

California Debt Limit Allocation Committee

801 Capitol Mall
Room 150
Sacramento, CA 95814

April 3, 2020
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

State Treasurer Fiona Ma called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:10am.

Members Present: Fiona Ma, CPA, State Treasurer
 Gayle Miller for Gavin Newsom, Governor
 Anthony Sertich for Betty T. Yee, State Controller

Advisory Members Present: Zachary Olmstead for Acting Department of Housing and
 Community Development Director Doug McCauley
 Tia Boatman-Patterson, California Housing Finance Agency

2. Approval of the Minutes of the February 12, 2020 Meeting (Action Item)

Ms. Blackwell informed the committee that there were some edits to the minutes provided by Ms. Boatman-Patterson who confirmed these edits.

Anthony Sertich moved approval of the minutes as edited for the February 12, 2020 meeting. Upon a second by Gayle Miller, the minutes passed 3-0 with the following votes: Fiona Ma: Aye; Anthony Sertich: Aye; Gayle Miller: Aye

3. Executive Director's Report (Informational Item)

Ms. Blackwell: Since August 2019 we have been focusing on the housing crisis and since February 2020 focusing on the housing with the overlay of COVID-19 issues and restrictions. CDLAC as an allocator of bonds is affected by the turbulence in the bond market. The news on a given day is affecting the rest of the bond markets and mutual funds. Staff has received reports that investors are postponing bond issuance or canceling allocations when such news coincides with bond issuing decision times. Investors do not respond well to this type of uncertainty. Both our bonds and tax credits are dependent on investors. From a housing perspective, COVID-19 is causing shortages in housing materials, delays in construction, permitting, and delays in obtaining local approvals. In light of COVID-19 realities, Staff would like the board to consider some changes in our processes. The application deadline for the third round of 4% tax credits, should be extended by at least 30 days to May 15, 2020, which would push back the allocation round committee date to August 19, 2020. We would also like to recommend extending the readiness

deadline for the Round Two 9% tax credits of last year from the present deadline of April 6, 2020 by at least 90 days. This recommendation is because we have received many calls requesting extensions and because of the earlier mentioned delays in obtaining materials, permits and local approvals. Staff is also going to ask the first round 4% issuers to canvas their project developers to see if they can realistically use their credits before August 2020. I am also requesting the right to waive sanctions if developers must return credits because of the current crisis. I would also ask the Board to allow us to create a waiting list from the round being considered now rather than having a hard line on deadlines. If there are projects that are ready to move forward, and we have other projects that can't move forward, we should give ourselves the flexibility to reach down to those ready projects during this extraordinary time. There is no certainty that in two or three months it will be any easier and it may in fact be more difficult for developers to bring projects to this committee which are ready for development in light of this crisis. One final thing Staff would like to be able to do in the future is to change CDLAC scoring by allowing for more points for projects that are actually ready for development what can be referred to as "Super Ready" projects. What I have already done is move all projects to the April 6, 2020 deadline. The other thing I have done is to cancel all compliance audits for 30 days. TCAC compliance staff has spent the last two weeks getting cross-trained in order to review 8609's. They are now proficient in reviewing 8609's.

Even without the immediate challenges of COVID-19, we continue to face challenges in developing affordable housing in order to solve affordable housing needs in California. In an environment in which demand is exceeding the supply of bond allocation by two and one-half times, we will have to remain attentive in allocating our precious funding resources.

Ms. Blackwell: I would now like to switch the order of item discussion by next discussing item 5 before discussing item 4. If we use CTCAC's more restrictive definition for preservation projects, most projects this round would be pushed out of this category and into the Other category for which funding is much more limited. We should consider having either a less strict definition of what is a preservation project or to adjust our new construction definition. I have received feedback from housing consortium and from a group of major cities with their suggestions. We should look at these items from a statutory, policy, and possibly also a reallocation perspectives.

Treasurer Ma: She summarized briefly that we are still going to have a housing crisis after the COVID-19 precautions have been relaxed. She also asked if there were any questions or clarifications needed or requested at this time for this informational item.

Board members thanked Judith Blackwell for being proactive and for staff efforts as well.

Anthony Sertich: He asked if the June round could also be included in the request for extending of the deadline by 30 days as requested for the May round.

