California Debt Limit Allocation Committee

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

December 23, 2019

Meeting Minutes

OPEN SESSION

1. **Call to Order and Roll Call**

Jovan Agee, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:05 p.m.

Members Present:	Jovan Agee for Fiona Ma, CPA, State Treasurer Gayle Miller for Gavin Newsom, Governor Anthony Sertich for Betty T. Yee, State Controller
Advisory Members Present:	Zach Olmstead for the Department of Housing and Community Development (HCD)
Advisory Member Absent:	California Housing Finance Agency (CHFA)

2. **Discussion and Possible Action Regarding 2020 Allocation Priorities – Larry Flood** (Action Item)

MR. FLOOD: He informed the committee that the CDLAC mission is primarily a housing development entity but with other mandates He indicated the discussion to follow would be concerning pool types and establishing percentages for non-housing exempt facilities, single family, and then for multifamily pool types.

He further explained his methodology and the sources he used in coming to his conclusions and recommendations.

He indicated that three of those sources he cited listed the following priorities for economic development: new construction, rehab and preservation, home ownership, economic development including high-speed rail, providing housing to a wide range of income levels, empowering residents in distressed communities, and building wealth for all Californians.

He asked all present to refer to various pages of the document that showed funding sources and the amounts and/or percentages. He continued by asking everyone to examine the 2020 demand survey with an understanding the amount listed is what the issuers deemed as being likely, not the total demand. In examining the amount for multifamily mixed income, he stated the number is larger than what was in either our pool reservation or in the final usage. The main reason was due to a change in CDLAC regulations allowing the CalHFA MIP program to be considered as part of the mixed income definition.

He continued by explaining that total allocation for multifamily and single family is 84 percent. That number is similar to the 86 percent in the demand survey. The non-housing percentage of 15.66 is also similar to the 13.8 percent of 2019. The IRS multiplier for 2020 is $105, the same as last year. He said to expect the population estimate will be available on or around December 30th. He asked Board Members to think only about percentages for each category.

For the category of non-housing, he said CDLAC is not providing funding for the beginning farmer program, $10 million for the industrial development program, and $640 million for exempt facilities. The exempt facilities include the IBank transaction for high-speed rail. IBank received a $300 million conditional amount in September and that in January IBank will request the final $300 million for the high-speed rail project. However, if conditions still have to be met before the January 15th meeting,.this entire $600 million could revert back to CDLAC to be applied to other categories. He added that this is a strongly leveraged project because high-speed rail is an exempt project where the IRS allows a private company to issue bonds for four times the required allocation. The other $340 million would go to other exempt facilities projects. Data from our demand studies shows there is about $1.3 billion worth of exempt facilities projects. He shared that we are aware of a letter from CPCFA that they have $540 million of ready projects for 2020. While housing is a priority there are other priorities in the state for solid waste and pollution control.

CHAIR AGEE: He asked Mr. Flood to continue talking about all three categories then allow Board Members to ask questions.

MR. FLOOD: He continued his category descriptions. For single family, CDLAC has allotted $350 million. This funding was allocated for Mortgage Credit Certificates (MCC's) in lieu of bonds. He then said that we put the majority of our allocations, 75.9% , into multifamily. This was done by setting money for affordable projects that had state credits, projects that did not have state credits but had local money, or, for those projects that were using HCD money without state credits, or, for rehabilitation and preservation.

He explained that we are required by statute or regulations to have both a mixed income pool and a multifamily rural pool. Last year, final usage was 82% as opposed to the current 75%. He said we are assuming that our allocation will not be larger than 2019. He then opened up the discussion with the suggestion that the committee talk about the exempt facilities first, single family second, and then multifamily.

CHAIR AGEE: The Chair restated Mr. Flood's opening information. He explained we use the term "goals" we do not use the term "priorities," in our respective documents" He continued that the goals in fact align with the goals established by the Treasurer's Office as well as with some of the goals of the State Controller. The other premise is fulfilling a second goal of figuring out how to use our bonds more efficiently. Other states (in particular New York) are more efficient with half the amount of the California bond cap. He then asked if there were any questions.

