

California Debt Limit Allocation Committee

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
October 19, 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 11:52 am.

Members Present: Alan Gordon for John Chiang, State Treasurer
Jacqueline Wong-Hernandez 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)
Ben Metcalf for the Department of Housing and Community Development (HCD)

2. Approval of the Minutes of the September 21, 2016 Meeting (Action Item)

Alan LoFaso moved approval of the minutes for the September 21, 2016 meeting. Upon a second by Jacqueline Wong-Hernandez, the minutes passed 3-0 with the following votes: Alan LoFaso: Aye; Jacqueline Wong-Hernandez: Aye; Alan Gordon: Aye

3. Executive Director's Report (Informational Item)

Ms. Glasser-Hedrick reported that there were revised forms in the Agenda packet. Two projects, Campus Oaks Phase II Apartments and The Promenade Apartments, withdrew and that change was reflected in the Revised Exhibit A. The Carolina Heights Apartments project had a clerical error in the Sources and Uses section of the Staff Report which was corrected to reflect that tax-exempt bond proceeds would be used to finance the project. Agenda Item 4 added an additional option for existing projects that are currently undergoing the CDLAC compliance reporting.

Ms. Glasser-Hedrick stated that the proposed CDLAC regulation changes were released September 23rd for the thirty day public comment period. Comments were set to come in October 26th. Both CDLAC and TCAC participated in a week of public hearings at the beginning of October. Quite a bit of feedback was received regarding the different proposed revisions for this year. Once the public comment reporting period wraps up, CDLAC will incorporate the comments in to the regulations. The Committee is slated to adopt these as emergency regulations at the November 16th Board Meeting. Once the emergency regulations have been adopted,

CDLAC will begin the process of working with the Office of Administrative Law (OAL) to put these regulations in to effect. TCAC is not required to adhere to this step. The TCAC regulations will, therefore, be heard in mid-December while the CDLAC regulations will be heard in mid-November.

Ms. Glasser-Hedrick would like to keep this thought on the forefront of everyone's' mind as CDLAC has had a robust year with regard to the production of units. To date, CDLAC will have allocated, pending approval of all projects at this meeting, approximately \$4 billion of resources. CDLAC only received \$3.9 billion of new resources; therefore, CDLAC is continuing to use its previous year carryforward thereby using underutilized resources that CDLAC has been the steward of in previous years. The expansion which CDLAC has seen this year is not sustainable to the extent that CDLAC is continuing to use prior-year carryforward to fund the production of new units.

Given that CDLAC and TCAC staff were out in the community in early October, staff thinks there is increasing demand for CDLAC's resources. Staff will be conducting a demand study to inform as to how CDLAC will be setting up the pooling for 2017. CDLAC will begin 2017 in a much different situation than in 2015 and 2016 with very limited carryforward available along with any resources received on an ongoing basis.

Finally, Ms. Glasser-Hedrick wanted to let everyone know that Item #8 on the Agenda is a closed session item. The Chair will request that the room 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 Non-Qualified Residential Rental Program Compliance Policies (Informational Item)

Jeree Glasser-Hedrick reported that under the federal Internal Revenue Code (IRC), Issuers and Project Sponsors have varying levels of responsibility for confirming that tax-exempt private activity bond proceeds are used for qualifying purposes to deliver the intended public benefits under the law. For the most part, there are minimal ongoing monitoring responsibilities for the parties once the intended project or asset purchase is completed and all the bond proceeds have been expended. A notable exception to this is the Qualified Residential Rental Program (QRRP) and its ongoing requirement that only qualifying households occupy the bond-financed residential units. In addition to the federal IRC requirements, there are a number of additional state-imposed public benefit and administrative requirements for volume cap-governed private activity bond projects memorialized in the CDLAC Regulations and in the individual CDLAC Award Resolutions.