Judith Blackwell: She responded favorably to this inclusion of the June round for an extension.

Gayle Miller: She expressed her concern that 90 day extension deadlines are properly communicated clearly to stakeholders and that the communication is in writing within a short time on the CDLAC website.

Public Comment:

Ben Barker from CMFA stated that he went through his pool of pipeline of transactions for 2020 and he stated that a number of their projects have dropped out because they found out their commitment letters were not going to be honored. He added that commitment letters given to CDLAC in many situations are normally flimsy at best to begin with and do not actually commit the banks to fund. He stated that there

are also no new commitment letters to be found right now by lenders in lieu of the crisis. He added that he did a demand survey and he discovered that more projects were actually added since the beginning of the crisis. He questions though how viable the projects are in considering the difficulty of obtaining funding. He fears that those projects outside of the major cities may have to withdraw their projects due to loss of tax credits and/or funding.

Treasurer Ma: She asked Mr. Barker “If there was a waiting list for projects that pull out what do we do with these applications as concerns their priority? Do we put them at the top of the list or what?”

Mr. Barker: He stated there is nothing in the regulations for where to place them and that where to place them is a political discussion.

Considerable discussion ensued over what to do if the private industry market continues to be unable and/or uninterested in funding projects currently and post COVID-19. Previous federal recession stimulus measures were discussed and a question was asked if the State of California should provide a stimulus package of some sort in addition to federal efforts. There was also discussion of easing restrictions on bond caps and other potential lobbying and policy shaping strategies to keep things moving in the affordable housing development crisis. A CDLAC formulary revision allowing for a higher inflation and higher per-capita number was suggested as was reducing the restrictions on bond recycling. Some discussion also involved timeline clarification between time needed to get survey information and time needed for obtaining project information. Treasurer Ma summarized the board comments and asked for public comments.

Treasurer Ma: Are there any public comments from anyone on the phone? Hello Mr. Hawes.

Matthews Hawes: If you are a developer and the Developer Fee is paying your business costs, can you use the Small Business bailout program funds?

Treasurer Ma: You can apply and are encouraged to apply. We do not know if you will be successful. She also told him where on the STO website he could find COVID-19 related information.

George Lopez: I recently closed a hybrid project, my concern is compliance deadline is December 31, 2020, if there are any severe construction delays due to COVID-19 we will not meet this deadline. Can these tax credits possibly be rolled over to the next year as you can for development projects?

Judith Blackwell: Responded to Mr. Lopez by saying that CDLAC and the Treasurer’s Office would be looking at doing everything they can do to help developers in situations like the one he described. She added the specific remedy he suggested was a federal IRS change but that the State of California would lobby for such a change to assist developers. Ms. Blackwell then asked Anthony Zeto to explain current regulations pertaining to his suggested remedy.

Anthony Zeto: Currently, we can return the credits in some cases such as a high rise project or if there was a disaster that happened to the project. We could also look at changing the regulations to include other situations where the credits can transfer.

Treasurer Ma: Next caller.

Caleb Roope: In regards to the concern of Mr. Lopez, the federal disaster relief money that is being received will be available for extensions of a year. The IRS has verbally agreed to do blanket extensions of one year for projects that are in disaster areas across the country. Something official should be coming soon. My question for the committee is in regards to the idea of establishing a waiting list of projects. I

encourage the committee to allow as many developers to try to move forward as possible without categorizing them as not ready and being placed on a waiting list.

Treasurer Ma: Next caller.

Marie Allen: She asked for confirmation that October round approval are also being considered for readiness deadline compliance extensions.

She was informed that yes this is occurring.

Treasurer Ma: Next caller.

Representative of Miracle Investments: We have a project in San Diego that is fully funded but due to the COVID-19 concerns, we have to be delayed from proceeding. Our award was in December 2019, our compliance is June 8, 2020, so we are asking for extensions for projects like this one that have all the permits but are still being delayed by COVID-19 factors and precautions.

Ms. Blackwell: Projects like yours are among the ones we have discussed allowing for extensions.