MR. SERTICH: He described how, the current bonds in calculation provide a 10% to 15% subsidy for every dollar issued with certain types of programs leveraging more. He stated high-speed rail ECCA is able to use their bond allocation at four times the amount, compared to a normal bond. Finally, he stated that from the Controller's Office perspective, the exempt facilities they have identified, particularly, the CPCFA program, are vital uses for the bonds.

MS. MILLER: She indicated agreement with the Controller's Office on the matter of leveraging federal dollars. She agreed the next best leveraging are the 4 percent credits. She also expressed concern about the single-family designation. She questions how much leverage we are getting from single family versus multifamily. She also asked about the CalVet Program and how CalVet specifically leverages CDLAC.

MR. KASS: He responded, that CalVet came in for a mortgage revenue bond that was converted to MCCs and this action precluded the issuance of their program to be subsidized. He further stated that in this case, CalVet was the sponsor for the program and total allocation was $80 million last year for them in MCCs.

MS. MILLER: She suggested moving the single family subtotal into multifamily and not having a separate single family category for allocation within CDLAC for 2020. She also indicated her further agreement with the Controller's Office to set aside funding for CPCFA and IBank among other uses. Finally she asked for clarification about what happens if project submissions do not meet requirements in terms of readiness, financing availability and other requirements of CDLAC. Specifically, she asked if the committee has an option to shift the allocations back into housing.

MR. FLOOD: He responded that yes every meeting you have the ability to reallocate.

CHAIR AGEE: He further clarified Mr. Flood’s response. He said the idea would be if there is a diversion it would not automatically be earmarked to housing. Essentially, we set baseline of demand for housing versus non-housing. He also added that we ensure that initially either side gets only about 60% of their demand in order to provide parity. If there is a reversion, we look at each segregated pool and see who has received what funding and what funding is still needed.

MR. SERTICH: He followed up on Ms. Miller's comments, He said that he agreed single-family allocation is not the best use of bonds this year and there are other resources that are better than MCCs. He also agreed the $350 million being discussed should be moved to multifamily allocation.

MR. OLMSTEAD: He concurred with Mr. Sertich. He also shared his concern that the 82% spent on multifamily housing in 2019, versus the proposed 75% for 2020, looks like movement in the wrong direction in the current political climate. He reasoned that if you combine the single family subtotal with multifamily the percentage more accurately reflects current need. He also made a couple of corrections to the committee document. He informed everyone that the Transit-Oriented Development Program, which has at least a $75 million NOFA in April was not included in this total. The Transit-Oriented Development Program, needs to put at least $75 million towards completion in April as it is from Prop 1 bonds, which is also not listed. He did not know what the perspective demand is from the awards made from the 2019 MHP NOFA. The total amount is $647 million in CDLAC funds for the $262 million we are expending. He continued, while this might not all come in for 2020, to say the total bond need for last year's MHP in the upcoming NOFA is about $682 million and the $647 million identified is too low.

MR. FLOOD: He interjected he believes local governments use the MCC program to satisfy their fair share of housing goals and anticipates resistance to its' entire elimination as a category. He also stated last year multifamily allocation was split 60/40 between rehab and new construction. He anticipates the percentages will reverse in 2020. Finally, he said that last year, we had many projects that were below 60%, but many of the rehab projects were above 60%. Limiting all of the projects to 60% and having a majority of the projects be new construction will mean more effective use of the allocations.

MS. MILLER: She expressed concern about only getting 25 cents to the dollar on MCC projects versus 42 cents or even more with other projects. She again suggested adopting a recommendation to consolidate single family with multifamily. Finally, she asked Mr. Flood to provide a new total amount.

MR. FLOOD: He said it would be $3.5 billion.

MS. MILLER: She stated, yes or 84%. I do think in Ms. Boatman-Patterson's CalHFA letter she does talk about preservation. She has a good idea about the $100 million existing tax credit at TCAC. This will all be focused on preservation for the Trailer Bill 101. She added, I do think that there is some discussion in there about preservation versus new construction.

MR. SERTICH: He responded by sharing that he believes the only issue with Ms. Miller's suggestion is that generally the majority of that funding is tied to the 9 percent program.

