**California Debt Limit Allocation Committee**
Jesse Unruh Building
915 Capitol Mall, Room 587, Sacramento, CA 95814

**December 21, 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 11a.m. Anthony Wey read the phone script.

Members Present: Fiona Ma, CPA, State Treasurer
Gayle Miller for Gavin Newsom, Governor
Anthony Sertich for Betty T. Yee, State Controller
Tia Boatman Patterson, California Housing Finance Agency
Gustavo Velasquez, Housing and Community Development Authority.

Treasurer Ma: We have a quorum.

## 2. Approval of the minutes for the November 23, 2020 Meeting. (Action Item)

Treasurer Ma: All right, let's keep moving on. Approval of the minutes of the November 23rd, 2020 Meeting. Any edits by board members?

Gayle Miller: Move for approval, Madam Chair.

Anthony Sertich: Second.

Treasurer Ma: All right any public comments? On the minutes? Seeing none. Anthony, please call the roll.

**Roll call was taken and the motion passed unanimously.**

Treasurer Ma: The minutes have been approved. I have a couple of housekeeping items. We are going to have our CDLAC meeting followed by TCAC. I am not planning to take any breaks. We are going to lose quorum at 3 o'clock. So, that is our timeline today. I am going try to start with the board members and their comments and thoughts on items they wish to discuss before we open it up to general comment. We want to try limit general comment to new items versus "I agree with the previous speaker" testimonials. Given the timeline, we've been at this for nine months now. So, I think we have heard many of the comments/arguments, but we would be interested in hearing your comments on any proposed changes that the board members may have re what is the E-Binder. The E-Binder is uploaded, so everything that the board members see is on the website now. You can go and download it under the CDLAC website under "Minutes and Meeting Agenda Items". So, there is nothing that we have that the public does not have access to. All right, Judith.

**3. Executive Director's Report**

Judith Blackwell: Hello. I just want to make a few comments with regard to our temporary or emergency regs and remind everyone that CDLAC reg revisions operate differently than the TCAC reg process. After we approve the regs here at CDLAC, we send them to OAL for their review and approval. We will be publishing a timeline on the website. However, I just wanted to mention that because I think it's important. And other than that, please go ahead with the meeting.

**4. Consideration and Adoption of 2021 CDLAC Meeting Schedule. (Action Item)**

Treasurer Ma: Okay. Any public comments on the Executive Director's Report? Seeing none, let's move on. I think we'll probably want to take a couple of items out of order. Let's take Item 4, consideration and adoption of the 2021 CDLAC Meeting Schedule.

Gayle Miller: Madam Chair?

Treasurer Ma: Yes Gayle?

Gayle Miller: I'm going to defer to you, but I would like to see if we could push the first application deadline back to early February just to allow staff some time to process all the proposed changes in the application process. I think it's going to be really important that after today and after all of the feedback, people are going to calm down and really start to understand the new system. I'd like to see the first application deadline move from January 28th into February. And I think that would allow the flexibility that we're looking for. If you would be amenable to that. And given that I'm just saying this now, Madam Chair, I'm fine waiting until January 15th if you need to and you can just post it online and we can approve the calendar on January 15th. And then, that way everyone has some time to get used to this new system.

Judith Blackwell: Push it back two weeks?

Treasurer Ma: It's just going to throw us off a little bit. It's going to be tight at the end of the year. But I'd like to hear from staff what the workload is.

Anthony Zeto: Hi, this is Anthony. I'm speaking on behalf of TCAC, however the schedule is structured in a way that we would try to avoid as much overlap with the 9% rounds so staff can balance our workload. And that's the reason we structured it this way. So, the hope was, we could start accepting applications in January, start working on those applications, and then, ultimately, when the 9% ones come in, we are finishing up on those versus all applications coming in simultaneously. We're trying to minimize the overlap, basically.

Treasurer Ma: And when is the TCAC meeting allocation done?

Anthony Zeto: Well, the TCAC 4% applications are going to be lined up the same way as CDLAC's. But the 9% deadline will be in early March. So, it will give us a month to work on these 4% projects before we start tackling the 9% ones. If we go into February, it's going to start minimizing that timeframe.

Treasurer Ma: So, it's going to be more work for staff, basically.

Anthony Zeto: Yes.

Treasurer Ma: And we may have confusion when we don't have enough time. Tony?

Anthony Sertich: My only concern is somewhat along the line of Ms. Miller's. I fully understand that staggering of the rounds is really important, but my only concern is getting the application and the notification ready by the 28th. So I think for CDLAC staff, is it doable, for applicant to submit their applications by the 28th? Because I know there's going to be some work in terms of reworking the application, and on the IT side, making sure that everything is setup, but I don't understand that process.

Judith Blackwell: We've already started that process.

Gustavo Velasquez: Madam Chair?

Treasurer Ma: Yes, Gustavo?

Gustavo Velasquez: For what it's worth, let me just add another point here. Some of you may know that HCD put on hold our funding until further notice to make sure that we've heard from the State Auditor. And many other people are arguing that the whole, entire financing system should be more aligned in terms of the criteria. So, with that in mind, we paused our funding to make sure that we approve the CDLAC regs and then, we adopt the criteria into the HCD funding. So pushing back the application deadline a little bit more, as Ms. Miller mentioned, I think will be beneficial. Not just for the bond process, but really, for the entire finance system, including the HCD funding.

Treasurer Ma: All right, per Judith, we've already started some of those processes, so how about if we push back one week and not two weeks? Can we just split the baby? Yes, okay. Let's push back one week, so that would be February... is it 11th?

Anthony Zeto: It was originally January 28th.

Treasurer Ma: So, February 4th?

Judith Blackwell: Yes.

Treasurer Ma: Is that good?

Gayle Miller: I move to pushing the first application round back one week, Madam Chair.

Anthony Sertich: Second.

Treasurer Ma: All right, we have a motion and a second. Any public comments? Seeing none, Anthony please call the roll.

**Roll call was taken and the motion passed unanimously.**

Treasurer Ma: All right, that change has been accepted. I would like to push Item No. 6 to the end of the agenda, since it may or may not be necessary depending on what happens earlier. And would board members like to take Item No. 7 first before we get into the regs? Item No. 7 is how we're going to allocate the $600 million from the Brightline train project that came back. That maybe an easier discussion than the CDLAC regs. Can we do that, Tony?

Anthony Sertich: Yes.

**4. Consideration of Applications for an Allocation of the Reapportioned 600 million Reverted From The XPress West or Brightline Train Project and the Remaining 2020 Volume Cap of the State Ceiling On Qualified Activity Bonds for Qualified Residential Rental Projects and Awards Of Allocation. (Action Item)**

Treasurer Ma: So, this is Item No. 7 for those of you following along and there are three options that have been proposed and we (each Board Member) has proposed one of the three options. So, we can all talk about our options and then, open it up for public comments on these options. Does that work? But before we begin, to set the table, there's $563 million still remaining in the pot. And that's because we over allocated in one of the earlier rounds and some of the $600 million went to make up for the April round. So, we have $563 million and there's three options on the table at this moment. So, Ms. Miller, you're first.

Gayle Miller: What we spoke about previously, is really trying to emphasize new construction. We got through some of the really important projects and I wonder if Mr. Velasquez could speak specifically to two of those projects? But I appreciate seeing all of the shovel-ready projects still remaining and that is our number one priority, to get as much done as possible with the funds remaining. Mr. Velasquez, do you want to quickly speak to the HCD projects?

Gustavo Velasquez: Yes, I do. I think approving the new construction projects would allow for construction to move forward immediately on those projects. Based on our calculation, Madam Chair, the funding of the "new construction" projects would give us about 260 more units for people that are in most need in the ELI/VLI category, including 90 units for the special needs population. That is compared to Option 2 which would only give us 82 ELI/VLI units. So, when you compare the scale and these other priorities between these options, we are recommending Option 1 as the option that will give us more housing in areas that most need it.

Treasurer Ma: Okay. So, for those following along, Option No. 1, if we allocated $563 million only to new construction projects, it would go down the list ending at "West Carson Villas 20694 in Torrance, Los Angeles." All right, Tony, Option No. 2?

Anthony Sertich: This is a bit of a stretch, but I will take ownership of Option 2. I think our priority at the Controller's Office is to have a somewhat balanced approach to this. While building units is a top priority, we also don't want to lose affordability on existing units, and I think that's important. I'm not stuck on saying there should be this exact outcome in terms of the portion of the units for new construction versus other categories, but I do think there should be a focus or an allocation to preservation projects, as well as new construction projects out of these funds. Looking at the options that were presented by staff, I think that Option 2 makes a lot of sense and working through the numbers, there's almost nothing left in terms of excess allocation. So, by going down the list in a way that gets to the most projects and most units in a good way. But I'm open to other suggestions.