Mr. Barker: I know it has been brought up a number of times but I believe that committee needs to look at how much carry-forward the issuers have and use it for current projects. This will keep from having to use 2020 allocations as much. I estimate that there is \$800 million to \$1 billion in carry over available from the previous three fiscal years that should be used up before 2020 money is used.

Mr. Evan Kass: CDLAC does a lump sum survey year over year to see what carry forward is available for assignment to an issuer and the balance of awarded allocations on projects is reconciled with the issuers.

Ms. Blackwell: She stated that she would prefer discussions about carry-forward and other possible funding sources issues be tabled to at least the next meeting and that this meeting be about policy.

Treasurer Ma: She stated that it is important to know what carry-forward was available prior to issuance of 2020 allocations for developers. She also reminded the committee that carry-forward allocation is only good for three years so the oldest carry-forward remaining funds need to be used first before new allocation funds are awarded.

Anthony Sertich: I agree. This carry-forward use does tie in to agenda item #6 Discuss Possible Re-Apportionment. Technically, carry-forward cannot be used for new state credit projects. All the third round projects were new state credit projects so no carry-forward could be used, but going forward, yes we need to be aware of and use carry-forward funds where we can.

Treasurer Ma: She restated that what Ms. Blackwell was requesting was that we first have a discussion about policy and that at a future meeting we can discuss carry-forward and use of other sources of funding and how they are allocated to which pools.

5. Policy Discussion of Priorities for the Preservation Pool: - Judith Blackwell

Ms. Blackwell: In the last three pages of your packets the chart in the third from the final page is showing you what happened to the Preservation at Risk pool after we applied the CTAC definition. At the very bottom of the page there is only one applicant. A second one will be added per appeal. The rest of the applicants rolled over to the Other affordable pool but had funds to only cover five projects. The

remaining 17 or 18 projects will have fallen out. Perhaps the definition of Preservation at Risk projects is too stringent. Various sources and cities have suggested we revise the Preservation at Risk definition to include projects that have an HCD loan pursuant to AB 1699, any HUD rehab projects that have section 18 demolition rehabilitation approval and HUD programs with acquisition and rehabilitation program approval. These are in addition to the loosening of the TCAC regulations definition.

Ms. Patterson: She reminded committee that the reason they tightened the definition for what constitutes a Preservation at Risk project was to prevent cosmetic rehabilitation projects from being funded. She acknowledged that apparently the definition has been tightened too much and now needs a new modification. She also surmised that the new definition was perhaps causing the funding of projects that the tighter definition intended to prevent in the Other pool.

Ms. Blackwell: She offered that the committee had the choices of either: Eliminate the Other pool altogether, or loosen up the definition of Preservation at Risk.

Ms. Patterson: She stated that she had reviewed the minutes of December 2019 and January 2020 and the policy discussions contained therein and concluded the definition the committee came up with was consistent with the committee intentions. She reiterated her concern that “cosmetic rehab” projects are being funded in the Other pool category and asked Ms. Blackwell if she could tell if this indeed was happening.

Ms. Blackwell: She responded that no survey has been taken to indicate if such projects were unintentionally funded or not at this time. She also indicated her willingness to perform such a survey.

Treasurer Ma: She redirected the committee to resume the discussion on whether or not the definition needs to be revised and loosened up.

Ms. Blackwell: She again asked all present if they wanted to continue to have an Other pool at all and if so what type of projects would qualify for being funded in this pool.

Considerably discussion ensued about what projects to include and not include in the Other pool as well as how to soften the definition for Preservation at Risk projects. A consensus was reached that a better definition that is not as restrictive should be developed for Preservation/At-Risk projects. There were questions about timelines for distributing any definition changes the committee and when they would actually go into effect. Legal Counsel present indicated any changes made today would be effective well before the April allocation deadline that is expected to be extended to May. He further explained that if the committee votes to approve the new definition to be used prior to the effective date of the resolutions this is permitted in light of the current emergency situation.

Treasurer Ma: At this time, I would like to open the discussion item up for public comments. We have six callers with comments.

Public Comments:

Victoria Johnson: She expressed her support of committee actions in regards to efforts at redefining of Preservation at Risk projects. She asked for inclusion of Unassisted Properties including Section 18 and RAD projects in the definition of properties to be considered as Preservation/At-Risk projects.