MS. MILLER: She stated, I think that is a discussion for TCAC. She then asked the chair for his preference about entering into a discussion about new construction versus preservation projects within the pools.

CHAIR AGEE: He said that the topic was fine to discuss. He added, there were two main things he wanted accomplished today. One was to keep larger parameters for the pools and establish what the housing pool is and two, to delve in and get into prioritization of the allocation.

MR. SERTICH: He spoke about multifamily allocation. He informed the committee that HCD has well thought out, intricately designed programs and their scoring reflects this thoroughness. He also postulated however, that on the state tax credit side, he is unsure that the same thoughtfulness exists for the scoring mechanisms. He also had similar concerns for local decision-making processes.

CHAIR AGEE: The chair responded that he believes the significance of the local process as it relates to development is their intersecting with us. He cautioned that we have to be cognizant and sensitive of local level decision-making processes.

MR. SERTICH: He stated that he believes what we really need to do is create a scoring system for the multifamily side of CDLAC emphasizing those priorities and rewarding the projects that best fulfill those priorities. He suggested that we have a new construction pool of at-risk preservation projects; a geographic pool, but not as in depth like TCAC, and finally, a pool that emphasizes either population types or opportunity areas (like those at TCAC). He added, I would like, if possible, to set up an HCD pool. We could also set up a state credit pool. We could set up a local money pool. Currently, we are lumping many different steps together when we are doing project decision making as opposed to saying here are our priorities and this is where we want to fund the projects.

CHAIR AGEE: He asked if Mr. Sertich could clarify his statement by asking I think your point is we should look at the inhabitants and the source first, then let those factors dictate the kind of the project, is this a correct summation? He also asked are you saying that you do not believe that our current construct is the best way?

MR. SERTICH: He responded, I do not think the state tax credits are measuring the quality of the project in any real way. I think the state tax credit scoring is just a cost accounting for the allocation of credits per unit.

CHAIR AGEE: He asked is quality defined as say building materials?

MS. MILLER: She asked Mr. Sertich, if because CDLAC is just using the tiebreaker right now for such decisions that this is not the best way.

MR. SERTICH: He responded, the HCD scoring system better reflects priorities.

CHAIR AGEE: He asked, “Is there is a better way to reprioritize funding within the multifamily budget than the present system?”

MR. FLOOD: He stated, I guess the two things are in conflict for us are how to set up funding pools that both meet our goals, but also do not involve too much accounting work for staff. We could go back to just having multifamily in general and multifamily rehabilitation preservation, and put some restrictions or additional guidance on what kinds of deals can get financed in each of those pools.

CHAIR AGEE: He asked Mr. Sertich “Do you not see it that way?”

MR. SERTICH: He responded, "I see it that way. However, I do not want to prioritize new construction that needs state credits over new construction that may have other funding mechanisms.

Further discussion among the committee members and the Chair ensued for several minutes about priorities, what types of pools are needed, their function and funding.

MR. FLOOD: He finally interjected, I do not mean to jump in, but we are planning to bring revised regulations to the Board for approval in February. Then the public will have a chance to comment on it. This will fix most of the scoring issues.

MS. MILLER: She asked Mr. Flood, are the regulations emergency regulations or regulations that would be for the 2021 allocation?

MR. FLOOD: He responded, I think that what we will bring to you all of our recommendations. Then those that we could do as emergency regulations we would do right away.

MS. MILLER: She stated that she was still interested in seeing another way to allocate this multifamily pool in January.

MR. SERTICH: He rephrased. When I say population, I am talking about family or senior or permanent support of housing pools. If we do prioritize, and we just wanted to prioritize one of those, I think prioritizing family in high-opportunity areas would be a small pool we could set up. However, I do not want to create too many pools and make it too difficult for staff.

CHAIR AGEE: He stated, one of the things that we are talking about as relates to this next version of the CDLAC regulations is to have a low redundancy.

MR. OLMSTEAD: He responded, the regulations process, needs to reflect the previous long term goals and yet give access to opportunity and affordability to serve vulnerable populations. He ended by adding, depending on how conversations go next month, maybe we need to reassess ARRA funding too to make sure we are not over-saturating the market.

MS. MILLER: She asked Mr. Olmstead to coordinate with CDLAC then in January's meeting.

