

California Debt Limit Allocation Committee

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
January 16, 2019
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

Fiona Ma, CPA, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:02 a.m.

Members Present: State Treasurer Fiona Ma, CPA, Chair
Jolie Onodera for Gavin Newsom, Governor
Alan LoFaso for Betty T. Yee, State Controller

Advisory Members Present: Tia Boatman Patterson for the California Housing Finance Agency (CalHFA) joined the meeting at 11:10 a.m.
Lisa Bates for the Department of Housing and Community Development (HCD)

2. Approval of the Minutes of the September 19, 2018 and the October 17, 2018 Meetings (Action Item)

Alan LoFaso moved approval of staff's recommendation. Upon a second by Jolie Onodera, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jolie Onodera: Aye; Fiona Ma, CPA: Aye.

3. Introduction and 2018 Summary (Informational Item)

Evan Kass stated that he would like to give a quick update. While the Treasurer is in search of an Executive Director for CDLAC, Vincent P. Brown, currently working for the State Treasurer's Office, is now CDLAC's Acting Executive Director. Unfortunately, Mr. Brown could not be with us today.

Mr. Kass reported on the 2018 Summary information and how CDLAC ended the year. The total number of projects awarded allocation in 2018 was 151 projects for an aggregate total of \$4.7 million. That was 8% higher than in 2017.

There were 133 projects totaling \$4 billion for the Qualified Residential Rental Pool, (QRRP), which has the majority of project pool requests. There were eight (8) Single Family Housing (SFH) projects totaling \$286 million, nine (9) Exempt Facility (EXF) projects totaling \$300 million, and one (1) Industrial Development Bond (IDB) project totaling \$7.6 million for an aggregate total of 151 projects at \$4.7 billion.

In terms of the QRRP projects, there were a total of 15,352 units that received allocation. This breaks down to 60% for acquisition rehabilitation and 40% for new construction in 2018. CDLAC ended the year with a total available 2018 carry forward of \$1.2 billion which will be added to the current volume cap for a total amount of allocation available.

Chair Ma added that Mr. Vincent Brown has a long history in state service. He started in California as a program analyst with the California Joint Legislative Budget Committee in 1982. He has since worked with different agencies: the California State Controller (SCO), the California State Department of Finance (DOF), CalPERS, back to the SCO, and then most recently with State Treasurer John Chiang starting in March of 2015. Mr. Brown will be the Acting ED for this agency until we appoint a new Executive Director.

4. Determination and Adoption of the 2019 State Ceiling on Qualified Private Activity Bonds
(Action Item)

Evan Kass reported that the 2019 State Ceiling for the allocation of Private Activity Bonds uses IRS Revenue Procedure 2018-57 which multiplies at a per capita rate an inflation factor of \$105. It was the same amount that was provided by the IRS last year. That figure is multiplied by the California population as it is presented by the Census Bureau. The latest census bureau statistic for the California population is 39,557,045.

The 2019 State Ceiling for private activity bonds is \$4.15 billion. It is just \$2 million higher than last year's ceiling. With the IRS inflation factor remaining the same, the incremental increase is predominantly due to the small increase in the California population which is approximately 0.05% higher than last year.

RECOMMENDATION:

Staff recommended approval of the Determination and Adoption of the 2019 State Ceiling on Qualified Private Activity Bonds.

Alan LoFaso moved approval of staff's recommendation. Upon a second by Jolie Onodera, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jolie Onodera: Aye; Fiona Ma, CPA: Aye.

5. Consideration and Adoption of the Apportionment of the 2019 State Ceiling among the State Ceiling Pools (Action Item)

Evan Kass reported that staff did the apportionment, as we have done in prior years, based on a demand survey that was sent to our issuers on what 2019 was going to look like. Staff based the apportionment on both the demand survey, and how the issuers used allocation in 2018. The combination of those two (2) factors, which again is what we have done before, and focusing on our legislative priorities for promoting housing for lower-income families and rehabilitating existing governmental low-income family housing.