Paul Beesner: I appreciate the discussion that has happened so far and I understand where some of the cities and other entities are coming from in wanting the addition of Section 18 and RAD projects to the Preservation/At-Risk projects definition. I want to offer an alternative for the committees’ consideration

that would not require the modification of the definition. I suggest that you leave the eligibility threshold as it currently stands which is aligned with IRS tax codes and TCAC long established definitions of Projects at Risk. However, in each round you can allow for any excess funds in the Preservation/At-Risk pool to be allocated to the other pools for that round rather than roll it over as a cumulative total for the year. However, if committee decides that a new definition is appropriate, then I want to speak on behalf on a whole host of other projects that need to be considered as eligible in a new definition. Those projects include projects that have received no funding from HCD sources and are not eligible under AB 1699 to be included in the currently being discussed new definition.

Katie Lamont: She reiterated Mr. Beesner's comments and concerns that there would be whole classes and categories of projects that would not be included under the currently offered new definition. She urged the committee to open this discussion to a period of public comment before seriously contemplating making any change to the current definition.

Ms. Patterson: She reminded the committee, that when the new state tax credit for new construction was adopted, changes to the existing state tax credit also happened that allowed for the types of developments that the previous two commenters referenced. She also suggested the committee possibly establish a separate funding pool for projects still being constructed under the old tax program.

Amy Chan: She echoed Victoria Johnson's earlier comments. She wants the new definition to be applied to the upcoming round of projects that have been rescheduled to May 2020.

Marina White: She clarified the definition for the committee of what years projects she believes should be considered construction started under old tax codes (prior to FY 2000) versus those under new tax codes (FY-2000 and later).

Caleeb Roope: He wants to allow for Executive Director to have the power to decide if a project fits the definition of Preservation/At-Risk if the project is borderline in possibly meeting the definition. He believes this is the best way to include worthy projects that do not fit neatly within whatever definition the committee decides to adopt for Projects at Risk.

Mr. Salazar: He says he supports the expanded definition being considered for Projects at Risk.

William Reese: He seconded Mr. Roope's expanded definition inclusion. He also agreed with providing the Executive Director to have more decision-making discretion in determining if a project qualifies under the definition of a Project at Risk.

4. Emergency Regulations: Clarification of General Sub-Pool Definitions, Correction of TCAC References, Clarification of Scattered Site Project Types, Revision of Allocation Limits per Unit, and Treatment for Joint Applications with a Tax Credit Financing Gap. (Action Item)

Ms. Blackwell: She feels very strongly about the definition of New Construction Pool. The only thing she feels the committee may want to change is if there is a Rehabilitation project that includes at least 50% new construction on all size projects that it should be included in the New Construction definition.

Discussion ensued about how smaller projects may need to be considered for the 50% new construction standard. There was also discussion about if 50% new units is a reasonable and achievable standard or is 50% new construction too low a standard. There was also discussion about how to calculate the percentage of new construction required to offset demolition of existing units in some projects.

Amy Chan: Her concern was about phased projects where construction is completed in different phases

and how the 50% calculation will be determined. Is it determined for the entire project or in each individual phase?

Ms. Blackwell: She stated in response to Amy Chan that the type of project she postulated is often funded in phases with different demolition and new construction objectives, and this fact alone makes it uniquely hard to define, through this process, which generalized threshold and category fitting determinations such a project belongs to in the different phases.

Amy Chan: She asked the committee if there was a possibility if the Executive Director could have similar discretionary decision-making authority to determine if a project such as the one she mentioned could be included in a category as a unique exception.

Ms. Groban: She echoed the comments and concerns of Amy Chan. She emphasized her preference to have such projects be determined on an overall master plan basis versus phase-by-phase determinations.

Treasurer Ma: The next discussion is the Other Affordable pool definition.

Ms. Blackwell: She read to committee the current definition for Other Affordable housing projects in CDLAC regulations. She summarized previous discussions that led to the current definition.

Ms. Patterson: She suggested that if the committee changes the definition of New Construction housing, approves the modified definition for Projects at Risk and expands the discretionary decision-making power of the Executive Director there should be no need for an Other Affordable housing pool. As an alternative, you can keep this pool but do not fund it and only use it at the end of a fiscal year to fund with remaining unused funds for creative or innovative projects.