CHAIR AGEE: He cautioned, I would just add the challenge for us is not coordination. It is lack of clarity around priorities within the goals. If you look at the 100 or so page report that HCD put together with CalHFA and DHCS you will conclude coordination is not the challenge. He added, the dilemma becomes that it does not speak to priorities. It speaks to broad goals, things like serving vulnerable populations and similar. The issue then is when you have a finite resource and you start to establish your priorities you create winners and losers. Is what you are essentially saying that you are prioritizing the need for people from a lower socioeconomic community to be integrated into higher net worth communities? He continued, now one philosophy believes that this is a good thing, but that also creates disinvestment from poor communities. So how do you serve vulnerable populations? The question is rather: "What vulnerable population are we going to serve, how and when?"

MR. SERTICH: He responded, then we are definitely a zero sum failure. We have a limited amount of resources at hand.

MS. MILLER: She retorted, that is actually a negative sum gain, because there is an $8 billion demand.

CHAIR AGEE: He interjected to Mr. Sertich and asked: "Is that a nod to say that you would like to look at efficiency as the driving force?"

MR. SERTICH: He responded, I think we are going forward. I do not want us to allocate too much to the mixed income side. I mean CalHFA has priority there, because I think their mixed income is not the same definition as general CDLAC mixed income, which calls for at least 50% market rate units.

MR. FLOOD: He added, yes, it will score higher.

CHAIR AGEE: Hew asked, what was the methodology? What was the proportionality that we had thought about for new versus rehab?

MR. FLOOD: He responded, actually, we thought that the current relationships would flip from 60/40 rehab to 60/40 new construction.

CHAIR AGEE: He answered, got it, so then essentially we are saying that if we decided to scale up new construction and scale down with the rehab, we would get more units online than if we went to the 75/25? Right now the current document we have before us, flips the allocation from what it has been 60/40 rehab, to now a 60/40 split with 60 being for new construction. If we are saying we are increasing that 60 up to 75 or ratcheting down the 40 to 25 then what does that do to our production totals?

MR. FLOOD: He stated, I guess the problem is that the result will depend a lot on the breakdown between HCD programs and tax credit programs, because they have different economics.

MR. SERTICH: He queried. If we are not allocating everything in the first meeting then we have a little time as well.

CHAIR AGEE: He said, "Correct."

MR. KASS: He elaborated, speaking to Mr. Sertich's query point, "In the past we have always had allocation on hold as its own category and we would determine prioritization to pull from that into the other pools or sub-pools. Generally, from an accounting perspective, it is a lot easier to move out from reallocation on hold to use in other ways."

MR. SERTICH: He asked, rather than switching pools?

MS. MILLER: She interjected, right, but the only difference being, Mr. Kass, that we have never been oversubscribed like now. So being mindful from the outset of the percentages with the caveat that we can adjust as we go, I do think it is important so that we will not have less funds available than anticipated later in the year.

MR. FLOOD: He added, I appreciate that bluntly. I am going to make two statements. First, in a competitive round we not only have to set the pools like we did when it was an open round, but we have to set dollar amounts and percentages for each round. I think we need to be mindful that we need to make sure that it is not all gone in the early part of the year, but by the amount that we set aside for each round. The second thing I want to say is when you look at state tax credit, when you look at the state money and when you look at the income levels that they are designed to finance; the state tax credit seems to dovetail almost perfectly with the 4 percent credit. So that makes it look like you get more units for your cost is because the 4 percent credit and the state credit overlap. When you examine HCD programs they are designed to subsidize a much lower AMI so some of the subsidy eventually goes into subsidizing income limits as opposed to units. With MIP, you get the same thing but in reverse; MIP is designed to support units that are above the 4 percent income limits.

MS. MILLER: She stated, Mr. Chair, whenever you are ready for a motion I would be happy to make that motion.

MR. SERTICH: He asked, are we voting on or making motions today?

MS. MILLER: She explained, I want to indicate the multifamily housing and non-housing, (the two pools) in advance of that January 17th application deadline to give some indication to Developers of the Board priorities. Then, in January recommend that we further refine the multifamily pool.

