

California Debt Limit Allocation Committee

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

December 16, 2015
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

Tim Schaefer, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:02 am

Members Present: Tim Schaefer for John Chiang, State Treasurer
Eraina Ortega for Edmund G. Brown, Jr., Governor
Alan LoFaso for Betty T. Yee, State Controller

Advisory Members Present: Tia Boatman-Patterson for the California Housing Finance Agency (CalHFA)
Susan Riggs for the Department of Housing and Community Development (HCD)

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

Eraina Ortega moved approval of the minutes, as corrected with a non-substantive change, for the October 21, 2015 meeting. Upon a second by Alan LoFaso, the minutes passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Tim Schaefer: Aye.

3. Executive Director's Report (Informational Item)

Jeree Glasser-Hedrick began her report by informing the Committee members about a couple of minor corrections to Item 6.1 and Item 6.22. These two projects are part of a broader high rise development in San Francisco and are adjacent to one another. The two project descriptions were rewritten to specify the actual projects that were being approved and not the broader project that is being developed.

Ms. Glasser-Hedrick further reported that Item 6.3 and Item 6.4 had revisions in the sources and uses section under the "other" category. CDLAC is trying to limit the amount of costs in the other category so that people may understand where the actual project costs are, so there have been very minor revisions to the allocations of cost in these two reports. Also, there was a typographical error in Item 7. In the background section it stated \$2,200,998 when the actual amount is \$2,002,998.

Ms. Glaser-Hedrick went on to give a brief update on year end usage and highlighted a couple of new CDLAC developments: CDLAC ended the year allocating resources in excess of what it had received in 2015. This year CDLAC received approximately \$3,800,000,000 in allocation and, after the December meeting, it will have allocated approximately \$4,800,000,000. This was made possible only because CDLAC preserved underutilized allocation from previous years. It is also significant because this was the first time since 2008 that CDLAC's annual usage has approximated the annual allotment it receives. Ms. Glasser-Hedrick is hopeful that this rebound will be sustainable over the years to come.

Jeree explained some of the factors that have contributed to the increased demand so that the Board would be aware of what is driving the programs:

- 1) The economy is experiencing sustained growth and the interest rate environment has been very stable creating a platform for people to engage in real estate development transactions;
- 2) Given the age of the CDLAC and the California Tax Credit Allocation Committee (TCAC) programs, they are approaching the thirty year anniversary, portfolio deals are naturally aging and in need of re-syndication, so there is an amount of internal demand that will be created going forward;
- 3) In February 2015, the U.S. Department of Housing and Urban Development (HUD) increased the cap on the number of Rental Assistance Demonstration (RAD) units that may be financed from 60,000 to 185,000 units federally. This has facilitated a tremendous amount of rehabilitation activities that public housing authorities are engaging in and are privatizing their units. Staff saw a number of RAD applications come before the Committee this year and they are being told by issuers and municipalities that that trend will continue next year;
- 4) Staff is seeing the resurrection of CDLAC mainstays including demand for single family resources through both the Mortgage Credit Certificate (MCC) Program and the Mortgage Revenue Bonds (MRB) Program. This round is the first MRB application from CalHFA since 2013. The MCC program demand has been very strong this year. Additionally, there is the first mixed income pool, since the end of 2013, in San Francisco. It is these activities that tapered off in the aftermath of the downturn that historically have been contributors to a history of full utilization of CDLAC's resources.

Ms. Glasser-Hedrick stated that these factors occurred outside of the regulation change process that CDLAC had just gone through. It will be interesting to see what additional impact that will have on demand for next year.

Ms. Glasser-Hedrick stated that she is seeking policy guidance from the Board today on how to proceed with the compliance issue going forward.

Ms. Glasser-Hedrick wanted to provide the Board with a brief history of the CDLAC compliance process. To insure compliance with the Internal Revenue Code (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. This reporting information was collected and logged throughout the calendar year with a low percentage of Project Sponsor compliance.

In 2007, the Committee began a more aggressive effort to ensure annual compliance 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 the 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, during the depths of the downturn and the aftermath of the financial crisis, in response to concerns at the federal level regarding the roles and responsibilities of Conduit Issuers, a report was published by the Advisory Committee on Tax Exempt and Government Entities (ACT). The ACT report confirmed that Conduit Issuers did have an important role in providing oversight and compliance for projects they finance, but acknowledged the need for clarification at the federal level regarding their specific responsibilities.