Ms. Blackwell: She stated her preference was to keep an Other Affordable pool but not fund. Then at each committee meeting she can come in with projects that are deserving unique project candidates to fund with leftover funds from the Preservation pool funding. The Other pool can be defined as extraordinary projects that meet the boards funding objectives and criteria.

Gayle Miller: She asked if we could delay a decision on whether or not to have an Other pool until after the demand survey for services is returned to see if the pools we currently have are fulfilling the needs of our customers.

Ms. Blackwell: She suggested that the committee decide now to eliminate the Other pool and that she would have a definition before the April 14, 2020 meeting about what projects can possibly qualify for obtaining funding as unique projects. Doing this would eliminate having so many projects fall into the Other pool as there would be no such pool. She then moved on to the next matters for discussion which are: Correction of TCAC references, Clarification of Scattered Site Project Types, Revision of Allocation Limits per Unit, and Treatment for Joint Applications with a Tax Credit Financing Gap.

Gayle Miller: She made the following motion: 1) Have the Preservation projects definition expanded to include HUD RAD Program, HUD Section 18 projects, and pre-FY 2000 AB 1699 projects funded with former IRS code guidelines. 2) Change the New Construction definition to include Rehabilitation projects of 50 or more units (previously 100 or more) that generate 50% or more new units (i.e., at least 25 or more new units based on project size); and include projects with less than 50 units that produce 25 + more units or a total of 50% more new units, less those demolished or rehabilitated units whichever is greater. 3) We would eliminate the Other Affordable pool. 4) Change the Income Averaging from 60% AMI to 80% AMI. 5) Keep the TCAC definition in addition to the changes.

Treasurer Ma: Before the Motion do we have public comments?

Mr. Galvan: Does this motion close off any further consideration of what programs may be added to the definition of the Preservation Pool at risk projects? Does it eliminate the Other Affordable pool altogether?

Ms. Patterson: Yes, you are correct, the motion does close off the Preservation Pool discussion and does recommend eliminating the Other Affordable pool.

Treasurer Ma: Next caller.

Paul Beesner: He followed up on Mr. Galvan's comments. He also stated that he believes that eliminating the funding for the Other Affordable pool completely is a bad idea. He sees no compelling policy reasons for the committee to take this action today. He also disagrees with the concept that having more Executive Director discretion on decision-making for projects is a good thing for either of the programs involved or for CDLAC staff. He fears such additional discretion moves away from transparency guidelines that are well established and accepted by the developer community. He would prefer that the Other Affordable pool remain but be only lightly funded and that the Executive Director not have this additional decision-making authority.

Kay Lynn: She is concerned that the language as proposed for Preservation projects would make it so that all of her upcoming projects would not be captured with the revised definitions. She also agrees with Mr. Beesner that elimination of the funding for the Other Affordable pool is either a good or effective instrument. She also stated that agenda items for consideration were not well advertised in advance of this meeting and some of the agenda items that were included did not specify what actions would or could be considered and asked the committee if they could be more accommodating in sharing this information in the future. She would like the information to be published at least the day before the meeting date.

Andy Madera: Agreed with previous public commenters.

Doug Shoemaker: He agreed with the previous public commenters. However, he also believes the Other Affordable pool should be only lightly funded.

Ms. Patterson: She encouraged everyone on the public comment line to please allow today's process to go forward and to discuss the specific needs of their unique projects at a future time with the combined CTCAC – CDLAC working group that has been set up specifically for such projects. She also explained that she was not closing the door on revisiting these changes and definitions but needed emergency changes in place to handle immediate contingencies in order to prevent funding of projects that the committee did not intend to fund.

Gayle Miller: She amended her motion to: 1) Have the Preservation projects definition expanded to include HUD RAD Program, HUD Section 18 projects and pre-FY 2000 AB 1699 projects funded on former IRS code guidelines and keep the TCAC definition also. 2) Change the New Construction definition to include demolition and rehabilitation projects of 50 or more units (previously 100 or more) that generate 50% or more new units (i.e., at least 25 or more new units based on project size); and include projects with less than 50 units that produce 25 + more units or a total of 50% more new units, less those demolished or rehabilitated units whichever is greater 3) Change the Income Averaging from 60% AMI to 80% AMI.