CHAIR AGEE: He said, that will be the goal. We start making some progress in moving the ball down the field, so that we begin giving some level of confidence to the constituents that are waiting on us to make clarity decisions.

MR. FLOOD: He redirected the committee to Ms. Miller’s attempt to make a motion by asking: “Could we do percentages?”

MS. MILLER: She asked, May I begin again? I move to establish two pools today, a multifamily housing pool of 83.34 percent, and a non-housing pool of 15.66 percent with further priorities in the multifamily pool to be determined in January by the Board.

CHAIR AGEE: Do we have a second?

MR. SERTICH: I second.

CHAIR AGEE: We have a motion and a second. Are there any public comments? Yes. If you are making a public comment please make your way to the front row while we have a speaker.

3. Public Comment

CHAIR AGEE: Mr. Leach, welcome.

MR. LEACH: Good afternoon Honorable Chair and esteemed Committee Members. Number one, I would say that the conversation so far seems totally right on point. I appreciate it happening here in the December meeting rather than in January. One of the things I would like to provide is my perspective on mechanics.

Number one, I am supportive of the 84%and 16% proposed and the fact that the single family has the zero percent up front. Number two, in regards to the pools for the multifamily. Statutorily, we need a mixed income, and we need a rural. But rather than the staff's proposed pools, I think the Committee is correct that going to a new construction and a preservation pool is the most important designation that you can make rather than state credits or non or other types of housing types. If asked what percentages to do, I would do 75/25 just because I think it has a way to “stretch” and is not a huge deviation from the amount of preservation that is needed.

CHAIR AGEE: He asked, “75% new construction?”

MR. LEACH: He answered, 75% new construction, 25% preservation. I will try to alleviate some of your concerns; if there were more rehabilitations done in the past than the 25% could fund, understand not every rehab project done in the past was a preservation project. They were not rehab projects because the regulatory agreement was up, or, because they were 25 years old and needed work, or, because they were financially infeasible and needed to be recapitalized. When you discus preservation you might want to think of those three different things. Sometimes it is for regulatory reasons. Sometimes it is the project just absolutely needs rehabilitation. Then lastly, there are some economic reasons where the AMIs were just way too low.

I will also respond to the two sentiments it seemed like the Board was attempting to get across. Number one, there is this priority that because we are not going to modify the scoring fast enough to affect 2020 allocations; I want to see the example of high opportunity family new construction projects. If you do something like that I recommend that in your January meeting you say we are going to create a pool for this new construction family high-opportunity as a subset of the new construction pool. I also want you to state to people this pool will set aside bond allocation for the first two meetings and if not used will revert to the general pool in the last meeting. Doing it this way, you can set aside some monies and if you are worried nobody applied for it, okay good. In that scenario you will just put it out at the end of the year and it is already set. The second sentiment sounded like you were thinking, “I wonder if I am over allocating to something and I would have rather it had been allocated somewhere else?” In that case, I definitely think the better tool that staff mentioned was the unallocated pool versus the "other" pool. If you make another pool, people are going to apply for it, thus, an unallocated pool I think works better. However, because we know there are many projects, I would not make it a huge pool.

He thinks 4% in credits in the 9% percent program, as the supplemental set aside to fix overages. If yours was closer to 5% or 10% that would still give you the ability to tweak something. Keeping in reserve a larger percentage would make every pool a little bit smaller. In regards to the 9%, maybe we could get more 9% credits. It would alleviate that concern with the fact that the 9% program is over-subscribed by a little more than two to one historically, and has stayed that way even after HCD's bond allocations. My assumption is we can utilize it in the industry without messing with the bond program.

MR. SERTICH: He interrupted, I do not think anyone is complaining about having an extra billion dollars.

MR. LEACH: He said, absolutely. I think you are right on point and hopefully these technical ideas are useful, but I am fully supportive.

CHAIR AGEE: He asked, “Would you mind submitting those ideas in writing to CDLAC staff?”

MR. LEACH: He responded, Sure, absolutely.

CHAIR AGEE: He acknowledged, great, much appreciated. Thank you. Before you leave any questions for Mr. Leach from Board?

