

California Debt Limit Allocation Committee

CA Employment Development Department (EDD)

722 Capitol Mall, Auditorium

Sacramento, CA 95814

September 21, 2016

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 11:20 am.

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

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

2. Approval of the Minutes of the July 20, 2016 Meeting (Action Item)

Eraina Ortega moved approval of the minutes for the July 20, 2016 meeting. Upon a second by Alan LoFaso, the minutes passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Alan Gordon: Aye.

3. Executive Director's Report (Informational Item)

Ms. Glasser-Hedrick reported that there are two (2) revised staff reports on the Agenda today. The first one is Item 5.3 which updated the Limited Partnership information. On Item 5.24, the developer identified a discrepancy regarding affordability reflected in the project application. The staff reports have been updated to reflect those changes.

CDLAC has completed its 30-day notice period to Issuers who have not adhered with CDLACs compliance reporting requirements. Prior to sending deficiency letters out, staff verified the senior official of each Issuer who should be receiving the letter. This year staff sent the letters out return receipt requested and this appears to have increased the positive responses.

CDLACs compliance rate now hovers right about 95 % and it continues to improve; however, there remains 38 QRRP non-compliant Issuers who have issued bonds for 50 deals and who did not elect to report this year. Of those, 18 are dissolved redevelopment agencies which staff acknowledges are likely in a state of disarray. The active Issuers are adhering to this reporting system. Given the transformation that the municipalities have undergone, staff plans to start addressing these issues by requesting formal meetings with each non-respondent Issuer while also

trying to leverage the TCAC compliance process to work more directly with the Sponsors who may be helpful in engaging the Issuers. Staff will work with TCAC to identify whether any of these projects are in its portfolio. If there are any projects that concern TCAC, those projects will be elevated in those jurisdictions to be the first on the list to be contacted.

CDLAC began the 2016 year with \$3.9 billion of new resources. Ms. Glasser-Hedrick stated that in the multifamily arena, staff dedicated approximately \$2.9 billion to be allocated for the multifamily pools and CDLAC had \$3.5 billion of carryforward. After today, if all the recommended projects are approved, the Committee will have allocated, or requested, \$4 billion of resources with an additional half a billion dollars in requests for the October Round, bringing CDLAC to the \$4 billion requested or allocated today. This leaves \$2.4 billion of resources remaining in 2016 with one round to go. Staff is expecting some sizable applications for its single family pools to come in for the December round. Ms. Glasser-Hedrick's best estimate is that CDLAC will have somewhere between \$1-1.5 billion of carryforward for 2017. To note, CDLAC has approximately \$2.5 billion of expiring DDA applications that will line the pipeline for 2017.

Ms. Glasser-Hedrick thanked staff for their diligence and hard work getting all of the projects through the pipeline.

Ms. Glasser-Hedrick wanted to point everyone's attention to Item 5.26 on the CDLAC agenda, Newport Veteran's Housing Apartments. This is the project that resulted in a policy discussion last spring at the first 9% allocation meeting. Given this project's costs, it did not meet the TCAC high cost thresholds and was rejected by the committee. Ms. Glasser-Hedrick is happy to report that CalHFA did take to heart the potential of this deal and worked with the developer to restructure it as a 4% bond execution with very little additional gap resources. It is a terrific example of collaboration at the State level and could potentially serve as a prototype. The housing community could better serve its communities if we, the state housing agencies, would recognize the unfunded 9% deals that have the potential to be more easily restructured as 4% deals and provide some flexibility to execute on additional commitments for those deals. It would expedite processing times, by so doing cut costs, and it would get more units on the streets quicker. A project that has a perfect TCAC score is shovel ready and only faces cost escalation by delaying the project another 6-12 months to secure additional funding sources necessary to fill the void created by the loss of the 9% credit.

Finally, Ms. Glasser-Hedrick wanted to let everyone know that Item #6 on the Agenda is a closed session item. The room will be cleared of all public participants when that Agenda item is called. The public will be allowed to rejoin the meeting for any public comment upon adjournment of the closed session.

4. Consideration of a Request for a Waiver of the Forfeiture of the Performance Deposit for Various Projects - Qualified Residential Rental Program (Action Item)

Sarah Lester reported that as part of the carryforward extension approval under the CDLAC Regulations, the Applicants are required to surrender the associated performance deposit.

Pacific Rim Apartments and Las Cortes Apartments requested a waiver of this requirement based upon the unforeseen delays experienced by the United States Department of Housing and Urban Development (HUD) administrative staff.

Please note, these Projects are subject to the policy in place prior to staff’s October 2015 clarification regarding the loss of a project’s performance deposit as it related to a bond issuance deadline extension and CDLAC has consistently approved waivers for projects in similar situations.

In light of the circumstances described, staff recommended the approval of the Waiver of Forfeiture of the Performance Deposit for the Pacific Rim Apartments and the Las Cortes Apartments Projects.