The largest allocation is in the QRRP projects. Last year staff held 30% for allocation in case there was a need to reallocate later in the year. This year, staff is recommending a 20% hold in allocation and increasing the general pool. This is based on last year's use of the held allocation and the majority of it going to the general pool where staff does see the largest amount of activity with our partners, CA Tax Credit Allocation Committee (TCAC) and the 4% tax credit program.

Staff had a number of applications for expiring Difficult to Develop Areas (DDA). Those applicants have been given their own pool and staff had about how many applications, Shirley?

Ms. Hom reported that staff had about eleven (11) applications.

Mr. Kass commented that there were at least 11 applications for the DDAs for \$200 million which was set aside in the allocations. That is the majority of it.

Staff also, as we have done in the past, set a reserve for CalHFA recognizing the work and the amount of activity they do in housing.

The other thing is the CPCFA allocation. Again, they are the predominant issuers for exempt facilities. They were the only allocation issuer for exempt facility pollution control type of bond activity.

That is pretty much the apportionment or a high-level summary of the apportionments. There is an attached table which goes through the details of the apportionment by each of the pools.

Chair Ma asked if the public also had access to that table.

Ms. Hom stated that it was posted on the CDLAC website as part of the staff report.

Mr. LoFaso stated that he appreciated the fluidity of the situation as CDLAC reaches the point where it will use all of its allocation in a single year.

Chair Ma stated that housing is a priority for the Governor as well as for the Treasurer's Office. She will try to Chair as many CDLAC meetings as possible, as well as the CalHFA Board and the other housing agency organizations that meet regularly. All of the agencies need to work together to build more housing to try and meet the goals set by the Governor and keep California moving forward.

Ms. Boatman Patterson wanted to acknowledge the good work of the staff and she appreciated the continued collaboration as agencies continue to align the housing programs. She anticipates an exciting year and is looking forward to working closely with the Treasurer's Office.

RECOMMENDATION:

Staff recommended approval of the Adoption of the Apportionment of the 2019 State Ceiling among the State Ceiling Pools.

Alan LoFaso moved approval of staff's recommendation. Upon a second by Jolie Onodera, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jolie Onodera: Aye; Fiona Ma, CPA: Aye.

6. Consideration of Requests for a Waiver of the Forfeiture of Performance Deposit for Various Projects (Action Item)

Step Up on Second Apartments	17-417
Cottages at Mission Trail Apartments	17-378
Post 310 Apartments	18-321
Rocklin Gateway Apartments	18-365
Sierra Heights Apartments	18-395

Shirley Hom reported that staff received requests from Issuers for five (5) projects that had requested a Waiver of the Forfeiture of the Performance Deposits and Submitted Reasons. Three (3) of the projects requested extensions to the bond issuance expiration dates and two (2) projects, Post 310 Apartments and Rocklin Gateway Apartments, returned the full amount of the project allocations.

The reasons presented to staff met both requirements that the issues or events preventing the timely issuance were both unforeseen and outside of the control of the applicant and the development team.

RECOMMENDATION:

Staff recommended approval of Requests for a Waiver of the Forfeiture of the Performance Deposit for Various Projects.

Alan LoFaso moved approval of staff's recommendation. Upon a second by Jolie Onodera, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jolie Onodera: Aye; Fiona Ma, CPA: Aye.

7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for the Single Family Housing Programs 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 there was one (1) application from the Department of Veteran's Affairs in the amount of \$50,000,000 for the Single-Family Housing (SFH) Mortgage Revenue Bond Program.

The applicant is going to be issuing about \$80 million. In 2016, CDLAC awarded \$150 million for the program. They issued about \$120 million, so it left a remaining balance of about \$30 million. Staff understands that they are going to be issuing about \$80 million which includes the \$50 million request if the Committee approves it today.

Chair Ma commented that there was \$50 million for approval today plus there was \$30 million that can still be used from the 2016 allocation.