Ms. Glasser-Hedrick further stated that to insure compliance with the IRC and CDLAC requirements, the Committee incorporated the Compliance Certification Form 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 2011, staff developed an Annual Applicant Public Benefits and Ongoing Compliance Self Certification (Self Certification Process) requirement that would provide confirmation that the applicable initial and on-going public benefits of not only QRRP projects, but all CDLAC

projects and programs were being adequately tracked and accounted for by the Issuer. CDLAC's regulatory verbiage reflects all projects that receive an allocation and are within an existing regulatory period or compliance period shall be monitored for compliance. CDLAC's interpretation of this provision has been to require all QRRP projects be monitored for the compliance period outlined in the CDLAC Committee Resolution. Although non-QRRP projects are not subject to a CDLAC imposed regulatory or compliance period, CDLAC has interpreted the provision to require ongoing reporting for all non-QRRP projects until it can be determined that the bonds have been redeemed. Given that non-QRRP projects are not subject to any long-term CDLAC or federal regulatory period and that all public benefits associated with the resources are bestowed upon project completion, CDLAC has been concerned about its ability to ascertain information about project use and default events that might threaten the tax-exemption of the bonds (Qualifying Event of Default). Although this has been identified by the Committee as important information to retain, requiring the Issuers to solicit this information every year from the Project Sponsors is not the most efficient way to ensure consistency of the information CDLAC is receiving. CDLAC is proposing in the next set of regulation changes that CDLAC be included in the noticing provisions incorporated into the bond documents. To the extent CDLAC were to receive notice of specified events, the notices could replace the ongoing annual reporting requirement. This would significantly reduce the amount of annual reporting necessary by an Issuer and Sponsor but still facilitate CDLAC's ability to receive the information.

Ms. Glasser-Hedrick reported that in the proposed draft regulations, which the CDLAC Committee will hear in November, CDLAC has moved to create baseline post-issuance compliance policies for all Project Sponsors and Applicants for QRRP projects. Additionally, for non-QRRP projects, CDLAC has created specific baseline reporting which Project Sponsors must provide to project Applicants to inform them regarding their submission of the CDLAC Self-Certification including documentation that the project has been completed. CDLAC also proposes to be named to receive notices of default, foreclosure and regulatory termination (QRRP properties only). Additionally, to the extent CDLAC is interested in understanding whether bonds remain outstanding on any particular transaction, the passage of Senate Bill 1029, a bill sponsored by the State Treasurer, would require all bond issuers from 2017 forward to report bond balances on hand annually.

For non-QRRP projects financed in 2017 forward, CDLAC supports an Annual Self Certification reporting cycle beginning when the bonds are issued and concluding when the project is completed. The project completion would mark the point in time when the public benefits are realized and quantified. From this point forward, to the extent the Committee adopts the regulations changes in November, CDLAC would rely on notices from the responsible parties regarding change of use and a Qualifying Event of Default.

For existing Non-QRRP projects there are a couple of options:

- 1) CDLAC could continue its current practice of collecting Self Certifications until the bonds are redeemed; or
- 2) Consistent with the proposed process for new non-QRRP projects, CDLAC would conclude the Annual Self Certification compliance reporting at project completion and, instead, require all notices received regarding change in use and a Qualifying Event of Default received by the Issuer to be passed on to CDLAC.
- 3) CDLAC could pursue #2 and additionally encourage Issuers to incorporate the language into already closed transactions, providing an increased number of point if an Issuer would commit to pursuing this option.

Ms. Glasser-Hedrick is seeking direction from the Board regarding whether the policy objectives she outlined today were consistent with the direction the Committee would like to take going forward. Additionally, Ms. Glasser-Hedrick was seeking further direction on how to handle the existing portfolio of non-multifamily housing that exists at this time

Mr. Gordon asked if there were any comments.

Alan LoFaso stated that it is not clear to him as to what the implications were for the tax status for changes in use, especially since some go through the California Pollution Control Financing Authority (CPCFA), and some go through the California Industrial Development Financing Advisory Commission (CIDFAC) as well as other Authorities. It is unclear to him as to what the impact would be on these other agencies.

Mr. LoFaso believes that Ms. Glasser-Hedrick is asking for something that she would like to weave in to the regulations. He is not clear as to exactly what the Board has heard in terms of stakeholder feedback. Mr. LoFaso is somewhat nervous about hard mandates and regulations on a look-back sense. He feels the easiest approach may be to have staff weave the changes in to the regulations and run it through the process in order to receive stakeholder feedback. Once the stakeholder feedback is in place, the Board would then make a decision when it is properly put before the Board. If staff has a course of action to go forward in that manner, then it is perfectly acceptable to Mr. LoFaso.

Tia Boatman Patterson stated that she liked Option 2 as she feels that option is the least intrusive on existing projects. The public purpose as to why you would want this information is either confirm a change of use or a default that would impact the tax exempt status of the bonds. If the Issuer were receiving that information and would be required to pass the information along to CDLAC, staff would not be required to go back and change bond documents.

