

# California Debt Limit Allocation Committee

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

**September 17, 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 11:02 a.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)  
Laura Whittall-Scherfee for the Department of Housing and Community Development (HCD)

### 2. **Approval of the Minutes of the July 16, 2014 Meeting** (Action Item)

Alan Gordon moved approval of the minutes for the July 16, 2014 meeting. 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 a few revisions to the Qualified Residential Rental Program (QRRP) in the Agenda packet. Mr. Spear stated that one (1) project, Indio Desert Palms Apartments (14-115), a supplemental application, had some revisions to the staff report. The public benefits that were identified in the original approval have changed and those changes were reflected in the revised staff report and, ultimately, in the Board's approval of the supplemental request. The next two (2) changes were to the green sheet which is a summary of the projects up for approval today. Both Mendota Village Apartments (14-097) and Westridge at Hilltop Apartments (14-110) have withdrawn. These two (2) projects are expected to return for Board approval in the November round.

Mr. Spear reported that CDLAC anticipates having five (5) to ten (10) more projects this year in comparison to 2013. It does depend on how many applications come in for the December meeting. Staff has seen an increase in the amount of new construction projects over 2013, which is a welcome change as well.

Mr. Spear then updated the Committee on the letters that had been sent out to the issuers who had not yet responded back on a number of projects related to their post-issuance compliance forms. With this new round of communications to the issuers, staff was able to get a few more of these forms returned from them. However, approximately 665 forms out of over 2200 for each of the projects that received allocation still need to come in. They represent a variety of both larger, repeat issuers as well as a fair number of issuers who have not submitted an application to CDLAC for some time. Some of them may not have active bond programs at this time, and some may have new staff that are not aware of the projects involved. Staff is trying to improve compliance on our end, and to reach out to those issuers to make sure they return these forms that are required each year.

Mr. Spear stated that staff may like to seek some guidance from the Board at some future meeting regarding issuers that are not compliant.

Mr. Papanian stated that some of the issuer's representatives may be at the Board meeting today. Hopefully, they have heard the issues coming before the Board, as well as the option that it may come back before the Board in the future.

Mr. Spear stated that staff could go through and prepare some background information to present to the Board regarding the issuers that remain non-compliant to date and the exact number involved for future discussion.

Mr. Papanian stated okay.

Mr. Spear then reported that in July CDLAC stated to the Board that it was going forward with the submission of its 2014 permanent regulations package to the Office of Administrative Law (OAL). CDLAC had planned to have a Public Hearing meeting on September 16; however, staff learned late in the process that the California Tax Credit Allocation Committee (TCAC) is planning to make additional changes to its regulations this year. In order to remain in alignment with TCAC, CDLAC is holding off on submitting its regulations package at this time. Staff will wait to see what public comments may come in through TCAC's public review process. CDLAC staff will then make changes to its permanent regulations before submitting to OAL to remain in alignment with TCAC's proposed changes.

Alan Gordon asked Mr. Spear what the timeline was.

Mr. Spear stated that TCAC will most likely submit its changes at either the November or the December meeting. If TCAC came before the Board in December, there is a forty-five (45) day public comment period which would mean the changes would become effective after the application deadline for CDLAC's March 2015 meeting. If CDLAC does have a January Allocation Meeting, the applications would be due in mid-November and the proposed permanent regulations would certainly not be ready by then.

**4. Consideration and Approval of Issuance Date Extensions for Various Projects – Qualified Residential Rental Program: (Action Item)**

<u>App.</u>	<u>Project</u>
14-021	Rosa Parks Apartments
14-063	Heritage Commons II Apartments
14-067	Camino Esperanza Apartments
14-060	Alexander Apartments
14-046	Canyon View Apartments
14-054	Triangle Court and Friendship Manor Apartments
14-068	Royal Vista Apartments
14-044	Stevenson House Apartments
14-023	Central Avenue Village Square Apartments
14-025	Roberta Stephens Villas I & II Apartments
14-026	One Wilkins Place Apartments
14-027	Normandie Senior Housing Apartments
14-028	Figueroa Senior Housing Apartments
14-048	Lynroc Apartments
14-047	Auburn Villa Apartments
14-062	Jefferson Townhomes and Cunningham Village Apartments