Then Treasurer Lockyer embraced this concept and endeavored to make California a proactive leader in this area. As a result, in 2011, CDLAC staff developed an Annual Applicant Public Benefits and Ongoing Compliance Self Certification process. This requirement would provide confirmation that the applicable initial and on-going public benefits, of not only QRRP projects, were being adequately tracked and accounted for by the Issuer on an annual basis. Given the minimal ongoing International Residential Code (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.

Since 2012, and annually since that time, Self-Certifications have been submitted and CDLAC staff has reviewed the materials. CDLAC expects the Self-Certification and QRRP Compliance Certification, when applicable, to be submitted by March 1st of each year. Although compliance rates have improved over time, they are below what is desired by CDLAC.

In 2014, CDLAC staff reported to the Committee that the options available for insuring voluntary compliance by the Issuers with the self-certification process had been exhausted. At that time, CDLAC staff recommended a number of options that could be pursued to address Issuer non-compliance. The Board provided direction for CDLAC staff to publish the list of non-compliant Issuers to heighten the level of awareness of the Issuers and the broader development community with mention that additional enforcement actions may be contemplated by CDLAC at a later date. Beginning with the 2015 compliance reporting cycle, CDLAC posted all non-compliant Issuers posted to its website.

CDLAC staff has worked diligently with Issuers to ensure all Self-Certifications are reviewed in a timely and thorough manner. Given the volume of projects for which Self-Certifications are required, the manual all paper process has created a tremendous amount of additional work for CDLAC and the subject Issuers. In keeping with CDLAC's desire to work more efficiently, at the beginning of 2015, CDLAC initiated discussions with the Information Technology (IT) staff to

develop an on-line compliance reporting system to be included in the CDLAC on-line application system. The system has been completed and will be available the first of the 2016 year to Applicants. It will simplify the Self-Certification process by providing each Issuer a list of projects for which certifications are required and allowing them to provide the Self-Certification via on-line submittal.

Since the implementation of the self-certification requirement, Applicant response has gradually improved. Staff understood that many Issuers were required to develop first-time compliance programs in order to meet this obligation. To date, CDLAC has tracked four reporting deadlines (program years 2012, 2013, 2014 and 2015) for a total of 2,076 projects.

After four (4) years of monitoring the self-certification process there still remained a notable amount of non-compliance: 40% after the March submission deadline, with a set of Issuers who had not responded at all. CDLAC staff has worked all year with the Issuers sending out letters and calling. At this point, the compliance is at 95%; however, it took almost the entire year to reach this goal. Given these circumstances, the direction provided by the Board in 2014, and the improvements that have been made to the CDLAC compliance reporting process, CDLAC staff believed that it was now time to become more stringent about enforcing reporting compliance.

CDLAC staff believed there were three (3) options available:

1. Continue to publish the list of non-compliant Issuers to heighten the level of awareness of the Issuers and the broader development community, with mention that in 2017 non-compliant Issuers would be subject to additional enforcement actions;
2. Subject applications of all non-compliant Issuers to Negative Points for failure to comply with the CDLAC Resolution (specifically, for failure to comply with CDLAC Regulation Section 5144); and/or
3. Bar non-compliant Issuers from submission of applications until said Issuer is compliant with all CDLAC resolutions and regulations.

Since the utilization of negative points and debarment under the current CDLAC Regulations are currently limited to Project Sponsor non-compliance, options 2 and 3 above would first require a change to the regulations to allow enforcement against an Issuer as well.

To address this compliance issue, CDLAC staff is seeking policy guidance from the Committee as to the possible next steps.

Alan LoFaso zeroed in on the small group of chronic non-compliers. He asked if the more serious sanctions were directed towards this group. How is CDLAC staff focusing on that particular distinct problem?

Ms. Glasser-Hedrick stated that some Issuers that were not seeking additional allocation was likely due to the impact of the dissolution of the redevelopment agencies, or other things that might have happened at the municipal level. Also, they may have issued a long time ago and they no longer have staff that fills that particular function; therefore, compliance is not a priority for them and likely will not be if they are not seeking additional allocation. Ms. Glasser-Hedrick feels that the way to address that situation is by personal outreach to try to find out what is going on.