Treasurer Ma: Thank you.

Gustavo Velasquez: Madam Chair?

Treasurer Ma: Yes, Gustavo?

Gustavo Velasquez: Just clarification for the staff, can you point to the projects or at least, how many of those preservation projects would be funded with Option 2?

Treasurer Ma: Yes, so Option 2, the projects funded under the “new construction” category would go down to “Pony Express Senior Apartments” in Vacaville and then, it would fund three “preservation” projects, namely “Harriet Tubman Terrace Apartments,” “Town Square,” and “Central Plaza.” And Option No. 2 would leave $79,000 remaining in unallocated bonds for calendar year 2020.

Gustavo Velasquez: Inclusive of Pony Express under new construction?

Treasurer Ma: Yes, that is correct. Tony?

Anthony Sertich: One other point I'd like to make is on Option 1, if we just fund “new construction” projects, we would have $36 million remaining. Now, that isn't enough to fund the next “new construction” project, but it would be able to fund the next, pretty much close to two, we'd be a little over on the second project, but at least one preservation project, as well. So, it doesn't seem like we should be leaving that money on the table if there are high ranking projects that we think we should fund also. But we should also discuss any leftover bonds and where they should go.

Tia Boatman Patterson: Yes, I completely agree with that.

Treasurer Ma: Yes, I agree also. I don't want to see any carry forward for 2021, or very little. Let's try to fund as many projects as we can. Okay, Option No. 3, is my compromise option. So, basically, I would propose to fund all new construction projects up until the 120 point category because there's a lot of 120 point category projects. And therefore, my stopping point for “new construction” projects would be at Terracina in Lancaster. Then, I would go down the “preservation” list and that would fund the six highest scoring projects: Harriet Tubman, Town Square, Central Plaza, Throughline Apartments, Centertown Apartments, and Barrett Terrace Apartments. And we would still have $37 million left over and again, and we can talk about where that $37 million excess would go.

Treasurer Ma: All right, so I'd like to open this item up to public comment to hear thoughts on these three options. If you support 1, 2, or 3 or some hybrid of those three? Who's got their hands up?

Ardie Zehedani: Yes, Madam Chair and members of the Committee, this is Ardie Zehedani with St. Anton Communities. We have two applications before you and both are in the "New Construction Pool" and both are the lowest tiebreaker dollar amount out of all of the remaining projects. One is a 191 unit senior affordable in Sacramento and the other is a 75 unit family affordable in Folsom, including extremely low income. Both of these projects are in plan check and would start construction next month or the following month. We are funded in Option 1 and 2, but not in Option 3. The policy direction we've heard from all levels of government has been about a housing crisis and overall availability of all housing. While preservation is important, the "New Construction Pool" delivers new, additional housing to the State's inventory. These units would be ready for occupancy in approximately 14 months just as COVID related eviction challenges could be further materializing. There are thousands of people on the waiting list at these two cities that I referred to earlier. We need the housing inventory, and we ask you to approve Option 1 or Option 2. Thank you for your consideration.

Treasurer Ma: Ardie, what's your project name?

Ardie Zehedani: We have the two that would fall off in Option 3. The first one is Northlake Senior Apartments and the second one is Bidwell Place Apartments. In Option 3, they fall off, Madam Chair. They are okay in Option 1 and 2. And they are the lowest Tie Breakers.

Treasurer Ma: Okay, thank you. Kim Piechota?

Kim Piechota: Thank you, Madam Chair and Committee Members. My name is Kim Piechota and I'm the Director of Housing Development at Chinatown CDC in San Francisco. I'm here to make one last plea on behalf of Chinatown CDC's Throughline Apartments Project, which is being recommended for funding under the "Preservation Pool" as part of Option 3. Throughline is a scattered side project that includes three small buildings centered in and around San Francisco's Chinatown totaling just 88 units, and housing some of our city's most vulnerable residents. Two of the buildings are over 100 years old and have seismic safety issues and major rehabilitation needs and include SROs and apartments for extremely low income households averaging 13% and 23% of median income. The third building is a senior HUD 202 constructed in the 1990s, so it is now 30 years old and houses frail seniors on fixed incomes averaging 14% of median income. Each of these buildings are too small to be syndicated alone and we've been working for the past seven years to find a solution to this problem. We recently received approval from HUD to move forward with this scattered site syndication and the City and County of San Francisco has committed approximately $14 million in gap financing to the project. We're in a position to begin construction next spring. Unfortunately, next year, one of the buildings will lose its QCT status and we will have no other feasible options for preserving these buildings. While we understand the urgent need of constructing new affordable housing units in our state, we believe it's equally important to preserve existing housing stock in order to keep extremely vulnerable urban households from becoming homeless. I'm speaking today to urge you to allocate the excess bond cap to Throughline and other rehab projects with similarly vulnerable populations who are hardest hit by COVID19. Please approve Option 3 today. Thank you.

Treasurer Ma: Thank you. Sarah, Sarah White?

Sarah White: Hello everyone. Thank you for the opportunity to speak. My name is Sarah White. I'm a Director on the Northern California team with BRIDGE Housing. Similar to Kim, I'm here to really, strongly urge the Committee to pursue Option 3. This option represents about 30% of the reverted bonds and that is consistent with the amount of bond cap that was available in the December round for rehab deals. So, I feel this is really an equitable proposal that shares the reverted bond resources in a manner that's consistent with how CDLAC was proposing to use the Bond Allocation in December. Bridge is proposing the Centertown Apartments, which is an existing project that's been around for about 35 years and really has never undergone significant rehab work since it was initially created. It has HCD funding and a CRHP loan that allows the project to serve extremely low income residents. I think our average affordability is about 30% AMI. We have disabled residents that live at Centertown. The elevator needs modernizing. We have some standard amenity space in this project that's really way overdue for renovation and substantial rehabilitation, including needed seismic work. As you know, this was an extremely competitive round. There were many high scoring projects. So, I really think that Option 3 is the most equitable. It allows the bond dollars to reach the highest scoring projects that were received, including the rehab projects that have maturing loans. Thank you for hearing me out. I really encourage you to go with Option 3.

Treasurer Ma: Thank you. Mr. Gilmore?

Donald Gilmore: Hi, Don Gilmore with Community Housing Development Corporation. I advocate for Barrett Terrace. It's a 115 unit development that is over 50 years old and in desperate need of renovation. We were included above the line before and then, there was restructuring, I would say. And then, when we looked, we were below the line. We know that we could have received a partial allocation based on that, but obviously, it wasn't enough of what we needed. Given that, we think this is a valuable project. This project has never been syndicated before. Hopefully, it looks like we're in option 2 and 3 and we support those that fund the Barrett Terrace. Thank you.

Treasurer Ma: Okay. Chris Cummings?

Chris Cummings: Hi. Thank you, Madam Chair and Committee Members. My name is Chris Cummings. I'm the Associate Director of Housing Tenderloin Neighborhood Development Corporation in San Francisco. TNDC does not currently have any deals that would get funded in any of these scenarios. We're just extremely strong proponents of an equitable distribution of these bond funds to preservation projects. I think there is a lot of very high quality projects that would otherwise go unfunded this round. In this case, we are strongly urge the Committee to adopt Option No. 3 as proposed. Thank you very much.

Treasurer Ma: Thank you. Mr. Leach?

William Leach: Good morning Madam Chair. I also do not have any projects that are affected whether or not you pick Option 1, 2, or 3, but I'd like to agree with Chris and Sarah's comments that had this $600 million been available at the beginning of the year, a portion of it would have gone to preservation and frankly, the industry's had a tough time adjusting from almost half of its bond capacity going to rehabilitations to a smaller amount. And so, I think keeping that equitable through the end of the year will be helpful. Thank you.

Treasurer Ma: Thank you.

Stewart Boyd: My name is Stewart Boyd of Oakley Community Development. I also would like to speak in support of using an allocation that would be more equitable and reflect the priorities set at the beginning of the year. And specifically, if you do choose an option such as 1 or 3 where there are residual funds, I would strongly urge that those funds also be allocated the Perris Sterling Villas project in Riverside County, which would efficiently use the funds. We have a total bond allocation request of only $36 million and CalPFA provides half, so we're only asking for $29.4 million of allocation which could create 215 low income units in Riverside County, which has a severe housing shortage. The project is ready to go right away and would have immediate impact on our hurting economy and the unmet need for housing.