RECOMMENDATION:

Staff recommended approval of a Waiver of the Forfeiture of the Performance Deposit for the Pacific Rim Apartments and the Las Cortes Apartments Projects.

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; Alan Gordon: Aye.

5. 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 (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**

Ms. Lester reported that the committee received a total of 27 multifamily applications for projects requesting an aggregate total allocation of \$590,383,240.

Mixed Income Pool

The Mixed Income Pool reflected two (2) projects requesting a total allocation of \$159,620,000.

General Pool

The General Pool reflected twenty-five (25) projects requesting a total allocation of \$430,763,240.

RECOMMENDATION:

Staff recommended approval of the requested aggregate total of \$590,383,240 to fund all 27 projects.

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; Alan Gordon: Aye.

5.1	16-518	SL	California Statewide Communities Development Authority	Uptown Newport II Apartments	Newport Beach	Orange	\$81,988,268
5.2	16-519	RF	California Statewide Communities Development Authority	Uptown Newport I Apartments	Newport Beach	Orange	\$77,631,732

5.3	16-010	LE	California Municipal Finance Authority	Eastgate at Creekside Apartments	San Marcos	San Diego	\$1,000,000
5.4	16-454	SL	Golden State Finance Authority	Courtyard Apartments	Fullerton	Orange	\$16,458,000
5.5	16-479	RF	California Municipal Finance Authority	Heritage Villas Apartments	Mission Viejo	Orange	\$19,000,000
5.6	16-484	LE	California Municipal Finance Authority	Skid Row Central 1 Apartments	Los Angeles	Los Angeles	\$19,850,000
5.7	16-485	RF/DK	California Municipal Finance Authority	Temple View Apartments	Los Angeles	Los Angeles	\$11,039,412
5.8	16-490	LE/DK	City of Livermore	Stoney Creek Apartments	Livermore	Alameda	\$21,739,000
5.9	16-491	RF	Housing Authority of the City of San Diego	Bella Vista Apartments	San Diego	San Diego	\$23,300,000
5.10	16-499	LE	City and County of San Francisco	Potrero Block X Apartments	San Francisco	San Francisco	\$49,454,000
5.11	16-500	SL	California Municipal Finance Authority	Harvest Park Apartments	Gilroy	Santa Clara	\$33,000,000
5.12	16-501	RF	Golden State Finance Authority	Seasons Senior Apartments	San Juan Capistrano	Orange	\$18,949,000
5.13	16-502	SL	California Statewide Communities Development Authority	Premier Apartments	Los Angeles	Los Angeles	\$15,000,000
5.14	16-503	RF	California Statewide Communities Development Authority	Princess Apartments	Los Angeles	Los Angeles	\$8,500,000
5.15	16-504	LE	California Statewide Communities Development Authority	Columbia Apartments	Los Angeles	Los Angeles	\$18,000,000
5.16	16-505	SL	California Statewide Communities Development Authority	Marygold Gardens Apartments	Fontana	San Bernardino	\$11,000,000
5.17	16-506	RF	California Statewide Communities Development Authority	Boyle Apartments & Jewel Terrace Apartments	Los Angeles	Los Angeles	\$9,100,000
5.18	16-507	LE	California Statewide Communities Development Authority	Parks at Fig Garden Apartments	Fresno	Fresno	\$27,791,620
5.19	16-508	SL	Golden State Finance Authority	Seasons II Senior Apartments	Lakewood	Los Angeles	\$12,610,000
5.21	16-510	LE	California Statewide Communities Development Authority	Hemet Vistas Apartments	Hemet	Riverside	\$10,882,161
5.22	16-511	SL	California Municipal Finance Authority	Park Paseo Apartments	Glendale	Los Angeles	\$22,200,047
5.23	16-512	RF	City of Los Angeles	Rolland Curtis West Apartments	Los Angeles	Los Angeles	\$22,000,000
5.24	16-513	LE	California Statewide Communities Development Authority	Triangle Terrace Apartments	Orange	Orange	\$13,600,000
5.25	16-514	LE	California Statewide Communities Development Authority	The Salvation Army Bell Oasis Apartments	Los Angeles	Los Angeles	\$12,000,000
5.26	16-515	SL	California Housing Finance Agency	Newport Veterans Housing Apartments	Newport Beach	Orange	\$3,440,000
5.27	16-516	LE	California Statewide Communities Development Authority	Polo Run Family Apartments	Stockton	San Joaquin	\$24,500,000
5.28	16-517	RF	City of Los Angeles	New Park Place Apartments	Los Angeles	Los Angeles	\$6,350,000

6. Closed Session

The Board will explore all options.

7. Public Comment

There was no public comment.

8. Adjournment

The Chairperson adjourned the meeting at 12:29 p.m.