Mr. LoFaso responded that Ms. Glasser-Hedrick had answered his question. He stated that he appreciated the work that was involved in getting from 60% to 95% compliance. Mr. LoFaso asked if Ms. Glasser-Hedrick had any insight on the degree of any problems of substantive non-compliance. For instance, the process if Issuers responsible for units where the public benefits are

not being met. Or, for example, the units are being rented to people who are not complying with the rent income restrictions which he feels is a substantive non-compliance issue over procedural. Mr. LoFaso stated that he is just trying to distinguish substantive versus procedural.

Ms. Glasser-Hedrick stated that it is more procedural.

Mr. LoFaso asked if there were any real evidence of units being rented to people above the income limit levels.

Ms. Glasser-Hedrick stated there were not.

Mr. LoFaso thanked Ms. Glasser-Hedrick.

Tia Boatman-Patterson asked how one would know if it is substantive if the Issuers are not stating what is going on.

Ms. Glasser-Hedrick stated that only in limited instances does staff receive certifications from Issuers that say they are out of compliance. Typically, they state that they haven't received the developer certification or something of that nature.

Ms. Boatman-Patterson asked how Ms. Glasser-Hedrick would know if there were any substantive problems if Issuers were not sending anything to CDLAC. Part of the procedural reason why this compliance information was requested was to find out if there were any substantive issues as Issuers do have an obligation.

Ms. Boatman-Patterson stated that there were two types of Issuers: those that took their job seriously and monitored the project making sure that the public benefits stated by the development community happened. These Issuers took the fees and monies and put it right back in to those same types of programs and projects. Tia stated that the second group of Issuers issue just for the fees and do not provide any ongoing monitoring compliance issues.

Ms. Boatman-Patterson stated that compliance is an issue that has been discussed for a very long time and she understands that there are some Issuers that just have issues. One such Issuer is a Joint Powers Authority (JPA) made up of housing authorities that probably just needs some technical assistance. Ms. Boatman-Patterson has committed to reaching out to the JPA along with CDLAC. Her issue is that if you are an Issuer and you cannot fill out compliance paperwork then you should not be an Issuer any longer. Either go get in compliance or stop issuing. Ms. Boatman-Patterson feels that it is incumbent upon policy makers to make that determination. She stated that the list has been published, the non-compliant Issuers have been shamed and 95% compliance has been obtained. At some point policy makers have to say that if you are not in compliance by "x" date than you can no longer issue. Go get in compliance and you will once again be considered as an Issuer are Ms. Boatman-Patterson's thoughts going forward.

Mr. Schaefer stated that there are some IT initiatives going on at this time. He asked if an online self-certification process that reduces the paperwork give staff a clearer sight line as to whom the most egregious offenders are and would it give CDLAC the staff resources that would enable it to move in a more purposeful way on non-compliant folks. Is that a fair assumption or is he overselling the technology?

Ms. Glasser-Hedrick stated that given this is the fourth year of the non-compliance cycle, staff has a good idea of who are the habitual non-compliant Issuers. With regard to the automation freeing up staff to address other issues, yes, most definitely.

Mr. Schaefer asked if it were safe for him to assume that if staff were free faster and in a more focused way, would the issues that Mr. LoFaso and Ms. Boatman-Patterson be addressed.

Ms. Glasser-Hedrick replied yes.

Mr. Schaefer stated that it was his understanding that the online self-certification process was not yet operational. Was that correct?

Ms. Glasser-Hedrick stated that that was correct.

Mr. Schaefer asked when the online self-certification is due to become operational.

Ms. Glasser-Hedrick replied that the self-certification process was requested to be online by the first of 2016. Staff has not received confirmation as of this date, but staff is hopeful that if it does not happen by the first of the year, it will happen shortly thereafter.

Mr. Schaefer stated that the IT Division in this building is what you would expect to see after a series of very horrible budget years. Some of the things that would have been nice to have were put on the backburner due to the States well publicized budget travails. It is his understanding that IT project management officers have been ramped up, there has been some fairly significant hiring and some of these IT initiatives are moving again. Is that a fair characterization of what you are hearing from the fifth floor?

Ms. Glasser-Hedrick responded yes.

Mr. Schaefer asked if there is any consensus from the Committee to say that perhaps the thing to do is keep a watchful eye for now and let it go on a little longer.