Andre Perry: Thank you. Thank you, Committee for the opportunity to speak. Forgive me, I'm wrapping my head around the three options this morning. There were a couple of projects I think that were initially provided by staff in terms of recommendations that were in the City of Los Angeles. In light of the three options that's available today for consideration, the City of L.A. is supportive of Options 1 and 2.

Kevin Murray: Yes, thank you. I am President and Chief of the Weingart Center. We operate homeless housing in downtown. We have a project, 11010 Santa Monica Boulevard, which is funded in the 1st and 2nd options, and not in the 3rd option. Again, I would emphasize, as other speakers have, the need for new construction and adding units. The depth of our problem, particularly, with regard to homeless individuals like the projects that we're proposing is significant and we need to emphasize new construction. I would also add that our project got dinged because we happened to get it approved in a relatively affluent area and that regulation actually, no longer exists. That extra five points. And frankly, we think it's a good thing to be able to get homeless projects entitled in relatively affluent areas to distribute them. And so, we're a little bit unique in that regard and I would urge you to pick Option 1 or Option 2.

Mary Stompe: Hi, it's Mary Stompe. I'm Executive Director of PEP Housing. I want to speak to you about Pony Express Senior Apartments. It's a 60 unit project in Vacaville, senior project; 15 of the units will go to homeless individuals. We already received MHP funding, so we can start construction immediately. We urge you to select

Option 1 or 2. We need more units in this housing crisis. So, what's even more important under Option 3, only 6.7% of the units are for senior units if you select Option 3. When demographics in California shows seniors are 19%. And typically, CDLAC and TCAC shoot for 15% allocation for senior housing. So, the third option really is not equitable in terms of housing type. So, we urge you to select Option 1 or 2. Thank you.

Bo Han: Hello, Madam Chair and Committee. This is Bo Han from Chinatown Community Development Center calling in again in support of including more rehab projects, including Throughline. As the previous speaker just mentioned about senior populations, a lot of these rehab projects may not be called senior projects, or they may exclude a lot of our seniors who are very low income. The Throughline project would house seniors with less than 15% AMI income. So, please, I urge you to choose Option 3, which does include more rehab projects with a lot of vulnerable populations especially, during the pandemic. Thank you so much.

Ben Rosen: Hi, this is Ben Rosen with the Weingart Center. And I'll keep it brief and just reiterate support for Options 1 and 2.

Maryann Lynn: Hi, this is Maryann Lynn. I'm calling on behalf of EAH Housing. We'd like to say that if the Committee decides to go with Option 3, we'd like to have them consider giving the remaining allocation of the $37 million to The Hillarita, which is the first remaining preservation deal on the list where the bond ask is about $38.8 million. And, you know, we think we could make this allocation work. The Hillarita project is 102 family housing units in Tiburon, which is one of the most expensive places in the Bay Area. This is the third time the project has applied for bond allocation. It was developed in 1974 and has severe deferred maintenance needs, which have not been addressed for 45 years. The project needs major improvements to update the property for accessibility and building standards and most of the residents have been living there for decades and have different needs for accessibility. So, the project does need tax credits and bonds to be able to perform these large-scale improvements. It would also help us keep our current housing stock in a position that we continue to pride ourselves as the owners of high quality affordable housing. Thank you.

Carolyn Bookhart: This is Carolyn Bookhart. I'm the Director of real estate development for RCD, Resources for Community Development, in the Bay Area. I thank you for giving me the opportunity to speak today. I wanted to ask you all to focus on reallocating the bond authority to the new construction projects as presented in Option 1. But with a modification to prioritize projects that are actually serving homeless, seniors, special needs, and extremely low income households. These are really the populations that are the most vulnerable in our communities and they are the most at risk of becoming homeless if they are not already homeless. With that said, it's really critical that we focus first on building housing for them. The focus would also reflect the State's top housing priorities as demonstrated through the billions of dollars in HCD funding that's been committed, particularly, through the MHP and No Place Like Home Program. It also reflects the priorities of many of the builders that have these statewide housing funds and in localities that have passed bond initiatives such as Santa Clara County, L.A., and Alameda County. In Option 1 on the list, there does appear to be projects that are recommended for funding that does not serve any of these vulnerable populations. I do agree that these projects are important for increasing the overall housing supply, but given the limited resources that we have, I think it's really critical that we focus those limited resources on serving households with the fewest options and the highest needs. I think it's also important to recognize that even if new construction projects are awarded funding today, it will still be close to two years from now when they are actually available for people to move in. Which is why it's so important that these projects move forward as efficiently as possible and that we prioritize those projects hardest to fund. This is important for setting aside homelessness that is really overwhelming our state and also demonstrates to the voters that this work is actually getting done. I know in Alameda County, the A1 bond fund that was approved, were almost completely allocated within two years and because the need is so great, there is discussion in trying to push forward another initiative in the near future. But that's not going to be possible if we can't move our current pipeline forward in a timely and efficient manner. We have two projects on the list. One is Sango Court Apartments, which can provide 70 units for extremely low income households, including 40 who are homeless. We also have one called Bell Street Gardens, which will create 128 units for households below 50% AMI, including 67 units that will be able to home extremely low income. That project is actually just below the line in Option 1. It's ready to start construction and if Option 1 was selected and the projects that serve the most vulnerable in our communities are prioritized, that project could move forward in the next couple months. So, I hope you can consider my thoughts here and prioritize Option 1. And also, prioritize projects that are really serving the most vulnerable in our communities. Thank you.

<u>Paul Patierno</u>: Hi, this is Paul Patierno with Highland Property Development. Our company has a property that applied for the preservation set aside. We often apply in the preservation and at-risk categories. I have a concern with some properties that are on the Option 2 and Option 3 list. I'm familiar with the properties and I don't believe they qualify as preservation. In fact, there was a property allocated on December 9th from the "Preservation Pool" that I know for certain doesn't qualify for preservation because I did it 15 years ago. So I know the agency doesn't publish all of the application materials, but I'm just concerned that some properties being recommended or even allocated from the "Preservation Pool" don't qualify for preservation.

<u>David Allen</u>: Hello. My name is David Allen with Trestle Development. We're a small, emerging developer based in San Diego and we're the sponsor of the Mississippi ECB project in San Diego. Our project is above the line in Options 1 and 2, but not included in Option 3. And we just want to voice support for new construction. While we recognize that preservation is important, we just urge the Committee to continue to maintain its focus

on new construction. We believe that's the most effective way to address the systemic housing shortage in California and just keep our eye on the prize. I would also like to echo the previous caller's request that if there are projects above the line recommended in Options 2 and 3, that those be checked to make sure they do, indeed meet the preservation category.

Jim Wallen: Hi. I'm here today to add on to Mary's comments in regard to the dire need for the Pony Express Senior Apartments in Vacaville. That project is shovel-ready. We don't have to think about whether it is classified as rehab or not; it is new construction and ready to go. There is an island out there of seniors that are in dire need of housing and if you do not go with the Pony Express project now, that need is just going to grow. And you have the opportunity today with Options 1 and 2 or if you do Option 3 with an additional $37 million, you can take care of that with Pony Express. But the most important thing is to get heads in beds as soon as possible and Pony Express will do that for our seniors in that area. Thank you.

Danielle Thoe: Hi. This is Danielle Thoe from Community Housing Partnership San Francisco. I'm just calling to advocate for Option 3. I think it's really critical that we invest in preservation and rehab of existing affordable housing. It is known many of us, affordable housing developers, property managers, and our residents, that have properties that are falling in disrepair and that we are not continuing to invest in. Those situations, as we've seen in the past, in our industry lead to the public losing faith in affordable housing development and not wanting to invest continued public funds. So, I think Option 3 puts the most money into preservation projects. And I would note that even though, new construction projects are getting funded down to 120 points, the preservation projects that all score a perfect 135 points are still not all getting funded. So, there's a difference between the way new construction and preservation are being treated and I don't think long-term it's in the best interest. Thank you.

Lydia Eli: Good morning, members of the Committee. This is Lydia Eli. I'm the Deputy Director for Housing for the San Francisco Mayor's Office of Housing and Community Development. Consistently, our office has advocated funding for all the new construction projects that are at 125 points and preservation projects at 135 points. That is not among the options today, but we are coming out in support of Option 3 today. Several folks from our housing pipeline have testified today to that effect and we are speaking also in support of Option 3. Thank you.