MS. MILLER: She asked, “On your allocated pool, is it okay to have the 85/15 roughly pursuant to the motion we just made or does that unallocated pool have to be completely separate?” She also asked, “Could the unallocated pool be within that multifamily pool that we have already designated by the motion?”

MR. KASS: He responded, No. Generally, the unallocated pool is allocation on hold. It is considered completely separate.

MR. SERTICH: He asked, “Is there any reason we could not set up an unallocated pool in multifamily?”

CHAIR AGEE: He interjected, within multifamily? That is possible.

MR. LEACH: He stated, I think the unallocated pool within multifamily lets the community know we are making this big investment in housing. We did the 85% or 84%, but within that we need to wait and see a little bit with some of that money.

MS. MILLER: She responded, thank you for that clarification.

CHAIR AGEE: He surmised, we will want to put in some staff time to figure out how to create some of those "sub pools." Yes, next.

MS. WOOD: She represents finance staff at CalHFA. She has two comments and one technical question. Thank you for the great discussion. Responding to Mr. Sertich about the mixed income, “I know that the recommendation for the mixed income pool is less than half the request for the mixed income. I do not have the numbers with me from CalHFA, but it is certainly a lot less than was asked for.” Her second comment is regarding the multifamily sub-pools. She agrees with prioritizing new construction and at-risk preservation and thinks it might be worth considering that the committee build in a couple of years, at least, lead time on the more nuanced priorities, since it takes so long for projects to kind of pivot or plan on what kind of resources would be available. She believes that is exactly the kind of prioritization that is perfect via the regular rulemaking process and public comments. Her technical question is regarding the veteran's mortgage revenue bonds. Within Internal Revenue Code Title 26, Section 142, she wanted to know which subsection, defines private activity bonds as excluding veteran's mortgage revenue bonds. Does that mean that they still have to come out of volume cap?

MR. FLOOD: He responded, if they issue bonds no, but if they want to exchange them for mortgage credit certificates yes.

MS. WOOD: She stated, I was hoping to find some more allocations somewhere and a great volume cap.

CHAIR AGEE: He asked Ms. Wood: “Operationally when you speak to this idea of lead time, what does that consist of in your opinion?”

MS. WOOD: She answered, three years. I am not a developer, but I do see projects. It is hard to have a discussion in December and think that the resources available might be different next month when projects are planning to apply. I think that CDLAC building regulations were changed with a forward date like 2023. We are going to have this new rule in place and I would give people a little time to plan.

CHAIR AGEE: He acknowledged. Got it. Yes, and we have been doing that. I just wanted some clarification to make sure it is different than what we have been thinking about. Thank you. Any additional questions or comments?

MR. SERTICH: Thank you Ms. Wood.

CHAIR AGEE: All right, next. Hello.

MS. WIANT: She introduced herself as Marina Wiant with the California Housing Consortium and thanked staff and the Board for their comments and consideration today and in particular, the motion that is on the table of increasing the allocation to multifamily set-aside. Within further conversation that you will be having of how to allocate within the multifamily pool, again we appreciate the direction that you appear to be going with respect to new construction and at-risk projects. Even within that sub-pool I think this is a great place to prioritize even further within the new construction pool the state-funded projects as articulated both in HCD and state credits. Keep in mind, also locally funded projects with significant amount of funds. We did submit a letter to the Board reflecting some of those ideas that came from a broad base of developers.

MR. SERTICH: Thank you.

CHAIR AGEE: He asked, Marina, could you do me a favor? Could you now give any sort of the new construct of what we are talking about regarding this notion of sub-pools within broader pools and reshape your letter to give instruction on what that could look like given this new conversation?

MS. WIANT: Yeah, sure thing.

CHAIR AGEE: All right. Thank you.

MS. WIANT: Thank you.