Anthony Sertich: I second the motion.

The Secretary conducted a Roll Call at the request of Treasurer Ma.

Anthony Sertich: Aye.

Gayle Miller: Aye.

Treasurer, Fiona Ma: Aye

The motion carried three votes to zero.

The next regulation change up for approval had to do with scattered sites, clarification to the language allowing for new construction. Staff is adding “for acquisition and rehab projects” to the beginning of the sentence of section 5250(1) of the CDLAC regulations. This was being done in order to clarify the language for capital needs assessments. With regard to market studies, staff also added the phrase “for new construction projects or acquisition/rehab projects” due to discussions from previous Board meetings.

MOTION: Mr. Sertich moved to approve the regulation changes to the scattered sites definition, Ms. Miller seconded and the motion passed unanimously via a roll call vote.

The next regulation change was to revise the allocation limits in section 5233(a).

Ms. Blackwell explained the parameters of the existing regulation language and noted that this change would update the 2016 numbers to reflect the recommended 2019 numbers. She elaborated to how the new numbers were calculated, taking into account the identical methodology which was also used in December in order to bring the number to reflect current market conditions.

Mr. Sertich stated he understands the need to increase the numbers but would like to see better incentives in the regulations to award projects that are more efficient in order to eliminate increasing the caps. Mr. Sertich stated he anticipates the Committee to break the million dollar per unit headline risk later this year once the caps are raised and wanted to bring it to the Board’s attention.

There was public comment.

Caleb Roope: He stated that the proposed limits essentially mean that there will not be any limits for most of the state. He recommended that the Board consider implementing exceptions to limits which support projects in high cost areas like San Francisco. Regional adjustments to limits may be a better option for the purposes of putting forth good public policy. The limits are too high for 95% of the state. He understands the immediate pressure the Bay Area faces and the need for the increase but stated more thought needs to go into the change.

Alice with PEN Housing: She expressed support in favor of the new limits but believes more work can be done to make the limits be regional but empathized the urgent need for their increase and adoption at today’s meeting. She also stated that the \$50 million limit in the Bay Area can easily be exceeded on a project with 120+ units and urged the Board to consider increasing this limit in the future.

Pedro with the Non-Profit Housing Association of Northern California thanked Ms. Blackwell for the proposed increase in stated that it would help build over 2000 units for the Bay Area. He understands construction costs associated with the Bay Area are unique and mentioned that a potential compromised could be to implement a regional adjustment that is higher for the nine-county Bay Area.

MOTION: Mr. Sertich moved to approve the regulation change, increasing the revised allocation limits. Ms. Miller seconded and the motion passed unanimously via a roll call vote.

Ms. Blackwell stated the last regulation change was one that was previously recommended by the Board on February 18, 2020, it had to do with the forfeiture of the performance deposit and assessment of negative points. These penalties would be avoided as long as a joint applicant issuer with a tax credit funding gap returned the allocation to the Committee within 90 days. She read the language again to refresh the Board's recollection.

MOTION: Mr. Sertich moved to approve the regulation change. Ms. Miller seconded and the motion passed unanimously via roll call vote.

6. Discuss Possible Re-Appportionment of QRRP Pools: (Action Item)

Ms. Blackwell: stated this item was previously discussed by the Board Members.

Ms. Boatman-Patterson requested that the remaining mixed income pool be moved up to potentially fund all of the remaining projects in the April 2020 round.

Mr. Sertich stated he is not in favor of changing the allocation amounts after the applications had already been submitted, it could be problematic for other projects that were going to apply.

Ms. Boatman-Patterson explained the over-the-counter nature of the mixed income program and why she was requesting the change.

Mr. Sertich explained the bonds are not issued over the counter and how this change could create unfairness in terms of competition.

Ms. Boatman-Patterson stated there are other projects in the round that would be getting funded; she wants all the eligible projects to be funded.

Mr. Sertich stated Ms. Boatman-Patterson's request would be changing the rules of the program which can only be done before application are accepted for a specified round.