Geoff Brown: Thank you, Madam Chair, and members of the Committee for giving me the opportunity to testify and advocate for our project Terracina in Lancaster, which it sounds like we're recommended on any of the options. But I want to make a more general comment relative to the new construction projects that I think is important. With the state credits and with the HCD money, those are big reasons why the bonds have been oversubscribed this year, but that's not the only reason. The Governor deserves a lot of credit for putting a lot of pressure on localities to encourage affordable housing and a lot of these new construction projects are a result of that. Our project is shovel-ready. It's ready to go. It's very low on the tiebreaker. But as we all know, all these projects take a very long time to get ready. Under the new point system that's being proposed, I don't know if we would be competitive with the leverage. And so, I'm saying that not only for our project but to help the localities that have been put under pressure to meet their affordable housing requirement, help them try and meet those requirements with the new construction. Thank you very much.

HolLynn D'Lil: I just want to support all the comments and the work by Disability Rights California and I'm a person with a disability and have been an advocate for disability rights for many decades, at least four. I helped to write the first housing standards, the disability standards in the California Building Code for apartments and condominiums in 1980. And so, I understand what you're doing and very much applaud and appreciate the concept of increasing accessibility standards, increasing the percentage of housing that will be accessible to everyone. I would like for you to think about, for the future, that when we divide housing into two categories: Accessible and not accessible, or basically, pre-disability or post-disability, it's not really taking into consideration what the reality of the human condition is. They have done many studies and in the age range between 17 and 74, 76% of the population are experiencing some form of a disability. Hopefully, for a short duration, but for many people it's a lifetime. And that's excluding the ages before 17 and after 74 and as you know, as you get older, the likelihood of a disability increases. So, it would be helpful if we could stop thinking of pre-disability and post-disability in our design of housing. We have a concept out there called Universal Design and why can't Universal Design be applied to all housing? That would take into consideration the total range of the human conditions throughout the total range of the human lifespan. There was no need to design for people with the pretense they're never going to come into a disability because there's a high likelihood that at some time within the human experience they will experience a disability. So, why not plan and design for the entire range of human conditions? And we have a great concept out there and it takes care of people with visual impairments, hearing impairments, mobility impairments. And Dara Schur’s letter and Natasha Reyes' letter from Disability Rights California lays it out very clearly what is needed to take care of the entire range of the human conditions as we design our housing. So, I know I'm a little repetitive, thank you for your consideration.

Krista Fotou: Good morning. Thank you. My name is Krista Fotou. I'm the Project Coordinator with PEP Housing. I'm advocating on behalf of Pony Express Senior Apartments in Vacaville. I just wanted to add that we are at risk of potentially losing our MHP funding if we don't receive this award. This is our third application to CDLAC and I'm urging you to choose Option 1 or 2 to support Pony Express. Thank you.

Connie Arnold: I would like to support the comments by Disability Rights California and HolLynn D'Lil in support of affordable housing projects. And also, the comments by Ecumenical Association for Housing regarding the Tiburon units and there's a real big need for accessible, low income, extremely low income housing units and I would just like to support their comments. Thank you very much.

Elizabeth Grigsby: This is Elizabeth Grigsby. I'm a long time San Franciscan. I have a disability: cerebral palsy. I work for Golden Gate Regional Finance and I strongly believe that we need more funding towards inclusionality [sic] for everyone; disabled, homeless, and low income families. Because together, we can have a stronger community. We need to remove funding from big companies and start bringing San Francisco back to the way it used to be where everybody can afford to live here again. Make San Francisco what it once was where people will be able to learn and live in San Francisco and thrive in their community. As an advocate for disabled people, I believe the more people who live in their own apartments, the more individuals will be able to thrive and function in their communities. I really urge you to put more money towards inclusive and affordable housing for people with disabilities and homeless. Thank you very much.

Jessica Gould: Hello. My name is Jessica Gould. I'm an advocate and also an urban housing alliance facilitator. I wanted to thank CDLAC for considering the developmentally disabled community and consideration for more affordable housing. I want to emphasize and remind us that the 50% AMI be included in the tie breaker amount for affordable housing.

Dana Schur: Hello. This is Dara Schur from Disability Rights California. I appreciate the opportunity to address you. I want to support the speaker who said the additional money should go to the projects that are serving those of highest needs. And I understand that there's very important projects out there. New construction is clearly important, so is making sure that the housing we have doesn't fall apart and become unlivable, which just adds to the homeless crisis. The best way to do this is to ensure the projects that you are funding with this additional money targets those serving the most at risk population with the lowest incomes. This is where the most critical need is in California. All of these projects are worthy, but in terms of public policy, that's where the money should be allocated today. Thank you very much.

Christine Fitzgerald: This is Christine Fitzgerald with Silicon Valley Independent Living Center. I would just like to support the speakers that have gone ahead of me. I know here in Santa Clara County, our housing is very impacted, and we have a housing problem in Silicon Valley. I can tell you that employees at SVILC work very hard every day to make sure that people cannot only, live in housing but we also have the community transition program, which also helps people in route from [assisted living into] the overall community. Many are impacted by the fact that many are low income and severely low income. Pardon me. Please support projects that promote low income and very low income folks who have disabilities, who are aging, who are homeless. And please also consider making Universal Design standard and not an exception to homes.

Lisa Cooley: Yes. My name is Lisa Cooley. I'm a Sacramento resident. I strongly suggest you support Options 1 and 2, which will increase affordable housing for people who have low and extremely low incomes. And I recommend that you support housing that's universally designed for the IDD disability community in California because supporting low and extremely low income housing for the IDD disability community will keep everyone in inclusive communities. As well as keeping vulnerable Californians that are even more vulnerable now due to the Coronavirus in safe, clean, stable housing. Thank you.

Betsy Morris: Thank you. I represent the Berkeley East Bay Panthers. We're calling in support of certain Universal Design aspirations and increasing and prioritizing communities that serve particularly low income seniors and disabled persons in the greatest number. I'm also calling to raise a question on two of the projects that have submitted applications. These are Redwood Gardens and Harriet Tubman Terrace. These are two properties in Berkeley that serve our seniors and the low income seniors. They are very precious to us here. And I want to note that they were both sold to the same owner in the recent years and Harriet Tubman was never notified nor were they ever notified that rehab was planned. I believe that notification and sale and remodeling should be made in good order with tenant councils, both of which exist in these two communities. Second, I believe there should be a general housing disclosure and transparencies, especially, in communities that are seeking to buy these properties back from their out-of-town landlords and managers, some of whom have been extremely problematic in past years. Second, I would like to speak to a great concern to the change in Section 10302, I believe it is E, which enables rehabbed and remodeled buildings to declare a bedroom any room 70 square feet despite the fact it might have no window or exterior door. This means a disabled person or a frail senior with disability issues might be trapped literally in a room without a door and no way to exit quickly if they need to. I just feel that should be and should have been brought up for further discussion before you pass such a dramatic change in what a bedroom is. The fact that it might be used in a few projects of high density, urban construction - I'm actually not familiar with that as any kind of norm within the affordable housing world - and this is only used absent some extreme I don't even know. But we should have a discussion before we finance those projects. Thank you.

Treasurer Ma: Okay, we're going to talk about that under Item No. 5, but we have heard you and we will take your public comments under consideration. All right, I'm going to close public comments. Members, do you have a motion, or second, or discussion? Tony? Okay.

Gayle Miller: Thank you, Madam Chair. I would like to move Option 2 noting that there are some preservation projects in this option. And what I'd like to suggest that we create a wait list, so that if projects return their bonds, that there is bond available for both new construction and preservation projects above the 135 tiebreaker score.

Treasurer Ma: I'm sorry. Create wait list for?

Gayle Miller: A "New Construction" wait list, however I would defer to staff, but the wait list would be for "Preservation" projects scoring 135, since there are still six projects on the list.

Anthony Sertich: I guess the issue is with the top of the wait list…. if construction projects fell off, would they go to new construction? And then if there was preservation?

Gayle Miller: I would do a wait list if we chose Option 2. I would do a wait list and go first to preservation and then, back to new construction would be my suggestion. But let's see if we can get through all of the projects that scored 135.