MR. SABELHAUS: Pat Sabelhaus is representing the California Council for Affordable Housing. “This is a difficult undertaking many of us have been struggling with for the last 33 years or so. I agree with most of what has been said here, but I would like to emphasize that we cannot ignore the need for preservation projects, because we have built so many thousands of units here over the years. Every year you have ones that are either expiring the regulatory agreements or, are projects such as the SROs that were emphasized in the very beginning of '87, '88 and '89 and every city wanted an SRO. Then three or four years ago, we eliminated that from the 9% program, so there is no eligibility to now participate in rehab projects. Some of these projects are 25 or 30 years old and are in desperate need of rehab. In addition to having expiring agreements that are HCD regulatory agreements or CalHFA's or HUD Section 8, I urge that you also look at a capital needs assessment as a major issue in determining whether a preservation project would be given equal consideration and equal opportunity to be funded with both 4% credits. State credits are not going to be eligible, because this first 500 million has been limited to new construction. We ask that SROs be recertified again as an eligible housing type under the 9% program where it was eliminated some years ago and has caused major problems.

MS. MILLER: Thank you Mr. Sabelhaus.

CHAIR AGEE: He asked, Pat, can you make sure that TCAC staff stay aware of what you stated? We are getting essentially new monies coming from the feds and I think we will be looking at how to potentially do some of what you are suggesting, which is not abandon our past priorities at the state or local levels as it relates to vulnerable populations. Mr. Sertich?

MR. SERTICH: He responded, I do want to make sure that we expand the at-risk definition to include physical address as well as regulatory numbers.

MR. SABELHAUS: Thank you Mr. Sertich.

MS. MILLER: She agreed with Mr. Sertich then she asked. Mr. Sabelhaus, does every rehab project need a capital needs assessment?

MR. SABELHAUS: He responded, yes they do. If you are applying for new credits after your 15-year compliance period has run out you must do a capital needs assessment in terms of determining exactly what rehabilitation is required as a minimum for the project, not as a maximum.

CHAIR AGEE: He asked the committee, “Do you have any questions for Mr. Sabelhaus?”

MR. FLOOD: He interjected, Mr. Chair, I want to say that CDLAC also requires a capital needs assessment.

CHAIR AGEE: He concluded, all right. It looks like we have no other comments from those in the room. Do we have any from those on the phone?

MS. MILLER: No.

CHAIR AGEE: He then postulated, we have a motion and a second on the floor. Secretary, can you please call the roll?

SECRETARY: Gayle Miller?

MS. MILLER: Aye.

SECRETARY: Anthony Sertich?

MR. SERTICH: Aye.

SECRETARY: Jovan Agee?

CHAIR AGEE: Aye.

CHAIR AGEE: He summarized, the motion has been moved and approved.

We have come a long way in the past two to three months. I would like to thank staff for the work that they have done and work they accomplished in conjunction with the consultants we brought on for the strategic plan They have been really delving into what other states are doing, getting us smarter in terms of the work done at HCD, CalHFA, DHCS. This information has helped our “learning curve” in the State Treasurer's Office. I feel like we are in the middle of the ocean like a ship without a sail, but I realize that there are some reference points. I appreciate the amount of information that you all have examined which has gotten us to where we are now.

I also want to thank the Board. Often there is complexity to a problem how you resolve it creates tension. Things can go “sideways” and become “multiple personalities” in a collective goal. I am happy that we have always had the opportunity to keep our eyes focused on what the collective goal has been, which is to provide housing for Californians when we have scarce resources. I want to thank those in the development community for having patience with us as we are figure this stuff out when we are provided with a tremendous amount of resources to do this work hopefully at a level that you are pleased with in terms of simplicity and ease of use. I now want to give some final remarks to the Board members before we do an official close and I will start with you, Ms. Miller.

MS. MILLER: I would just say dead on, thank you. Happy holidays, Happy New Year and thank you, Mr. Chair.

CHAIR AGEE: All right. Thank you. Mr. Olmstead?

MR. OLMSTEAD: Thank you. I think it was good discussion. I am looking forward to January. I know we have a lot of different policy discussions ahead of us in setting future priorities, but I think we made significant progress today.

MR. SERTICH: Mr. Flood on board here and Ms. Blackwell at TCAC. I especially want to thank you Mr. Chair, for leading us. Thank you all.

CHAIR AGEE: Is there any general public comments for any item not listed on the agenda? Any on the phone? Seeing none, Merry Christmas and Happy New Year to you all.

SECRETARY: No.

4. Adjournment

The Chairperson adjourned the meeting at 2:42 p.m.