Ms. Boatman-Patterson stated her request is due to the volatility of the market due to concerns associated with COVID-19. She wants to make sure to stabilize projects and keep them moving along, if projects are not ready, the funds can be re-deployed. She does not believe this change the rules of the program since it is consistent with the actions taken by the Board in January in order to fund shovel ready projects.

Ms. Blackwell stated staff is not proposing other changes at this time.

Ms. Miller echoed Mr. Sertich's comments and noted the Board should be mindful of the changes but stated she was comfortable with moving the mixed income allocation pool up but asked staff to agenzized a conversation regarding this in a few weeks.

Mr. Sertich and Ms. Miller agreed that the preservation pools are over funded.

There was public comment.

Mr. Shoemaker stated the problem with approving the regulation at this time without taking into account the broader problem of the miss sizing of the pools is a broader challenge. He expressed support of the mixed housing program but stated it's not any more important than the permanent supportive housing program work that HCD has funded which is not getting any priority at all, which is prejudicial to projects

that are not in the new construction pool but are clearly state priorities but receiving second class treatment due to the existing system.

Ms. Boatman-Patterson agreed with Mr. Shoemaker and stated that the scoring system CDLAC has in place does not align with state priorities. The prejudicial treatment issue is due to an overall issue with the scoring, which is ultimately not aligning with the state's priorities. She stated she would stand down on her request to move up the mixed income pools but empathized the need for an overhaul of the CDLAC scoring system in order to meet state priorities.

Treasurer Ma stated that everyone agrees on revising the CDLAC scoring system but due to the lengthy regulation change process, staff is doing the best they can to obtain an exemption so that they can do a little more.

Mr. Shoemaker stated that the new construction pool is so dramatically undersized that it is prejudicial to new construction projects. Since staff cannot change the scoring, it is critical that staff moves quickly to reallocate funds into this pool since it contains projects that satisfy the state's priorities.

Ms. Miller and Mr. Sertich stated they were both supportive of Mr. Shoemaker's comments and noted it is an item up for discussion in the next Board meeting so that they can resize the pools.

The Board discussed the idea of taking the remaining funds in the preservation pool that were not used and placing them into the new construction pool so that staff can fund more new construction projects in the April round.

There was public comment.

Mr. Roope was in support of the motion and stated he had projects that were ready to take advantage of the new construction funds in the April round.

Ms. Wong stated they have projects that would also benefit from the reallocation of funds into the new construction pool. She asked a clarification on the time line to use the funds (if awarded).

Treasurer Ma clarified that the deadline to use the funds is 90 days before having to return it.

Mr. Barker stated staff should consider using up the previous year's carry forward now while there are viable projects, which could help cure many staff's existing issues.

Ms. Boatman-Patterson stated she would leverage Mr. Barker's expertise offline.

Mr. Sertich stated staff has already used up \$300 million in carry forward from the previous year and wanted to make sure staff does not run into the issue of over allocating funds.

Treasurer Ma stated the carryforward topic would be listed on the April 14 agenda as an action item.

MOTION: Mr. Sertich moved to move the October allocation of mixed income bonds to April. His motion also included moving any excess preservation funds from April into the new construction pool for April. Ms. Miller seconded and the motion passed unanimously via a roll call vote.

7. Meeting Schedule Items: (Action Item)

Ms. Blackwell stated staff is proposing to move the July 15 meeting back to August 19 due to COVID-19.

Mr. Zeto clarified that the application filing deadline for projects going to the new meeting date has also changed from April 17 to May 15.

There was public comment.

Mr. Krusav asked a clarifying question for Ms. Boatman-Patterson in regards to the future rounds of the mixed income program.

Ms. Boatman-Patterson advised the caller to contact CalHFA's Director of Multi-Family Housing so they can continue this conversation offline.

MOTION: Mr. Sertich moved to approve the proposed changes to the 2020 meeting schedule. Ms. Miller seconded and the motion passed unanimously via a roll call vote.

8. Public Comment:

Mr. Sabelhaus asked if the Board had granted the Executive Director the ability to approve extensions for projects suffering delays due to COVID-19.

Treasurer Ma stated that the CTCAC meeting will be convened shortly and told the caller to stay online.

9. Adjournment:

Treasurer Ma adjourned the meeting at 3:45pm.