Anthony Sertich: I think that makes sense. Before I second, I would like to make a couple of points. First, I appreciate everybody who has advocated for their projects. I think we have an extremely high number of projects that have come through this year and almost each one is going to make the State a better place. If we had more money, we would love to fund all of them, and these are always tough decisions. But it is always tough to say a project isn't going to get these funds because of the lack of bonds. The other thing that concerns me a little bit is the comment who said some of the preservation projects shouldn't qualify for preservation. I'd like staff to look into this. I just want to clarify that as board members, we don't get a chance to review applications however that's not really our role. But I do want to make sure that we are carefully making sure that the projects we're approving are qualified for what we're approving them for. So, that's my second comment. With that, I will second Ms. Gayle Miller's motion.

Treasurer Ma: All right. Well, it seems like you've got a motion and a second and I do really want to support more preservation projects. I do agree, number one, with the high scores of 135. Number two, the affordable projects that are out there should be maintained, so they are habitable by our residents and are not in danger of going to fair market value. And number three, I do think some of the smaller developers are able to participate in preservation projects versus new construction due to the high cost of financing, and high capital needs. But I see that I am out voted and I'm willing to go with the majority and if there's any bonds that come back, that we look at the "preservation" wait list first. So, Tony?

Anthony Sertich: One comment on that, Madam Treasurer, is if we look back at the beginning of the year, we allocated 15% to preservation and Option 2 would get to that 15% funding level. But I do think we need to continue that discussion about what preservation type projects we're talking about and how much we're allocating to those going forward. Because I do think it is really important and we can't be letting affordable units expire, even as we build new ones.

**Roll call was taken and the motion passed unanimously.**

Treasurer Ma: All right, that motion passes. Thank you for everyone's thoughtful comments, I'd like to thank he working group again, and the staff of TCAC for putting together those three options for discussion. Let's move on to Item No. 5.

**5. Consideration and Approval CDLAC Regulation. (Action Item)**

Judith Blackwell: Okay, so this is a consideration of approval of our regs. What you have before you are the proposed regs as they were presented in our last meeting with a few minor changes. I'm just going to read through the ones that I think will make some sense. One is that the PCWBE Definition has been changed, so that it now requires both the Executive Director and 50% of the board members to be Persons of Color. Also, the AFFH Scoring has a new floor of 30% AMI for purposes of determining the low end of the AMI range. So, this allows you to reduce the targeting range from a 40% spread to a 30% spread if market conditions do not allow higher targeted units or if a low resource poverty area is adjacent to a high or highest resource area. With regard to the types of units that are counted in the tiebreaker, specifically, it is provided that only units targeted for up to 100% AMI and below, i.e., no market rate units count for purposes of the tiebreaker provided that such units are restricted for at least, 30 years. And so, there are some other minor, minor changes but nothing that is worthy of discussion today.

Treasurer Ma: All right, board members, any comments? Tony?

Anthony Sertich: Yes. I think one thing that could be helpful today, considering the time that we have, is to sort of structure into buckets what we want to talk about in terms of finalizing regulations. I know Ms. Miller has some pieces proposed. My main focus initially, was the need to discuss the pools. I think we also need to discuss a few small clean up items, but I think that the pools is a big one. My other focus is going to be on the tiebreaker. I do want to make sure that the tiebreaker effectively measures public benefit. I worry that if we're overly focused on cost containment that we won't be able to maximize the total public benefit that the program is able to produce. Right now, we have the housing side of affordable housing down. We need to make sure that we're looking at the affordability side of affordable housing, as well the tiebreaker and the scoring. I think there's a few other places that we can address that. But with that, I would like to start talking about the buckets, if that's okay with the other board members?

Treasurer Ma: Okay. Ms. Miller, what are the items you wish to discuss today?

Gayle Miller: What I would like to give you a sense of where the Administration is by sharing my screen on both the set asides and the pools. And then, add some language to make sure that our priorities are for homeless prevention, ELI/VLI, and also, homeless housing is clear. Does that work for you Madam Treasurer?

So, what we did is we took your suggestion to do 60/40 split. And you'll see that these pools and set asides really speak to the priorities that we've been talking about for a really long time. I think it doesn't go unnoticed that this is an incredibly difficult balance and that our goal will always be policy over pipeline. We know that all of our stakeholders have a pipeline that they're interested in. Our goal is meeting the policy where it is. So, you'll see that the State pools at 60%, so we did 100% at 60% and 100% at 40%. The state pool speaks specifically to those priorities and it does, given the Governor's huge commitment to creating more housing, provide over a billion dollars for those areas. We fully understand, Madam Treasurer, your commitment to preservation. We tried to maintain that. And then, obviously, the Black/Indigenous/People of Color Pool, we would like to see not only greater access within the community, but also, make sure that this isn't just a Black CEO for example, but that board members are also People of Color because they are doing a much better job within those communities. Mr. Gilmore can speak to some of the work, for example, he's done with Black churches. So, we've tried to thread that balance. Then, in the geographic pools, which is 40%, we are recommending to the Board that we consider Option 1, which is to keep it consistent with the 9% program. And we did that because there is some consistency in that, but we would like to make clear that while we're doing that, we'd also like to see the staff at TCAC and then, at CDLAC work on basis limits. So, that the basis limits have a much more accurate depiction of what costs around the State really look like. So, that's one piece of our recommendation.

And then, the second piece I will talk about is to make sure that we are prioritizing our AFFH. I can share language when we're ready to talk about this, so that it's very clear that those are both equal priorities within the Administration. We'll just very briefly put this up, so folks can see what we're looking at.

Because we're at the end, normally, I would never suggest language at this point, but I feel we need to add some clarity. You will see that what we've done in this piece of it, is that we're really making sure that the homeless projects located in high and highest resource areas also get that 20% automatic tiebreaker improvement bonus relative to other projects. So, with that, Madam Chair, I wanted to make sure that we are very clearly sharing your goals, building off of what you so eloquently created.

With regard to the tiebreaker, we continue to believe that the Controller and Mr. Sertich are totally accurate in terms of the work that's needed to measure public benefit. Given the nine months of work we've been through, there was not an obvious way to do that expeditiously so we support the tiebreaker as proposed with a very, very strong commitment to working both with you, Madam Treasurer, the Controller's Office, with all of the resources in the Administration, with the working group, and all of our stakeholders to really commit ourselves to a different tiebreaker in 2022. But for now, we did not believe that we had the data, the resources, and all the information but we are committed to providing transparently online with the coordination of the public. So, I lay that out just so it's as clear as possible for everyone on the Zoom. Happy to answer questions. Really look forward to the feedback. Just am so grateful for the nine months of work.

If you don't mind, Madam Treasurer, if I could just turn to my colleagues, Mr. Velasquez, and Ms. Boatman Patterson to make sure I haven't missed anything. And then, we can stop talking. Thank you.

Treasurer Ma: Okay, great. Mr. Velasquez?

Gustavo Velasquez: Oh, I wanted to see if Ms. Boatman Patterson has comments?

Treasurer Ma: Ms. Boatman Patterson?

Tia Boatman Patterson: Yes, I defer. I think that Ms. Miller laid it out clearly.

Gustavo Velasquez: The same. I would say the same thing. Just to add a couple of things, one, when you look at the recommendation Option 3 of the staff versus what Ms. Miller just proposed, I want to point out the small changes that we're proposing, which is a slight increase in homelessness / homeless housing which Ms. Miller spoke about and how important this priority is for the Administration. She also noted an increase in preservation. We had that discussion in the action item before about how important it is to create a preservation strategy that also works across the State. Our intent with these small changes is to speak truth to the priorities that the Administration laid out from day one when this regulations process started. We clearly signaled our intent to move more affordable housing to higher opportunity areas without compromising the important investments that we have to continue making to lower resource areas. And it is in that spirit that we have agreed to decrease the income range from 40 to 30%. We understand there are communities where higher income ranges doesn't work. There are some communities facing gentrification and displacement in some of the high-cost cities and as long as they are within proximity to higher resource areas, I think that makes a lot of sense. So, I just wanted to put a finer point on those two issues. Thank you, Madam Chair.

Treasurer Ma: Okay. All right, so I think we are in agreement. Let's talk about the pools, since Ms. Miller put up the Administration's pool. Tony, if I could get your comments on the pool that was presented? And then, I will make some comments. And then, we'll open it up for public comments on just the pools.

Anthony Sertich: Sure. First of all, I just want to be clear. I don't think using the pools to drive priorities is the best way to do it, but if that's what we're stuck with this year, I think that we need to make sure that we're highlighting what priorities we have. Again, I don't have it in front of me, but two, I think the people on the phone weren't really able to see the pools other than the people on the Zoom, so we may want to walk through this,

Gayle Miller: Madam Chair, if it's okay with you, I could read the pools if that makes sense to you? But I defer to you.

