

California Debt Limit Allocation Committee

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

March 18, 2015
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

Alan Gordon, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:41 p.m.

Members Present: Alan Gordon for John Chiang, State Treasurer
Eraina Ortega for Edmund G. Brown, Jr., Governor
Lynn Paquin for Betty T. Yee, State Controller

Advisory Members Present: Don Cavier for the California Housing Finance Agency (CalHFA)
Claudia Cappio for the Department of Housing and Community Development (HCD)

2. Approval of the Minutes of the January 21, 2015 Meeting (Action Item)

Eraina Ortega moved approval of the minutes for the January 21, 2015 meeting. Upon a second by Lynn Paquin, the minutes passed 3-0 with the following votes: Eraina Ortega: Aye; Lynn Paquin: Aye; Alan Gordon: Aye.

3. Executive Director's Report (Informational Item)

Jeree Glasser-Hedrick began her report by giving the Committee members a brief update on the CDLAC and the California Tax Credit Allocation Committee (TCAC) joint listening sessions that she attended along with Mark Stivers, TCAC Executive Director, on behalf of Treasurer Chiang. Treasurer Chiang has identified affordable housing and housing development, in general, as one of his key priorities during his administration.

Ms. Glasser-Hedrick reported that CDLAC and TCAC have been engaged in an ongoing dialogue with the development community regarding what can be done to help spur production within the affordable housing realm. TCAC and CDLAC have gathered and garnered a significant amount of suggestions and recommendations from the development community at these listening sessions over the last few months.

Ms. Glasser-Hedrick stated that the listening tours were now winding down, and she and Mr. Stivers would be coordinating a list of comments and recommendations that were gathered at the sessions. Ms. Glasser-Hedrick and Mr. Stivers will also be working with a group of forthcoming stakeholders to further discuss the recommendations with the idea that the program changes would be implemented at year end.

Ms. Glasser-Hedrick reported that while there has been some discussion regarding changes to the CDLAC rules and regulations, in general, the requested changes have been targeted more towards the TCAC tax credit program. The comments have centered on increasing developer's fees which would allow additional equity to come in to the deals. That recommendation is under consideration.

Ms. Glasser-Hedrick stated that there was also quite a bit of dialog geared towards energy efficiency standards for projects given the advancement of the California code. Staff will be looking at the impact of the current energy efficiency standards on projects.

Ms. Glasser-Hedrick reported that the last topic of discussion at the listening sessions was based on affordability and the comments among the group were heterogeneous. Some development partners would like to see CDLAC lift the affordability restrictions and allow all of the units to rise to 60% of area median income while others jurisdictions and developers would like to see the programs more deeply targeted.

Staff will be working on a list of proposed changes to the rules and regulations with the goal of implementing these changes at the end of the year.

Ms. Glasser-Hedrick wanted to mention that in President Obama's 2016 budget proposal there is a concept that is far from being implemented, but notable, whereby allocating agencies would have the ability to convert a portion of their private activity bond allocation in to low income housing tax credit proceeds. It is an interesting proposal because it recognizes that most states, including California, are experiencing difficulties given the macro economic circumstances in allocating their private activity volume cap. The proposal also recognizes that the 9% programs in California and other states are oversubscribed.

4. Consideration of the Adoption of a Resolution Delegating Authority to the Executive Director to Enter Into Contracts on Behalf of the Committee (Action Item)

Misti Armstrong stated that there was a revision to the recommendation for this item. Staff does recommend a resolution delegating authority to the new Executive Director, Jeree Glasser-Hedrick, to enter into contracts on behalf of the Committee in an amount not to exceed \$300,000 per contract. Upcoming renewals are going to be higher than it has been in the past. This amount is a \$50,000 increase over previous delegated authority

Claudia Cappio asked when the last time the amount was reviewed.

Misti Armstrong stated three or four Executive Directors ago.

RECOMMENDATION:

Staff recommended approval of the Adoption of a Resolution Delegating Authority to the Executive Director to Enter into Contracts on Behalf of the Committee in an amount not to exceed \$300,000.

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

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

<u>App.</u>	<u>Project</u>
14-303	Atmosphere II Apartments
14-125	Stevenson House Apartments
14-131	Rancho California Apartments

Sarah Lester reported that Issuance date extensions were requested for three (3) awarded QRRP projects. The need for the extensions related to project financing, and/or fellow agency loan processing issues. Staff believed it was appropriate to grant the additional time to resolve the outstanding issues and close on the bonds as required.