Ms. Glasser-Hedrick stated that her concern is that, in some instances, the documents have been drafted to insure Issuers do receive notice of such events and in other instances the documents have not been drafted as such. This would result in incomplete information received by staff to the extent that this requirement was never built in to the bond documents to begin with. Ms. Glasser-Hedrick is concerned that CDLAC is not receiving good information from the Issuers at this time.

Ms. Boatman Patterson asked even under the Self Certification process?

Ms. Glasser-Hedrick stated that was correct. She is concerned that she is conveying that all of these projects haven't changed use. She is not sure that the Issuers would be knowledgeable of that in 100% of the instances.

Ms. Boatman Patterson stated that CDLAC should be named in the Bond documents going forward.

Ms. Glasser-Hedrick stated that that was included in the regulation changes.

Mr. Gordon stated that was the no-brainer.

Ms. Boatman Patterson stated that it appears CDLAC staff does not know if they are receiving good information or not. What will be the most efficient way, with current staffing levels to

proceed? Is there a more efficient course to pass along information received other than the annual self-certification form?

Ms. Glasser-Hedrick responded to Mr. LoFaso's comments by stating that CDLAC has not actively defined a regulatory period nor a compliance period. She feels that that is a necessary step to the extent that CDLAC faces exposure by requiring certifications for which compliance periods have not been established in resolutions. Multifamily resolutions very clearly state the 55-year period. For example, an exempt facility project resolution does not indicate a compliance period of 15 years to the lifetime of the bond.

To the extent that the Committee is supportive of CDLAC moving forward to define what a compliance period is, and then to coordinate embedding it into the regulations, Ms. Glasser-Hedrick is seeking clarification from the Board as to whether or not they are supportive of the concept of limiting annual reporting requirements in general and, where efficient, to insert CDLAC as a noticee in place.

Mr. LoFaso feels that the period in question is the life of the bond. He would like to see it run through the process and he concurs with everything Ms. Boatman Patterson had reiterated.

Teveia Barnes, Executive Director of the California Infrastructure and Economic Development Bank (IBank), stated that as a stakeholder with CDLAC, (IBank issues Industrial Development Bonds and Exempt Facility Bonds), she thinks that the recommendation of the staff has been well thought out and that the IBank is very supportive of the recommendation in terms of moving forward with the annual certification until the project is completed. It makes perfect sense due to the nature of these types of bonds. The benefit is had by the time the project is completed. IBank is distinct in that respect, in addition, the same goes for the Exempt Facility projects.

Ms. Barnes further stated that with respect to existing bonds, particularly Industrial Development Bonds (IDB) that are issued, she cannot speak for other issuers, but IBank's bond documents do provide that IBank is given notice of all of the qualifying events of default, all of the changes in purpose and all of the items that would be requested during an audit by the IRS as the IRS does audit from time to time. IBank would have that information readily available and there is no concern on IBank's part to have regulations in place that would require IBank to pass that information along to CDLAC as it is received. It makes perfect sense to IBank as IBank comes to CDLAC quite a bit, certainly in the last couple of years.

Mr. Gordon thanked Ms. Barnes for her comments.

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**

Ms. Lester reported that the committee received one (1) application for a single family award. The application received from the City & County of San Francisco requested \$8,829,698 of Single Family Housing allocation for the issuance of Mortgage Credit Certificates under the city and county's single-family homeownership program.

RECOMMENDATION:

Staff recommended approval of \$8,829,698 to provide funding for the City & County of San Francisco’s Single Family Housing Mortgage Credit Certificate Program as noted above.

Jacqueline Wong-Hernandez moved approval of staff’s recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Alan Gordon: Aye.

16-013	SL	City & County of San Francisco	MCC	San Francisco	San Francisco	\$8,829,698
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6. 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*

Richard Fischer stated that there were no appeals.

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

Mr. Fischer reported that the Committee received a total of twenty-one (21) multifamily applications for projects requesting an aggregate total allocation of \$404,629,503

Mixed Income Pool

The Mixed Income Pool reflected two (2) projects requesting a total allocation of \$40,822,332.

General Pool

The General Pool reflected nineteen (19) projects requesting a total allocation of \$363,807,171.