Treasurer Ma: Can you put them up again? Because I couldn't write them fast enough on the geographic location side.

Gayle Miller: Yes, so these are the statewide pools. And again, we did 60% to statewide and out of that 60%, we said 5% to rural, which is $105 million; 10% to preservation, which is $210 million; 2% to other affordable at $42 million; and 5% to the Black/Indigenous/People of Color Pool at $105 million. On the new construction set asides, we did 25% to homeless, which is $525 million; 33% to extremely and very low income at $693 million; and 20% to mixed income at $420 million. So, that's if we assume we're looking at a total of $3.5 billion then $2.1 billion of that. But again, it will be based on the percentages and not the amounts. So, this is actually assuming a lower amount than we may get from the federal government and we're grateful to the federal government for some of the provisions in the Program. And this doesn't include any of the General Fund commitments that you'll be seeing in the Governor's budget in January. For the regions, we chose to keep all of the regions the same and your staff provided three options. We chose the first option since the regional allocation would be the same as the current 9% program with the caveat that we are looking to make sure that basis limit assumptions continue to change and that the true costs are included when we look at basis limits. So, for folks on the phone, would be 21% to the coastal region; 18% to City of Los Angeles; 17% for the balance of L.A. County; 17% to the Bay Area region; 17% to the inland region and 10% to the northern region. And thank you for that clarification, Mr. Sertich.

Anthony Sertich: A few comments on my thoughts: First, I do think the preservation number should be higher. I think shooting for 10% of the overall pool would make more sense. So, having $350 million there ultimately would be good with that rolling over to other affordable if it's not used on a round by round basis. The State funded mixed income units, I noticed the State funded portion was added there and looking at the projects that have come through this year through the mixed income program, it seems to me like they're generally a standard income average program. And so, I'm not sure why those wouldn't be able to compete in the New Construction Pool? Why do we need to have a separate pool? So, those are really the two questions I have on the non-geographic pools and set asides.

Gayle Miller: Mr. Sertich

Tia Boatman Patterson: Did you want me to speak to that or did you?

Treasurer Ma: Okay, Gayle, did you want to have Tia speak?

Gayle Miller: Please. That would be great.

Treasurer Ma: Okay.

Gayle Miller: And we will get back to preservation in a minute.

Treasurer Ma: Okay, Tia?

Tia Boatman Patterson: So, the mixed income program is a statewide program, Mr. Sertich, that is paired with state tax credits with a pipeline of almost a billion dollars for those projects. When we look at our minimum number of bonds allocated versus our pipeline preservation projects, the minimum was between $600 million and $700 million. So, with an allocation of $420 million, we are going to have to go back and review that statewide program internally. I also want to remind you and the Committee that was a national award winning program that came in $100,000 per unit less and was a very efficient program. But we were asking for and pursuant to our demand survey, we had asked for $1.2 billion. We paired that down to $600 million to $700 million based on our actual pipeline of mixed income projects and now we are requesting $420 million. So, your question as to why we need a separate pool for mixed income, it because it is a statewide program that gets paired with state tax credits and it is a national award winning efficient program that has proven to be an excellent program.

Anthony Sertich: I understand the efficiency side and that's why we built that into the scoring this year. What is unclear to me is how, as Ms. Miller said earlier, that we if we focus on policy and not priority: what policies are being driven by this set aside that we couldn't do just through the typical scoring that we have setup this year?

Tia Boatman Patterson: The policy is balance and production.

Gayle Miller: Right. So, the policy, as we've always said, Mr. Sertich, is that we're looking at a spectrum of needs. So it's just as important that we avoid homelessness as it is that we provide the support for homelessness. And as Ms. Boatman Patterson said, this is not a moderate income program. I think we have to correct that immediately. I think some of the misconception about what a mixed income program is and how much affordable housing that's being built efficiently is a really important point. So first, there's a guarantee in all of these programs across the board to make sure that we have at least, 10% of very low income in everything we're doing. Second, this Program goes to 80% at max of AMI. So, this idea that it's 100% AMI is just inaccurate. We have to make sure to at correct any inaccuracies. Third, what we're hearing is we need to look at policy and also the pipeline. Thank goodness, we're finally building what we need to build in the State and also, because we have now, incentivized housing more than it has ever been incentivized before through our tax credits. So, because there's so much demand, then you look at the spectrum and make sure that you're at least meeting some of the demand across the board. So, I don't think it's a misconception to say, that in fact, this is the same as everything else. It's not. This is a program that the State chose to create, that the State then created, and has been run more efficiently than any other program in the housing world. So, I think it's a model for what we should create. It's important that we understand that even if you're 80% of AMI, housing in California is really expensive and it is up to us to provide that. So, I just think there's two sort of misconceptions going on that are important to correct. I'm happy to speak again about where we can hopefully, make some corrections as the Board wishes in terms of preservation. But I think it's really important that once the State sets priorities that our set asides really speak to those. So, with that, I thank you, Madam Chair.

Treasurer Ma: Okay, thank you. Mr. Sertich?

Anthony Sertich: Yes, and if I may, I do understand the priorities of the State and I do understand the efficiency of the Program. And with the scoring system that has been setup, if these projects are more efficient and can compete, they would win the competition. So, it should not be a problem if these projects competed in the general new construction program. What I'm unclear about is what additional sort of policy benefits do these projects bring, above and beyond the rest of the scoring that we've setup and the incentives that we've laid out in the scoring system? I'm not against the mixed income program at all. I just don't know why we're prioritizing those projects over a lot of the more deeply targeted projects and other projects that are HCD is funded or AHSC and other issues that we're not actually incentivizing in the scoring at this point with location adjustments and such. We're actually incentivizing projects to be built in less dense and cheaper areas to build across the State. Which is what the mixed income program has focused on generally, not the lower cost areas, but the lower cost areas within higher cost counties is really where a lot of those projects have been built. And so, if that is a priority of the State, then that is fine, but it goes against some of the other priorities that we've discussed throughout the last several months.

Gayle Miller: I think, you know, we can agree to disagree, Mr. Sertich. But priorities are not binary. It's not one or the other. That's why we keep talking about this as a spectrum. But, please, Madam Chair, I don't want to belabor this point. I think we're happy to discuss what the set asides can provide.

Treasurer Ma: Well, I'd like to go back to the “Preservation” category again. I think we allocated 15% this year for preservation projects and $500 million dollars and now, we've gone down to 10% in the Governor's pool and $210 million. And so, I think the preservation number is too low in my opinion. But why don't we open it to public comment on just this item.

Gayle Miller: Can I ask for clarification?

Treasurer Ma: Yes.

Gayle Miller: What do you think we should allocate to preservation? Just so we can sort of start thinking that through.

Treasurer Ma: Well, last year, $500 million was used. And we allocated that pool pretty quickly. So, something higher than $210 million is what I'd like to see.

Gayle Miller: Okay.

Anthony Sertich: One other issue I bring up is the geographic allocations. I am concerned that we're pulling numbers that have been in place for 12 years, as opposed to looking at populations and looking at the cost and the change over those 10 or 12 years since the TCAC numbers were used. I do think that we're over allocating to Los Angeles and L.A. County and under allocating to the Bay Area. But I guess it sort of depends if we're doing cost adjustments. It's one thing if we're just looking at population numbers, if so then we're severely under allocating to the inland areas and severely over allocating to L.A. So, I think at the very least, we have to come up with a methodology about how we're doing these geographic pools and agree on that before we just throw out percentages. Because we're starting with numbers and they're really old with no real methodology behind how we're coming up with these percentages. So, I'm a little concerned about that.

Treasurer Ma: Okay, so did the Working Group have any comments before we open it for public comment? Caleb is here.

Caleb: I don't want to speak on behalf of the Working Group on this issue, but I would just say that the Working Group did dig into the different methodologies. For example, we looked at RHNA Housing Needs Assessment and we studied that. We also just looked into the exact methodology that TCAC uses. And to Mr. Sertich's point, the numbers are old and what they're based on is the amount of low income folks in those communities, in those areas that were experiencing high housing cost. So, it wouldn't probably be too hard if that statistical data is around still and to get that data updated. That could be something that could be done. Maybe not immediately, but at least for next year for sure. But that was the basis, and those regions are slightly cost adjusted, but not meaningfully cost adjusted, I would just say. So, TCAC's process is on their website. Anyone can go look into the exact methodology that was created. So, at the end of the day, we kind of felt that starting with the 9% geographic regions by consolidating them, was the right way to go, as a Working Group. And then, the only real debate we had was really along the lines of how much to cost adjust them and that was really it. So, we couldn't come to an agreement on that issue. But everything else, we were pretty solid with the methodology.