Misti Armstrong reported that issuance date extensions are requested for sixteen (16) awarded QRRP projects. Two (2) relate to local issuance and permitting issues, six (6) involve delayed final lender and/or investor approvals, six (6) involve delayed HUD or HCD approvals, and four (4) involve pending revised or supplemental application requests to be submitted to CDLAC or TCAC. Staff believed it was appropriate to grant them additional time to resolve the outstanding issues and close on the bonds as required.

**RECOMMENDATION:**

Staff recommended the approval of the following issuance date extensions:

14-023	Central Avenue Village Square Apartments	December 16, 2014
14-025	Roberta Stephens Villas I & II Apartments	December 16, 2014
14-026	One Wilkins Place Apartments	December 16, 2014
14-027	Normandie Senior Housing Apartments	December 16, 2014
14-028	Figueroa Senior Housing Apartments	December 16, 2014
14-044	Stevenson House Apartments	November 16, 2014
14-054	Friendship Manor Triangle Court Apartments	December 16, 2014
14-060	The Alexander Apartments	December 16, 2014
14-063	Heritage Commons Phase 2	November 16, 2014
14-067	Camino Esperanza Apartments	December 16, 2014
14-068	Royal Vista Terrace Apartments	December 16, 2014
14-046	Canyon View Apartments	December 16, 2014
14-047	Auburn Villa Apartments	December 16, 2014
14-048	Lynroc Apartments	December 16, 2014
14-042	Rosa Parks II Apartments	October 17, 2014
14-062	Jefferson Townhomes and Cunningham Village Apartments	October 17, 2014

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.

Mr. Paparian stated that not all of the extensions were for ninety (90) days.

Ms. Armstrong replied that that was correct.

**5. Consideration of Requests for a Waiver of the Forfeiture of the Performance Deposit for the Monument Arms Apartments Project (14-034) - Qualified Residential Rental Project Program (Action Item)**

Devon King reported that the Monument Arms Apartments received allocation on March 19, 2014 and was assigned an issuance deadline of June 27, 2014. The Project experienced a delay in closing due to the U.S. Department of Housing and Urban Development (HUD) taking more time than anticipated to provide project-related financing approvals. As a result, it was necessary to seek a carry-forward extension for the Project, which the Executive Director approved, extending the deadline to October 17, 2014. Since that time, the Project issued bonds on August 13, 2014. HUD has confirmed the situation with CDLAC staff, and stated that the delay was not the fault of the Applicant or the Project Sponsor. With the approval of the carry-forward extension came the requirement for the Project's performance deposit to be forfeited to the Committee.

**RECOMMENDATION:**

In light of the circumstances described, staff recommended the approval of the Waiver of Forfeiture of the Performance Deposit for the Monument Arms Apartments Project (14-034).

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. 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 one (1) Mortgage Credit Certificate (MCC) award for a total of \$2,009,342.

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	14-119	SL	Housing Authority of the County of Marin	MCC	Various	Marin	\$2,009,342
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**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 two (2) projects, Rotary Plaza Apartments and Alice Griffith Phase I Apartments, will both necessitate a \$30 million allocation limit waiver. The second request is for the approval of the nineteen (19) QRRP projects which includes the two (2) projects requesting the \$30 million waiver.

Rural Pool

The Rural Pool received three (3) applications for projects requesting a total allocation of \$17,633,071.

General Pool

The General Pool received sixteen (16) applications for projects requesting a total allocation of \$206,075,054.