RECOMMENDATION:

Staff recommended approval of the following issuance date extensions:

14-303	Atmosphere II Apartments	March 23, 2015
14-125	Stevenson House Apartments	April 15, 2015
14-131	Rancho California Apartments	June 16, 2015

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

Ms. Lester stated that the Committee received one (1) application requesting its 2015 Fair Share Single Family Housing allocation for a total of \$24,366,080, all for the issuance of Mortgage Credit Certificates under the single-family homeownership program.

RECOMMENDATION:

Staff recommended approval of \$24,366,080 (the calculated fair-share amount) to fund one (1) application in the Single Family Housing Program as noted above.

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

6.1	15-006	SL	Golden State Finance Authority	MCC Program		Orange	\$24,366,080
-----	--------	----	--------------------------------	-------------	--	--------	--------------

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

Brian Clark reported that there were no appeals.

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

Mr. Clark stated that two (2) projects, Anton Portola Apartments, (15-315), and Block 7W Mission Bay South Apartments, (15-318), will each necessitate a \$30 million allocation limit waiver. The second request was for the approval of the sixteen (16) QRRP projects which included the two (2) projects requesting the \$30 million waiver.

General Pool

The General Pool received sixteen (16) applications for projects requesting a total allocation of \$295,048,268.

RECOMMENDATIONS:

Staff recommended approval of the \$30 million maximum allocation limit waivers for two (2) projects, (15-315), Anton Portola Apartments and (15-318), Block 7W Mission Bay South Apartments.

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

Staff recommended approval of \$295,048,268 to fund sixteen (16) projects in the General Pool.

Eraina Ortega moved approval of staff’s recommendation for the awards of allocation. Upon a second by Lynn Paquin, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Lynn Paquin: Aye; Alan Gordon: Aye.

7.1	15-004	BC	Housing Authority of the City of San Buenaventura	Johnson Gardens Apartments	Ventura	Ventura	\$600,000
7.2	15-007	DK	California Housing Fianace Agency	Edgewater Isle Apartments	San Mateo	San Mateo	\$21,336,900
7.3	15-008	BC	California Housing Fianace Agency	Ocean View Senior Apartments	Pacifica	San Mateo	\$18,075,000
7.4	15-009	SL	California Statewide Communities Development Authority	Stoneman Village Apartments	Pittsburg	Contra Costa	\$11,050,000
7.5	15-302	RF	Housing Authority of the County of Sacramento	Anton Arcade Apartments	Sacramento	Sacramento	\$15,500,000
7.6	15-303	SL	California Statewide Communities Development Authority	Butterfield Retirement Apartments	Morgan Hill	Santa Clara	\$19,000,000
7.7	15-304	BC	California Statewide Communities Development Authority	Northgate Terrace Apartments	Oakland	Alameda	\$29,500,000
7.8	15-305	BC	California Statewide Communities Development Authority	The Crossings at Escondido Manor Apartments	Escondido	San Diego	\$6,140,000
7.9	15-307	RF	City of Los Angeles	Leaster Apartments	Los Angeles	Los Angeles	\$13,600,000
7.10	15-309	RF	California Statewide Communities Development Authority	Amberwood Apartments I & II	Hanford	Kings	\$4,300,000
7.11	15-310	BC	California Municipal Finance Authority	6800 Mission Family Housing Apartments	Daly City	San Mateo	\$21,500,000
7.12	15-312	RF	California Housing Finance Agency	Betel Apartments	San Francisco	San Francisco	\$18,000,000

7.13	15-315	BC	California Statewide Communities Development Authority	Anton Portola Apartments	Irvine	Orange	\$35,000,000
7.14	15-317	RF	California Municipal Finance Authority	Madrone Village Apartments	Petaluma	Sonoma	\$4,216,000
7.15	15-318	SL	City and County of San Francisco	Block 7W Mission Bay South Apartments	San Francisco	San Francisco	\$61,427,368
7.16	15-322	BC	California Municipal Finance Authority	Park Lane Apartments	Petaluma	Sonoma	\$15,803,000

8. Public Comment (Action Item)

There was no public comment

9. Adjournment

The Chairperson adjourned the meeting at 1:52 p.m.