RECOMMENDATION:

Staff recommended approval of the requested aggregate total of \$404,629,503 to fund all 21 projects in the multifamily pool.

Ms. Boatman Patterson commented on Agenda Item # 6.5, Redwood Hill Townhomes Apartments. She is bringing it to the attention of the Committee as she feels this project is consistent with Ms. Glasser-Hedrick’s comments regarding carryforward and the allocation of resources. Over the last several years, the 4% program has been undersubscribed.

Ms. Boatman Patterson stated that this is a project that had some very high total development costs on a per unit basis. She understands that the developer has some reasons for these high costs and she was hoping that the developer would be able to share those reasons with the Committee if they were in the audience.

Ms. Boatman Patterson further stated that going forward, CDLAC staff has recommended some cost containment measures based on the allocation amount. If this project had come forward under those new proposals, this project would have come in at \$1.4 million less in total development costs.

Ms. Boatman Patterson wanted to bring this information to the Committee because she felt these were some extremely high costs and, as policy makers, the Committee should understand some of the reasons why they are seeing some of the high costs on a per unit basis on this project

Mr. Gordon asked the Project Sponsor to come forward.

Devin Ellin, project manager with Satellite Affordable Housing Associates (SAHA), stated that they responded to staffs questions regarding the high costs of this project. The site has been in flux for ten (10) years now.

Mr. Gordon asked Ms. Ellin for the location of the Oakland project.

Ms. Ellin replied that the project is located just north of Mills College and north of I-580. It is located in a higher income area. The holding costs over time have been pretty high as SAHA has been paying property taxes for almost eight (8) years now. It is a family project with two (2) and three (3) bedroom units which resulted in a higher per unit cost. Part of the conditions for approval from the city required podium parking, so there are twenty-eight (28) spaces over podium.

SAHA had an original acquisition and pre-development loan from the City of Oakland issued in 2007. That loan has accrued almost \$1 million in interest in that time which is now a source and use of the project. The project incurred fairly substantial local impact fees of almost \$800,000. The majority of that is East Bay Municipal Utility District (MUD) related fees.

Ms. Ellin further reported that the project also has an elevator in order to make all units accessible which added costs to this relatively small project consisting of twenty-eight (28) units.

Mr. Gordon asked what portion of those units are affordable.

Ms. Ellin replied 100%.

Ms. Ellin stated that in order to meet funding thresholds and the competitive and point scoring, it is a green point rated GOLD project and there is costs associated with the green measures. Also adding quite a bit of costs are the City of Oakland's employment and contracting requirements. Their contractor estimated that those requirements added about 20% to the total construction costs. That added slightly over \$2.5 million in construction costs.

Mr. Gordon inquired as to why that location was picked for a low-income housing.

Ms. Ellin replied that it is a priority site with the City of Oakland which has invested over \$7 million towards the project. There are better schools in the area.

Ms. Glasser-Hedrick asked, just for the edification of the Committee, if Ms. Ellin would speak about a ten (10) year development horizon that spanned the dissolution of the redevelopment agencies and how SAHA came to own the site.

Ms. Ellin replied that it predated her as a project manager. It is her understanding that prior to the merger of Satellite Housing and Affordable Housing Associates (AHA), which are now SAHA, AHA had an option on the site and was planning to develop affordable rentals. In 2008, there was a big push to do home ownership which was not their mission. The option went to Habitat

for Humanity for five (5) years and they were unable to go forward. SAHA stepped in and assumed the original city loan and site control and SAHA has been holding it since 2013.

Ms. Boatman Patterson asked if this would be considered a high opportunity area.

Ms. Glasser-Hedrick replied that she did not check the site; however, her best inclination is that it might be.

Ms. Ellin stated that she had not checked that information either.

Ms. Boatman Patterson stated that she is not opposed to this project, she just wanted the policy makers to understand the total development costs of almost \$899,000 per unit. When extra costs are added to an affordable housing project such as GREEN measures, employee labor measures, holding costs, podium parking and elevators, you get \$899,000 per unit for affordable housing. When there are for sale projects in Oakland, similar in size, the cost per unit is probably around \$500,000.

Mr. Gordon stated that that was a point well taken.