Treasurer Ma: So, did you also allocate separately to the City of Los Angeles and L.A. County?

Caleb: We did because the size of those regions are significant. If you look at the percentages of each category, they kind of range from 17 to 20% but for the northern region, which is the smallest. We did look at consolidating further to eliminate that. But that was one of the reasons, I think that we did that. And obviously, the City of Los Angeles' pipeline is significant. It's just standard, so we all, as a Working Group agreed that that would be good policy to continue that.

Treasurer Ma: So, is that close to your Working Group's numbers: Coastal region 21%?

Caleb: Yes, those are our Working Group numbers. The working group put forth cost adjustment proposals to accommodate the higher cost regions. But the Option 1 is exactly from the 9% system, which is one of our options as a Working Group.

Treasurer Ma: Okay, just for the geographic regions?

Caleb: Just for the geographic regions, right.

Treasurer Ma: And then, for the pools and set asides? I don't have it in front of me, but the Working Group couldn't come to an agreement, right?

Caleb: Well, we had some rough percentages that we started with, but when the Administration wanted to focus on the content of the regulations, we really didn't discuss that any further.

Treasurer Ma: Okay.

Caleb: So, we probably all have different perspectives on that. I don't think that is a Working Group consensus item, so we're really deferring to the Committee to make those decisions. And I think we all knew as a Working Group, that was what was going to happen any ways at the end of the day, so...

Treasurer Ma: All right. Got it. Any questions for Caleb?

Doug Shoemaker: Just to clarify… because I want to make sure we answered your question the way that everyone else understood it, which is our group did not decide on what to do within the range of the geographic regions. I think that's what Caleb said, but I just want to make sure it's really clear that half of the group thought it should be cost adjusted to the way it shows the ranges and the other half of the group did not more or less. And so, we definitely do not have a proposal on that in terms of which we prefer. Which I think is what Caleb said.

Caleb: Yes, that's accurate.

Treasurer Ma: Okay, so I'm focused on two things, right? Pools and set asides, which under the Governor's proposal, is 60%. Then geographic regions at 40%. Did the Working Group agree to that 60/40 split?

Caleb: We did not discuss that particular issue. I would just say that at some point you could diminish those regions significantly. If you reduce them down, let's say, we kind of were always organized around a 50/50 split between pools, and set asides, and the regions, right, that's the numbers we were working with kind of from the beginning. However, we understand what's going on here, so I think that the only thing that I would just say is that when you start to diminish the regions so significantly, you start to look at how much is going to be available for each round and start breaking into them into rounds. You start to find that the amount of money per round for any particular region is very, very small the further you decrease that regional allocation. So, at some point, when pass a threshold, we might as well say: what's the point of the region? Because now you're just forcing small projects to happen in these regions just to be under the allocation limits for that round. That's something that the Working Group has not discussed; I'm just flagging it from my perspective to say, as you take from there, you kind of say to yourself, well, do you not just return to the system that we had this year, which was sort of a general New Construction Pool. I'm quite confident people have different concerns on that, so I don't want to represent that is the Working Group position, but I would just say, think about that as you pull from those geographic regions, you start to diminish their effectiveness significantly. And the 60/40 was kind of like the bottom threshold of that. If you take more, it starts to get really difficult and you really have to ask the question, should you consolidate everything into just one general pool at that point? Again, others will have different perspectives on that, but I just want to flag that.

Treasurer Ma: And so, if an applicant applies for the general pool, they cannot apply for the other pool, right?

Caleb: No, the Working Group has always operated on the spill system model whereby at least, in the geographic regions when they existed, an applicant could start in the homeless category for example, spill to ELI/VLI, and then, spill down to a geographic region. That was always the principle. All those new construction projects, except rural, really could spill down. You certainly could have the same type of system if you consolidate the geographic regions and allow everybody to spill down. But our view always has been that the new construction projects, including mixed income, should have the capacity to spill down into their regions and compete down there should they not win in their respective pool or set aside.

Treasurer Ma: So, I'm just thinking about staff work. Is this new process complicated? So, they would go to the pools and set asides and then, if they don't meet it, they shift down to the geographic region to see if they would do better there?

Caleb: You start in your set aside or pool and fund the highest-ranking projects. This is all in the regs, as drafted in front of the Committee. You first are tested in the set aside and then, the highest scoring project in the set aside prevail. And then, the ones that don't prevail, spill down. This is a system that the TCAC staff is very familiar with. They know exactly how to do it. It's not that hard to administer. It's just getting clear about where you start and the language and I hope we've done that.

Treasurer Ma: Got it. And so, the geographic regions is in the CDLAC Proposed Guidelines?

Caleb: Yes, it is.

Treasurer Ma: So if we're not going to have the geographic distributions, will the guidelines have to be rewritten significantly.

Caleb: Not significantly however that section would have to be stricken and just amended to be a general New Construction Pool. But definitely I just want to caution, we're touching on an undiscussed subject that I'm sure many would have comments on. So, nevertheless, the drafting would not really be that much of a challenge if that's the concern, I would just say.

Treasurer Ma: Okay. Tony?

Anthony Sertich: Yes, I think this is an important point, as well. Especially, with the tiebreaker not really being geographically equitable, I would say. The more we throw projects into these statewide pools, the more we may be driving some of the projects to the lower cost areas of the State, I'm thinking. So, that's something we should take into account. I don't want to harp on this however, if we had a better scoring system, a better tiebreaker, I think we'd be able to better evaluate projects across regions and across types. I think we need to get there next year for sure and I think that we can get to a place where we don't have to have these difficult pool discussions.

Gayle Miller: I completely agree with that. So, I just want to provide some context. The 60/40 was one of the splits provided in the staff packet for 60 for state and 40 for regional. I certainly agree with Mr. Sertich that the set asides are not a substitute for the robust tiebreaker comment. So, I agree with that. Madam Chair, I wanted to put up something on the screen, so you can see how we can get preservation potentially up to three hundred million, unless you want me to wait on that. I do hear your concerns about making sure that preservation increases.

Treasurer Ma: Can we hold until after public comment?

Gayle Miller: Yes, absolutely. And then, on the cost of where to build, there's a couple ways to get at that and change the basis limits, which I know Ms. Ferguson on the TCAC side, is working on in terms of really understanding what the costs are in each of these localities. That's another way to get a cost adjustment in different areas. A lot of these other things are blunt instruments. Better understanding the basis limits and having better inputs and assumptions into all of these decisions, I think will better equip us to understand what it costs to build in the State.

Anthony Sertich: I fully agree with the threshold basis comments, which should be updated and evaluated as soon as possible. I still think no matter what we're going to create, we can never get the threshold basis limits down to the level that will really drive the best public policy in terms of transit and things like that. So, I think we should keep working and trying to build a better system that really evaluates all of these public policies better. So, I pledge to do that.

Treasurer Ma: All right, so I'm going to open up the public comments on the pools and the geographic region, percentages set asides, and allocations. I'd like to hear from the public about what the Administration proposed, since they were the ones that put up the PowerPoint, but the Working Group did come up with the same percentages for the geographic regions. They proposed 50/50. The Administration is proposing 60% for the pools, 40% for the geographic regions. And so, I'd like to hear from the public on this. So, I'm going to start with Robin Zimbler.

Robin Zimbler: Okay, great. So, I just wanted to comment on the Mixed Income Pool. I have two comments. The first one is about the Mixed Income Pool. I believe last year, there was an allocation or this year, of $600 million for that pool and that was blown through in the first four months of the year leaving many projects on the table for what will now likely be a year and a half between allocations for that program. So, I know that there was some comments just now about why do we even have a Mixed Income Pool, but I would argue that that pool should be at least, $600 million that it was this year. I don't think serving extremely low income families and the having a mixed income program have to be mutually exclusive. For example, my mixed income project had 37% of the units essentially serving extremely low income families. It's really the only state program that allows a healthy mix, income mix rather, than concentrating extremely low income families in single buildings. So, I would really, again, encourage that be funded at least, $600 million, the amount it was funded at this year.