**RECOMMENDATIONS:**

Staff recommended approval of the \$30,000,000 allocation limit waiver for two (2) projects: (14-112), Rotary Plaza Apartments and (14-114), Alice Griffith Phase I 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) \$17,633,071 to fund three (3) projects in the Rural Pool; and
- b) \$206,075,054 to fund sixteen (16) 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	14-094	SL	California Statewide Communities Development Authority	Tuolumne Apartments	Tuolumne	Tuolumne	\$5,930,000
7.2	14-095	SL	California Municipal Finance Authority	Maple Park Phase 2	Live Oak	Sutter	\$4,000,000
7.4	14-111	LC	California Municipal Finance Authority	Stonebridge Apartments	St. Helena	Napa	\$7,703,071

7.5	14-093	BC	City of Los Angeles	Winnetka Senior Apartments	Los Angeles	Los Angeles	\$14,000,000
7.6	14-096	LC	California Housing Finance Agency	Downtown Hayward Senior Apartments	Hayward	Alameda	\$17,500,000
7.7	14-100	SL	Housing Authority of the City of Sacramento	Sierra Vista Apartments	Sacramento	Sacramento	\$13,239,000
7.8	14-101	RF	City of San Jose	Parkview Senior Apartments	San Jose	Santa Clara	\$15,000,000
7.9	14-102	LC	City of San Jose	Parkview Family Apartments	San Jose	Santa Clara	\$14,500,000
7.10	14-103	BC	California Statewide Communities Development Authority	Santa Fe Apartments	Hesperia	San Bernardino	\$4,890,000
7.11	14-105	SL	California Statewide Communities Development Authority	Glenview Apartments	Cameron Park	El Dorado	\$6,798,000
7.12	14-106	LC	City of San Jose	Poco Way Apartments	San Jose	Santa Clara	\$21,833,054
7.13	14-107	SL	California Municipal Finance Authority	Oak Creek Terrace Apartments Supplemental	Napa	Napa	\$509,000
7.14	14-108	RF	Housing Authority of the County of Sacramento	Woodhaven Senior Residence Apartments	Sacramento	Sacramento	\$6,000,000
7.15	14-109	BC	California Municipal Finance Authority	Buchanan Park Apartments	San Francisco	San Francisco	\$13,781,000
7.17	14-112	RF	California Municipal Finance Authority	Rotary Plaza Apartments	South San Francisco	San Mateo	\$35,000,000
7.18	14-114	BC	City and County of San Francisco	Alice Griffith Phase I Apartments	San Francisco	San Francisco	\$32,500,000
7.19	14-115	SL	California Statewide Communities Development Authority	Indio Desert Palms Apartments Supplemental	Indio	Riverside	\$5,000,000
7.20	14-116	BC	California Statewide Communities Development Authority	Montclair Apartments	Lemoore	Kings	\$3,525,000
7.21	14-118	RF	California Statewide Communities Development Authority	Palmdale Transit Village Apartments	Palmdale	Los Angeles	\$2,000,000

**8. Consideration and Adoption of the Qualified Residential Rental Program Minimum Point Thresholds and Non-Competitive Application Process for the 2015 Program Year (Action Item)**

**Open Application Process**

Misti Armstrong reported that staff recommended that the Committee approve and maintain an open application process for the 2015 Qualified Residential Rental Program (QRRP) year. This recommendation is made on the basis that the QRRP pool continues to be non-competitive in 2014 and is expected to be non-competitive for the 2015 program year. However, if at any time during the open application process the QRRP pool appears to become competitive, staff will return to the Committee with a recommendation to close the open application process and return to a competitive allocation round process.

**Minimum Point Thresholds**

Ms. Armstrong stated that consistent with the 2014 point thresholds, staff recommended minimum point thresholds as follows: Fifty-five (55) points in the General Pool and Rural Pool and forty-five (45) points in the Mixed Income Pool.

**RECOMMENDATION:**

Staff recommended the approval of minimum point thresholds as noted, and an open application process for the Qualified Residential Rental Program for 2015.

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.

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

There was no public comment.

**10. Adjournment**

The Chairperson adjourned the meeting at 11:18 a.m.