was postponed until the December Meeting pending receipt of additional information requested by CDLAC and the Tax Credit Allocation Committee (TCAC).

7. Consideration and Approval of a Revised Resolution 11-33 for the Hunters View Phase I Apartments Project (11-079) – Qualified Residential Rental Program (Action Item)

Richard Fischer reported that to accommodate former public housing residents that have returned to the completed Project, the Applicant is requesting two units designated at the 50% AMI level to be re-designated as one 60% AMI level unit and one market-rate unit. The first previously designated 50% AMI unit has been filled by a returning public housing resident whose income has risen above the 50% AMI level, but is still within the 60% AMI-eligible level. The second unit was erroneously designated at the 50% AMI level instead of at market rate in the original application. CDLAC staff has confirmed with TCAC that the Project Sponsor did in fact intend to designate a single unit as market rate for the purposes of housing a returning tenant whose income is between 60% AMI and 80% AMI. It should be noted that this allocation award was made in a non-competitive CDLAC round, and the Applicant's CDLAC application score would not have been impacted by this change.

RECOMMENDATION:

Staff recommended approval of revisions to CDLAC resolution 11-33 for the purpose of changing the total count of restricted units from 106 to 105 and changing one (1) affordable unit from 50% AMI to 60% AMI for the Hunters View Phase I Apartments project.

Sean Spear noted that staff is normally very reluctant to recommend approval of changes that would take an affordable unit off the roll for a project that has been previously approved; however, this issue was more related to the fact that the applications between CDLAC and TCAC differed in terms of the applicant's original intent. It was clear that the applicant had intended all along to have one (1) market rate unit.

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

8. Consideration of Requests for a Waiver of Penalties for the Chestnut Apartments Project (13-018) and San Tomas Gardens Apartments (13-003) - Qualified Residential Rental Program – (Action Item)

Richard Fischer reported that the Project Sponsors in both cases had to get a carry-forward extension from CDLAC and thus had to surrender their performance deposit. One relates to a Congress-related delay in the closing by the tax credit investor, and the other involves a HUD-Headquarters substantial and complex delay in the approval of their Project-Based Section 8 Contract. There is no RDA involvement in either case, and the delays were not due to any action of the Project Sponsors or the Issuers.

RECOMMENDATION:

Staff recommended approval of waivers for penalties for the Chestnut Apartments Project and the San Tomas Gardens Apartments.

Jennifer Rockwell appreciated the write up and the staff briefing which helped her to understand these two (2) projects.

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

9. 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**

There are no appeals.

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

Rural Pool

The Rural Pool received two (2) complete applications for projects requesting supplemental allocation for a total of \$1,490,000.

General Pool

The General Pool received ten (10) complete applications for projects requesting a total allocation of \$146,452, 803; one (1) of which was a request for a HUD Forward Commitment Letter (and may be heard at a later date), and another three (3) of which were later withdrawn. Two (2) projects that previously received HUD Forward Commitment Letters from CDLAC staff have recently received their HUD Firm Commitment approvals and are now ready to be heard by the Committee for an award of allocation at this time.

RECOMMENDATION:

Staff recommended approval of:

- a) \$1,490,000 to fund two (2) projects in the Rural Pool; and
- b) \$98,528,000 to fund eight (8) projects in the General Pool.

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

9.1	13-098	RF	California Statewide Communities Development Authority	Westside Village Apartments (Supplemental)	Shafter	Kern	\$390,000
9.2	13-097	SL	California Statewide Communities Development Authority	Tyler Park Townhomes Apartments (Supplemental)	Greenfield	Monterey	\$1,100,000
9.3	13-093	SL	City of Los Angeles	Laurel Village Apartments	Los Angeles	Los Angeles	\$14,325,000
9.4	13-096	LC	California Statewide Communities Development Authority	Harden Ranch Apartments (Supplemental)	Salinas	Monterey	\$1,100,000
9.5	13-099	RF	Housing Authority of the City of San Diego	City Heights Ten Apartments (Scattered Site)	San Diego	San Diego	\$8,000,000
9.6	13-102	SL	Housing Authority of the City of San Diego	Fairbanks Square Apartments	San Diego	San Diego	\$16,500,000
9.7	13-103	CA	City and County of San Francisco	Bayview Senior Housing Apartments	San Francisco	San Francisco	\$28,500,000
9.8	13-104	LC	Housing Authority of the City of Sacramento	Washington Plaza Apartments	Sacramento	Sacramento	\$12,722,000
9.9	13-091	RF	California Housing Finance Agency	Ramona Estates Apartments	Compton	Los Angeles	\$7,000,000
9.10	13-025	CA	City of Los Angeles	Hazeltine & Wyandotte Apartments	Van Nuys	Los Angeles	\$10,381,000

10. Public Comment (Action Item)

There was no public comment.

11. Adjournment

The Chairperson adjourned the meeting at 11:19 a.m.