Ms. Lester replied yes. It has an expiration date of December 31, 2019, so they will be issuing that all together.

Chair Ma replied that that meant the capacity is at \$80 million?

Ms. Lester stated that was correct.

Chair Ma just wanted to clarify.

RECOMMENDATION:

Staff recommended approval of the Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for the Single Family Housing Programs and Awards of Allocation.

Alan LoFaso moved approval of staff’s recommendation. Upon a second by Jolie Onodera, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jolie Onodera: Aye; Fiona Ma, CPA: Aye

19-004	SL	California Dept of Veterans Affairs				\$50,000,000
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8. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects (QRRP) and Awards of Allocation (Action Item)

a. Consideration of appeals*

Shirley Hom stated that there were no appeals.

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

Ms. Hom reported that staff is recommending approval of one (1) rural pool project in the amount of \$9,400,000 and 17 general pool projects totaling \$416,160,674 for a combined amount of \$425,560,674 for all 18 QRRP projects.

RECOMMENDATION:

Staff recommended approval of \$9,400,000 to fund one (1) project in the Rural Pool and \$416,160,674 to fund 17 projects in the General Pool for an aggregate total of \$425,560,674 to fund all 18 QRRP projects.

Jolie Onodera moved approval of staff’s recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jolie Onodera: Aye; Alan LoFaso: Aye; Fiona Ma, CPA: Aye

19-417	CTY	Housing Authority of the County of Kern	Mountain View Village	Lamont	Kern	\$9,400,000
19-002	RB	California Municipal Finance Authority	Madison Park Apartments (Supp)	Oakland	Alameda	\$8,643,497
19-003	FW	City of Los Angeles	Jordan Downs Phase 1A (Supp)	Los Angeles	Los Angeles	\$4,100,000
19-401	RF	City and County of San Francisco	1990 Folsom Family Housing Apartments	San Francisco	San Francisco	\$62,132,500
19-402	RF	California Statewide Communities Development Authority	353 Main Street Family Apartments	Redwood City	San Mateo	\$53,247,500

19-403	RF	California Municipal Finance Authority	Colden Oaks	Los Angeles	Los Angeles	\$9,000,000
19-404	RB	California Housing Finance Agency	Bernal Dwellings	San Francisco	San Francisco	\$50,000,000
19-406	RB	California Municipal Finance Authority	Figuroa Oaks	Los Angeles	Los Angeles	\$8,000,000
19-408	SL	County of Alameda	3268 San Pablo	Oakland	Alameda	\$21,192,500
19-409	SL	California Statewide Communities Development Authority	Seaview Village Apartments (Scattered Site)	Seaside	Monterey	\$48,900,000
19-410	SL	California Housing Finance Agency	Mulberry Gardens Apartments	Sacramento	Sacramento	\$27,700,000
19-411	SL	California Housing Finance Agency	Heritage Plaza	Redding	Shasta	\$11,870,000
19-412	SL	City and County of San Francisco	Abel Gonzalez Apartments	San Francisco	San Francisco	\$12,442,500
19-413	SL	City and County of San Francisco	Bernal Gateway Apartments	San Francisco	San Francisco	\$23,500,000
19-415	RB	California Municipal Finance Authority	Fairfield Apartments (Parkside Villa Apartments & Rockwell Manor Apartments) (Scattered Site)	Fairfield	Solano	\$33,500,000
19-416	CTY	California Statewide Communities Development Authority	Gateway Terrace II Apartments	Merced	Merced	\$10,000,000
19-418	CTY	California Municipal Finance Authority	Corona Community Villas	Corona	Riverside	\$19,932,177
19-419	FW	Housing Authority of the City of Sacramento	Victory Trio (Scattered Site)	Sacramento	Sacramento	\$12,000,000

9. Public Comment

There was no public comment.

10. Adjournment

The Chairperson adjourned the meeting at 11:22 a.m.