Eraina Ortega stated that she was not convinced that the habitual non-compliance would be resolved by an IT fix. She thinks the Committee might still be back here with the small group of non-compliers. Ms. Ortega stated that she would support some sort of timeline that goes along with the implementation of the IT availability along with some clear direction from staff. To the Issuers, we have this system for you now and if there is still no compliance by some reasonable period then some escalating oversight would have to happen. Ms. Ortega stated that is what she would like to see.

Ms. Ortega further stated that when this issue was previously discussed by the Committee, there was some talk regarding an escalating response such as posting the names or doing some individual follow up. She would like to see some commitment regarding the Committee's seriousness on this non-compliance issue.

Mr. Schaefer asked Mr. LoFaso if he was okay with that.

Mr. LoFaso stated that he believed staff was on top of the issue and he concurred with Ms. Ortega.

Ms. Glasser-Hedrick asked for clarification with regards to repercussions' to the extent an Issuer is non-compliant, is there a preference to disqualify Issuers from participating in the program until

they may insure compliance. Is that the direction, or is the direction more towards assessing negative points to an Issuer?

Mr. Schaefer asked Ms. Glasser-Hedrick if she was seeking clarity on what the nature of the sanctions might be.

Ms. Glasser-Hedrick replied yes.

Ms. Ortega stated that her understanding was that the negative point cap would be very unfavorable to an individual project versus to the actual Issuer who is the one not complying. She would want to weigh alternatives that way.

Ms. Glasser-Hedrick replied that the negative points would not necessarily be assessed against the project. In this instance, negative points would be assessed against a particular issuer. It could be very detrimental to a project if it were queued up and the Issuer was not forthcoming regarding its non-compliance issue. It could create a situation where a project has to close or move forward with no time to change Issuers. That is a practical concern; therefore, the negative points could be applied to the individual Issuer and not the actual projects that are brought forward if that brings clarity.

Ms. Boatman-Patterson replied wouldn't that be more complicated, because if I am a developer, would it not just be easier for me to go to someone that may issue. Procedurally and administratively, to come up with a point system that just gets assessed to the Issuer as opposed to being detrimental to the project that seems like a nightmare. From someone who administers, it seems to Tia that if you are out of compliance and are disqualified then the developer knows to just not use that Issuer. The developers have choices of other Issuers that are not disqualified.

Susan Riggs asked if it is essentially twenty (20) Issuers that have never been in compliance. Are they still actively engaged in the market?

Ms. Glasser-Hedrick stated that most of the non-compliance that CDLAC sees, the Issuers are not engaged. The sanctions that are being discussed will not be helpful. Staff needs to get in the car and drive to the different municipalities and identify the types of infrastructure. There are a small group of Issuers that continually request additional resources that tend to be in the multi-family arena and are not in compliance and habitually throughout time have not been. The sanctions would affect that small group of multi-issuers that have not traditionally complied.

Ms. Riggs asked if these Issuers could be actively engaged in the market right now and could impact deals that are in the pipeline right now.

Ms. Glasser-Hedrick replied yes.

Robert Hedrick stated that the Committee is close to formalizing a Committee position on an item that is not on the agenda. There is a general consensus as to the non-compliant entity for an escalating response that could be anywhere from the assessment of negative points to a total debarment until compliance is achieved. Perhaps the appropriate course might be for staff to bring back a proposal laying out how that might work so that it can be properly agendaized and brought before the Committee.

Mr. Schaefer thanked Mr. Hedrick for his clarification. He asked the Committee if there were any objection to that course of action.

Mr. LoFaso stated that he appreciated Mr. Hedrick's intervention on the process; however, maybe he is not following as he thought they were discussing the sanctions against the people for whom it was not going to work.

Mr. Hedrick stated that what they do not want to do is take the Committee down a road to formalize an action on something not on the agenda. If the Board is of a mind that there are certain folks for whom no sanction is going to have an impact that is a policy call to make when the item is on the agenda. What he heard, he thinks, is that there is a general consensus that there is a desire for some formal path of escalating the response to this habitual non-compliant group. There may be nothing that can bring them in to compliance, but rather a sanction that makes it impossible for them to participate in the market place further knowing that their compliance track record is what it is. No matter what the policy direction ultimately coming from the Committee, it is something that needs to be brought forward in a formal fashion in a proper agenda manor.

Mr. Schaefer stated yes as the request from the Executive Director was to provide guidance not to adopt policy. Are the Committee members comfortable that the Committee has given sufficient guidance to ask this matter to come back before us, or would they like to provide additional guidance to that about what the characteristics might be?