Mr. Metcalf stated that the 100% project based section 8 contract on this property means that this project is serving families that are below poverty, the poorest of the poor. The children living on this property are going to have one of the best shots to break out of poverty and move in to the middle class because they are in a neighborhood where they have access to decent schools, good infrastructure, good transit and a good location. These priorities need to be balanced. With the new proposed changes, this project wouldn't be unable to proceed; however, there would be some limitations on the amount of bond proceeds. The project sponsor would have to make some tough choices on how to backfill that difference.

Mr. Gordon asked how close this project is to transit. Mr. Gordon stated that he is going to support the project.

Ms. Ellin stated that site is near a bus stop.

Mr. LoFaso asked if the elevator was mandated under 11(B) or was that optional.

Ms. Ellin replied that it was mandated.

Mr. Gordon asked if the elevator fell under the ADA act.

Ms. Ellin replied yes.

Mr. LoFaso asked if the parking limit is from the implementation of AB744. Is this something that would be remove costs from this project in future years?

Mr. Gordon asked Ms. Ellin if she knew how much cost was added by the parking requirement.

Mr. Metcalf stated that if the project would comply with AB744 it would be because that is a per stall unit ratio. It doesn't specify whether it is surface or structure. The cost driver is not the number of stalls, but the fact that it has to be podium parking.

Ms. Ellin replied that that was a requirement of the city.

Mr. Gordon asked Ms. Ellin if she had the cost added for the parking.

Mr. LoFaso stated that he thought the purpose of AB744 was to override cities on certain places where there are parking requirements near transit to obfuscate those parking requirements.

Mr. Gordon stated that AB744 allowed the city to have less.

Mr. Metcalf stated that it allows the developer to have fewer parking stalls, but it doesn't have any requirements around the nature of the stalls, be it covered or surface. If the developer were able to go back to the City and say that they are busting out of CDLAC's cost requirements that may give the developer some leverage with the City. There is a push and a pull here.

Ms. Glasser-Hedrick stated that to the extent that there are limits in place that is what gives the developers leverage to go back to local planning departments and push back on their requirements. It is very hard to structure these deals. Once you have a feasible project, you want to bring it forward after spending so much time, energy and effort. It is CDLAC's hope that the allocation limits are helpful to the development community to use as leverage with regards to reducing parking and other potentially costly provisions that local governments might impose without affecting the longevity or quality of the project.

Mr. LoFaso stated that Ms. Boatman-Patterson started a good discussion.

Mr. Gordon stated that the Committee constantly struggles with the costs. Congress is looking at these costs and who knows what the next administration will look like. Congress will be looking at dollars and there will be compromises made. The fact that California is building \$900,000 units for low income housing puts the entire program at risk. Mr. Gordon stated that his comment was in no way a criticism as he understands everything that the developer goes through; however, somewhere along the line this has to get realistic. The part that Mr. Gordon wrestles with is the fact that there are going to be some very lucky families that are going to live there and get all of those benefits while there are folks living in the flatlands in decrepit housing with people going homeless because we are building on sites that are costing \$900,000. Congratulations to SAHA for getting to this point and for going forward.

Ms. Boatman Patterson gave kudos to the developer. They had a tough job to do and this was not meant to call them out; however, it was a project that she felt was worthy of a discussion. She also gave kudos to CDLAC and TCAC staff because with the proposed high cost allocation limits, it might have given the developer an opportunity to go back to the city to try to reduce costs. For the eleven (11) two-bedroom units in this project, the limits would have been \$400,000 per unit; for the seventeen (17) 3-bedroom units, the limits would have been \$427,500 per unit. That relates to a savings of \$1.4 million for the total costs of the project.

Mr. Metcalf stated that it would have reduced the use of tax-exempt bonds used for the project.

Ms. Glasser-Hedrick has been trying to pull up the Regional Opportunity Index (ROI) for Davis. As the Committee deliberates on this policy in general, she feels that this is one of the things that should be looked at. How do you recognize outside of a data system where a good site would be.

Jacqueline Wong-Hernandez moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Alan Gordon: Aye.