Mr. LoFaso stated that he was fine.

Ms. Ortega stated that she was fine.

Ms. Riggs asked if the Committee was in agreement on this piece. Would they want to impose sanctions on an Issuer that would disbar them or suspend their participation for a period of time? Ms. Riggs does not think that this should be done to the detriment of a project that is already in the pipeline. It is her understanding that the next step would be to come back with a formal policy and that it would then have to go through the regulatory process. Is that correct?

Ms. Glasser-Hedrick stated that the Committee does have some latitude in the current regulations whereby the Committee may insure compliance. It would have to be discussed with legal counsel whether or not the concepts articulated today are permissible within our regulatory environment. We cannot usurp the regulations. She stated that it would be her goal to meet the policy objectives yet does not require a regulation change because that will be very challenging to implement any changes in 2016.

Ms. Riggs stated that she if there was some way to grandfather in deals that are already in the pipeline with the idea that Project Sponsors shouldn't be penalized when the problem is with the Issuer.

Ms. Glasser-Hedrick replied that given the marketplace and the fact that there is so much proactive activity before the Issuer comes to CDLAC, it is something that staff wants to remain cognitive of as well. It is a whole process and not just switching to another Issuer.

Mr. Schaefer stated that the policy guidance is to bring the Committee staff's recommended alternatives that may, in one or more alternatives, consider the issues that Mr. LoFaso raised, that we have been advised by Ms. Riggs and that Ms. Ortega has mentioned so that somewhere in that array of choices, those concerns would be addressed. Is that sufficient guidance for you?

Ms. Glasser-Hedrick stated yes.

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

<u>App.</u>	<u>Project</u>
15-023	O' Farrell Apartments
15-316	Las Cortes Apartments
15-363	March Veterans Village Apartments
15-364	Marcus Garvey & Hismen Hin-Nu Apartments
15-387	Sylmar Court Apartments
15-407	Copper Square Apartments
15-413	Briarcrest and Rosecrest Apartments
15-415	HCHC Recap Apartments

Devon King reported that issuance date extensions are requested for eight (8) awarded QRRP projects. The need for the extensions related to delays in securing all necessary closing approvals. Staff believed it was appropriate to grant 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:

15-023	O' Farrell Apartments	January 20, 2016
15-316	Las Cortes Apartments	March 15, 2016
15-363	March Veterans Village Apartments	March 15, 2016
15-364	Marcus Garvey & Hismen Hin-Nu Apartments	March 15, 2016
15-387	Sylmar Court Apartments	March 15, 2016
15-407	Copper Square Apartments	March 15, 2016
15-413	Briarcrest and Rosecrest Apartments	March 15, 2016
15-415	HCHC Recap I Apartments	March 15, 2016

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

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

a. Consideration of appeals*

Sarah Lester stated that there were no appeals.

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

Sarah Lester stated that the Committee received three applications for single family awards. The first, received by CalHFA, requested \$200,000,000 of Single Family Housing allocation for the issuance of Mortgage Revenue Bonds under their single-family homeownership program. The subsequent two applications, received from the Housing Authority of Santa Cruz and the County of Santa Clara, requested \$2,125,152 and \$25,000,000 respectively for the issuance of Mortgage Revenue Bonds Certificates under their single family homeownership programs.

Mr. Schaefer asked if the request from CalHFA was for \$200,000,000.

Ms. Lester stated yes.

RECOMMENDATIONS:

Staff recommended approval of \$200,000,000 to provide funding for CalHFA’s Single Family Housing Mortgage Revenue Bond Program as noted above. Additionally, staff recommended approval of \$27,125,152 to fund two Single Family Housing Mortgage Credit Certificate Programs as noted above.

Alan LoFaso moved approval of staff’s recommendations. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Eraina Ortega: Aye; Tim Schaefer: Aye.

5.1	15-029	SL	California Housing Finance Agency	MRB Program		Various	\$200,000,000
5.2	15-028	BC	Housing Authority of the County of Santa Cruz	MCC Program		Santa Cruz	\$2,125,152
5.3	15-030	SL	County of Santa Clara	MCC Program		Santa Clara	\$25,000,000

6. 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*

Richard Fischer stated that there were no appeals.

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

Mr. Fischer reported that three (3) projects: Morh I Housing Apartments, Transbay Block 7 Apartments and Transbay Block 8 80/20 Apartments each necessitated a \$30 million allocation limit waiver.

General Pool

The General Pool reflected twenty-six (26) projects requesting a total allocation of \$418,321,519.

Rural Pool

The Rural Pool reflected three (3) projects requesting a total allocation of \$44,333,000.

Mixed Income Pool

The Mixed Income Pool reflected one (1) project requesting a total allocation of \$263,068,394.

RECOMMENDATIONS:

Staff recommended approval of the \$30 million allocation limit waiver for the Morh I Housing Apartments (15-447), the Transbay Block 7 Apartments (15-450), and the Transbay Block 8 80/20 Apartments (15-456)

Eraina Ortega moved approval of the \$30 million allocation limit waiver for the three (3) projects. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Tim Schaefer: Aye.

Ms. Boatman Patterson commented that Item 6.7 and Item 6.14 are geographically close, one is in Santa Barbara and one is in Thousand Oaks; however, there are differences in hard costs. Item 6.7 in Santa Barbara is a section eight project subject to prevailing wage with design specificity. Per unit cost was \$200,000 for that project while the one in Thousand Oaks had per unit cost of \$60,000. These are some of the factors that the policy makers need to keep in mind when setting policy.

Ms. Glasser-Hedrick stated that when you have a project that has secured federal subsidy, because that subsidy is in place and it is for that particular project, there is no incentive to tear down the project and start from the ground up as that would require a recalibration of the federal assistance that the property is receiving. The San Francisco RAD deals were a prime example of where the costs approached \$600,000. The RAD program is to insure long-term viability of public housing and that is not an option.

Mr. LoFaso asked Ms. Boatman-Patterson if she was comparing Items 6.7 and 6.13.

Ms. Boatman-Patterson stated yes.

Mr. LoFaso thanked Ms. Boatman-Patterson for the clarification. Mr. LoFaso asked if staff knew anything about design costs and local costs for Santa Barbara. He appreciated Ms. Glasser-Hedrick’s RAD explanation. He stated that the Controller is very mindful of costs while remaining mindful of the issues raised today. Are there any issues in our control potentially programmatically?

Ms. Glasser-Hedrick stated that many things that drive costs originate from the local level. Design review is something that the State could carve out a roll for themselves but it is a responsibility that locals covet. It is a way to come back against a project by adding bells and whistles to the outside which may change the attitudes from a constituency perspective. It is something that is repeated in many jurisdictions and does not always use the most cost effective use of resources.

Mr. LoFaso thanked Ms. Glasser-Hedrick. He stated that there is no specific evidence in the report.

Staff recommended approval of \$418,321,519 to fund twenty-six (26) previously reviewed projects in the General Pool, approval of \$44,333,000 to fund three (3) previously reviewed projects in the Rural Pool and approval of \$263,068,394 to fund one (1) previously reviewed project in the Mixed Income Pool.

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

6.1	15-456	RF	City and County of the City of San Francisco	Transbay Block 8 80/20/Apartments	San Francisco	San Francisco	\$263,068,394
6.2	15-431	DK	Housing Authority of the County of Monterey	Gonzales Family RAD Apartments (Scattered Site)	Gonzales	Monterey	\$4,591,000