6.1	16-012	RF	California Statewide Community Development Authority	Campus Oaks Phase I Apts.	Roseville	Placer	\$5,822,332
6.3	16-539	LE	California Statewide Communities Development Authority	Harbor Park Apartments	Vallejo	Solano	\$35,000,000
6.4	16-468	SL	California Municipal Finance Authority	Waverly Place Apartments	Redwood City	San Mateo	\$6,200,000
6.5	16-469	LE	County of Alameda	Redwood Hill Townhomes	Oakland	Alameda	\$13,080,000
6.6	16-493	RF	Housing Authority of the City of Anaheim	Hermosa Village Phase I Apartments (Scattered Site)	Anaheim	Orange	\$43,000,000
6.7	16-521	RB	Golden State Finance Authority	Harmony Terrace Apartments	Simi Valley	Ventura	\$14,300,000
6.8	16-522	LE	City of Oceanside	Villa Storia	Oceanside	San Diego	\$8,000,000
6.9	16-524	SL	California Municipal Finance Authority	Granger Apartments	National City	San Diego	\$40,362,200
6.10	16-525	RF	California Municipal Finance Authority	Culver City Rotary Plaza Apartments	Culver City	Los Angeles	\$23,870,859
6.11	16-527	LE	California Municipal Finance Authority	Valley View Senior Homes Apartments	American Canyon	Napa	\$16,660,000
6.12	16-528	LE	HA of the City of San Luis Obispo	SLO 55 Apartments	San Luis Obispo	San Luis Obispo	\$5,600,000
6.13	16-529	LE	City of Los Angeles	Dudley Oaks Apartments	Los Angeles	Los Angeles	\$5,894,640
6.14	16-530	SL	California Public Finance Authority	Carolina Heights	Vallejo	Solano	\$14,500,000
6.15	16-532	FW	California Municipal Finance Authority	Diamond Street Apartments	Anderson	Shasta County	\$10,000,000
6.16	16-533	SL	California Municipal Finance Authority	Napa Park Homes Apartments	Napa	Napa	\$45,000,000
6.18	16-537	RB	City of Los Angeles	Casa Carmen Senior Apartments	Los Angeles	Los Angeles	\$6,400,000
6.19	16-538	SL	California Municipal Finance Authority	Coliseum Connections Apartments	Oakland	Alameda	\$32,000,000
6.20	16-540	RF	California Municipal Finance Authority	Owendale Mutual Housing Community Apartments	Davis	Yolo	\$3,645,000
6.21	16-541	FW	California Municipal Finance Authority	Villa Pacifica II	Rancho Cucamonga	San Bernardino	\$9,294,472
6.22	16-542	SL	California Housing Finance Agency	St. Marks Apartments	Oakland	Alameda	\$36,000,000
6.23	16-543	LE	California Public Finance Authority	Vista Tower Apartments	Los Angeles	Los Angeles	\$30,000,000

7. Consideration and Adoption of the Qualified Residential Rental Program Minimum Point Thresholds and Non-Competitive Application Process for the 2017 Program Year – (Action Item)

Misti Armstrong reported that since reducing the point thresholds to forty-five (45) points in the General Pool and the Rural Pool and twenty (20) points in the Mixed Income Pool for the 2016

program year, demand in the multifamily housing pools has increased dramatically for various reasons. As a result, carryforward balances are at significantly low levels and for both the 2015 and 2016 year, CDLAC has allocated more than the annual state ceiling established for each of the given years (this was possible due to the utilization of unused past year carryforward). Still, the program has not reached a competitive status where demand exceeds available resources and as such, staff recommends maintaining the current minimum point thresholds in an effort to continue to encourage utilization of CDLAC's resources. Additionally, CDLAC received a pipeline of \$2.6 billion of expiring Difficult Development Area (DDA) projects in June of 2016 most of which will request allocation in 2017, if they are able to proceed. Given that the expiring DDA projects submitted to CDLAC were subject to a 45 point minimum score, it would be administratively cumbersome to create a different standard than the 2016 standard for 2017.

CDLAC is hopeful that maintaining this scoring threshold will continue to push more projects into the realm of economically viable and accordingly increase production and preservation of affordable housing throughout the state.

RECOMMENDATION:

Staff recommended the approval of minimum point thresholds for the General and Rural Pools of forty-five (45) points and twenty (20) points for the Mixed Income Pool as noted and an open application process for the Qualified Residential Rental Program for 2017.

Jacqueline Wong-Hernandez moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Alan Gordon: Aye.

8. CLOSED SESSION: Litigation (Government Code Section 11126(e)(2)(c)) - Discussion with Legal Counsel Regarding Pending Litigation

No action was taken by the Board.

9. Public Comment

There was no public comment.

10. Adjournment

The Chairperson adjourned the meeting at 12:57 p.m.