6.3	15-430	SL	Housing Authority of the County of Monterey	East Salinas Family Apartments	Salinas	Monterey	\$20,308,000
6.4	15-429	SL	Housing Authority of the County of Monterey	Salinas Family Apartments (Scattered Site)	Salinas	Monterey	\$19,434,000
6.5	15-382	DK	California Housing Finance Agency	Ortiz Plaza Apartments	Santa Rosa	Sonoma	\$7,060,000
6.6	15-432	BC	Golden State Finance Authority	Sycamore Walk Apartments	Bakersfield	Kern	\$5,447,000
6.7	15-433	RF	Housing Authority of the City of Santa Barbara	Pearl/Sycamore Apartments (Scattered Site)	Santa Barbara	Santa Barbara	\$10,500,000
6.8	15-436	RF	California Municipal Finance Authority	Rancho California Apartments	Temecula	Riverside	\$11,725,000
6.9	15-439	BC	Housing Authority of the County of Sacramento	Ethan Terrace Apartments	Sacramento	Sacramento	\$7,400,000
6.10	15-440	SL	Housing Authority of the City of Chula Vista	Duetta Apartment Homes	Chula Vista	San Diego	\$19,400,000
6.11	15-442	DK	County of Contra Costa	East Bluff Apartments	Pinole	Contra Costa	\$29,476,000
6.12	15-443	SL	Housing Authority of the City of Chula Vista	Volta Apartment Homes	Chula Vista	San Diego	\$21,700,000
6.13	15-444	DK	California Municipal Finance Authority	Schillo Gardens Apartments	Thousand Oaks	Ventura	\$6,700,000
6.14	15-445	SL	California Housing Finance Agency	Oak Center I Apartments	Oakland	Alameda	\$29,260,000
6.15	15-446	RF	California Housing Finance Agency	The Verandas Apartments	San Jose	Santa Clara	\$13,430,000
6.16	15-447	DK	California Housing Finance Agency	Morh I Housing Apartments	Oakland	Alameda	\$61,600,000
6.17	15-448	DK	California Housing Finance Agency	Arbor Terraces Apartments	San Jose	Santa Clara	\$10,551,259
6.18	15-449	SL	California Municipal Finance Authority	Ventaliso II Apartments	San Marcos	San Diego	\$5,026,045
6.19	15-450	RF	City and County of the City of San Francisco	Transbay Block 7 Affordable Housing Apartments (222 Beale Street)	San Francisco	San Francisco	\$35,000,000
6.20	15-452	JGH	California Public Finance Authority	E Boyd Esters Manor Apartments	Compton	Los Angeles	\$7,500,000
6.21	15-453	DK	California Public Finance Authority	Pacific Rim Apartments	Inglewood	Los Angeles	\$4,500,000

6.22	15-455	RF	City and County of the City of San Francisco	Transbay Block 8 Affordable Apartments	San Francisco	San Francisco	\$19,290,833
6.23	15-457	DK	City and County of the City of San Francisco	Columbia Park Apartments	San Francisco	San Francisco	\$13,779,028
6.24	15-458	DK	City of Los Angeles	127th Street Apartments	Los Angeles	Los Angeles	\$18,500,000
6.25	15-459	DK	City of Los Angeles	St. James Park Apartments	Los Angeles	Los Angeles	\$18,439,838
6.26	15-460	SL	California Municipal Finance Authority	Sycamore Village Apartments	Los Angeles	Los Angeles	\$5,122,872
6.27	15-462	BC	California Statewide Community Development Authority	Delta View Apartments	Antioch	Contra Costa	\$25,663,644
6.28	15-463	RF	City of Los Angeles	E Victor Villa Apartments	Los Angeles	Los Angeles	\$7,000,000
6.29	15-464	RF	Housing Authority of the City of San Buenaventura	Buena Vida Apartments	Ventura	Ventura	\$20,000,000
6.30	15-465	BC	Area Housing Authority of the County of Ventura	Bradford Apartments	Camarillo	Ventura	\$4,250,000

7. Consideration of Staff's Recommendation to transfer and Award Unused 2015 Allocation to Various Issuers (Action Item)

Misti Armstrong reported that in 2015 there were more requests for the unused allocation than there was availability. Accordingly, in determining the selected recipients, CDLAC prioritized Issuers that demonstrated immediate need for 2015 allocation. In order to ensure no amount of 2015 allocation was lost, staff recommended that the remaining allocation as of December 16, 2015 be made available to the following Issuers in the following amounts:

NAME OF ISSUER	RECOMMENDED TRANSFER AMOUNT
City and County of San Francisco (QRRP)	\$1 billion*
California Housing Finance Agency (MCC)	\$1 billion
County of Marin (MCC)	\$2,998,000

*This carryforward allocation will be applied to future individual QRRP requests for allocation made by the issuer to the Committee until the amounts are exhausted.

RECOMMENDATION:

Staff recommended that of the remaining \$2,002,998,000 in unused 2015 allocation, \$1,000,000,000 be transferred to the City and County of San Francisco for the Qualified Residential Rental Project Program; \$1,002,998,000 be transferred to the aforementioned issuers of Mortgage Credit Certificates for the Single Family Housing Program; and all allocation remaining thereafter be transferred to the California Housing Finance Agency for the SFH Mortgage Credit Certificate Program; all on a carryforward basis.

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

8. Public Comment (Action Item)

There was no public comment.

9. Adjournment

The Chairperson adjourned the meeting at 12:00 p.m.