My second comment is more a specific comment, and related to the definition of PCWBE. I was disheartened to see the comments I previously made on this definition were not taken into account. I didn't think it was a particularly controversial comment that I made. The comment that I made was that we're requesting that an entity, which is at least, 50% owned by one or one more woman be substituted for the WOSB requirements. So, it would treat women-owned businesses the same as PCWBEs. And the reason for that, is that the SBA just revamped the WOSB program in October two months ago, and it takes a few months to get through that process. And right now, that there's really a lack of clarity regarding that program. It's not even clear if multifamily building owners can be certified under the new program because we are not a NAICS Code that the SBA has determined to be underrepresented by women. So, again, with applications due in January this year, we are asking that any third party certification be held off until 2022 and for 2021 and women-owned businesses be held to the same standard and process as PCWBEs. That's it.

Treasurer Ma: Okay.

Robin Zimbler: I guess my question would be where did the WOSB requirement come from? And is there any push back on my request from any other entities?

Treasurer Ma: Okay. I'm writing all comments down, so I will circle back after. Donald Gilmore?

Donald Gilmore: Thank you. I want to start off by thanking Secretary Ramirez, and Treasurer Ma, the group, the Committee, some of the department heads from the State who have listened to the Black Developers Forum issues that we were bringing up that had to do with equity. I think we've gone a long way in addressing a lot of those. This is not a complete document. We know we're go through processes where we identify other things that may be systemic that we may need to deal with. But it's a big deal to have 50% of the developer fee split with a joint venture. It's a big deal to have a boost in the developer fee by 20%. It's a big deal that there's an option-to-own for the local entity after 15 years. What this is doing is it's bringing more wealth into the community. Folks can be able to utilize those resources that weren't accessible to them before and a lot of times, went outside of the community. They will be in the community now to help other programs and to magnify the impact of the housing in the area. And at the same time, the residential services that are going to be coming with that will be significant. A lot of what we've heard before regarding the churches which have ongoing missions of community support. This is giving them some more resources to help work to get to that level. Let me make one thing really clear and that is that our Black developers' initiative is not a fair or equal housing, equal employment initiative. It's based on historic racism that's in our system and it goes back to slavery, then reconstruction, Jim Crow. It has all those roots that have made its way into our systems of how we do different activities and how it actually segregates opportunity. Dealing with these equity issues will go a long way and I think that that is the difference in regard to equal employment. This is an issue that touches the heart of Black people very seriously because it has been incorporated into all the institutions and systems that we have for a long time. This is a way toward equity and I look forward to that continuing. And again, I thank you all for listening to our objectives. Cherene is not here. She had to undergo surgery, but she's definitely here in spirit and we thank you for the opportunity to continue the discussion as we go through this process on a regular basis. We will be fully engaged, and we thank you for your ear and your actions toward that goal.

Treasurer Ma: Thank you. We have a lot of speaker hands up. Just to be mindful of time, please don't repeat what other people are saying. I think the board members and I would appreciate anything new that has not been said. And what it is perhaps, you strongly support, don't want to see change, or support changing. Tony, do you have any other comments?

Anthony Sertich: Yes, I just want follow-up on Mr. Gilmore's comment and I do think it is very important that we get the pool defined correctly in terms of the developers and the groups that we're trying to support through the pool. I've received a lot of good comment letters on how we can clean that up and make that better. I know we're not going to fix it in today's meeting but I think that we need to make sure that we get that right before we finalize the pools. So, thank you, Mr. Gilmore. Thank you for all your hard work and your team's hard work on all this. And I hope Cherene is doing well. Send her our best.

Treasurer Ma: Yep. Mark Stivers?

Mark Stivers: Thank you so much for the opportunity to speak. My name is Mark Stivers. I'm with the Housing Leadership Council of San Mateo County. We work with our communities and leaders to create and preserve quality and affordable homes. I really appreciate the comments by Mr. Sertich on the Committee. During this pandemic and given the historic inequities of the State, we have to prioritize this limited resource. Having multiple priorities that conflict with each other is not prioritizing. We need to choose. Right now, we have a huge homelessness problem in the State and that homelessness problem is exasperating our response to the pandemic. It has displayed terrible inequities that we have allowed to endure in this state. We need to address that. So, one, we would like to see at least 24% of the pool for the Bay Area. This will help deal with the fact that our area is much more expensive, and people just do not have an opportunity to live close to high quality jobs in high access communities. You need to eliminate the floor in lower resource areas. It will absolutely exasperate displacement, which is the opposite of taking an equity lens to new development. In East Palo Alto, that would eliminate 50% of the local population from being able to qualify for new affordable housing. That is just outrageous. We need to create quality, affordable homes for people who currently live or have been displaced from our communities. And then, last but not least, we have to set the ELI/VLI set aside to target projects with an average affordability of 50% AMI. This commonsense approach will ensure limited resources are targeted to households that need affordable units the most. Thank you so much for taking the time for our comments.

Treasurer Ma: Thank you.

Mark Stivers: I really hope to see substantial changes in the direction that this is going.

Treasurer Ma: Thank you. Dara Schur?

Dara Schur: Hello. Dara Schur from Disability Rights California. I also want to support some of the comments from Mr. Sertich as well as some of the efforts of the Administration to address more equity and public benefit issues. I think it is critical, echoing what the last speaker said, that we are serving the people who are most in need. And I agree that a floor is horrible in low opportunity areas because it just contributes to gentrification and prices housing out of the market for those who need it the most. I'm glad to hear you can create extremely low income units, which is great, but that's still not all the populations we ought to be prioritizing in a number of places. And there is the need for a more effective public benefit and affirmatively furthering fair housing analysis that will really see where these dollars are going and who they are serving. And I'm happy to hear that there's going to be a lot more work done on this in the coming year. One of the things that I want to raise, as far as I'm aware, is that people with disabilities, homeless advocates, advocates for low-income tenants, are not represented in these working groups. And I think that is a critical mission if you're going to be looking at public benefits. You need to hear from the folks who we're trying to serve as part of those working groups and ad hoc committees. And I think that needs to be remedied as we go forward to ensure there are voices from these communities as part of the discussion about how we target these projects and how we target and look at public benefits. And I just want to raise that because as far as I know, those groups were not part of the discussions this June, their voices weren't heard in coming to these conclusions. That's not to say, and not to demean in anyway either, the nonprofit or for-profit developers who worked very hard on these. Those are very important voices. We know the nonprofit developers and others try to serve those communities, but it is important to hear from advocates from the communities themselves and not just the developers. And particularly, from my perspective, the disability community. But also, the folks who are working with the homeless, who are out there on the frontlines advocating for the tenants in the middle of the eviction tsunami that's coming, etc. Because that is the voice that needs to be heard in assessing public benefits during the next year.

Treasurer Ma: Thank you.

Dara Schur: I want to thank the Committee. They have done a lot of great work. We're going to be speaking later to the proposal on accessibility, but I did want to put that comment out there. Thank you very much.

Treasurer Ma: Thank you, Dara. And I just want to take this opportunity to really thank the working group. They have put in tireless, endless hours. They met for the past nine months. I know it has been difficult because there are conflicting interests around the State. The working group has volunteered to be part of this group and tried to be representatives as possible. And we are all focused on providing the housing to those that need it, in the places that want it. I believe this has been a good experience for us, as policymakers, to hear directly from those who are doing the work versus the opposite way around, where government makes the laws and tells the community they have to abide by it without any sort of collaboration, cooperation, or input. I hope we will have more working groups in the future! From my perspective and speaking on behalf of the staff at CDLAC, the stakeholder input process has been really, really helpful. So, thank you, Dara for your comments.

Doug Shoemaker: Thank you, Treasurer Ma. I agree with Dara's point. I think you make a great point, Dara. And so, if we were to go back, we would want to make sure we address that really good point. So, I apologize for that.

Treasurer Ma, if I could just take one second to make sure one thing is clear: I think you said it, but I feel like I'm getting texts, so I just want to clarify that the working group did not have any recommendations on the split between the geographic and the statewide set aside. I know you tried to say it before but I'm getting texts that people were a little confused by the back and forth. We discussed it but we never came up with a consensus viewpoint. So, whether it's 40/60 or 50/50 is really the Committee's decision.

Treasurer Ma: Right. I think Caleb mentioned that you all talked about a 50/50 split initially, but never came to an agreement….right?

Doug Shoemaker: That’s right.

Treasurer Ma: I got it. Rachel VanderVeen?

Rachel VanderVeen: Good afternoon, Madam Chair, and members of the Committee. My name is Rachel VanderVeen. I'm the Deputy Director for the Housing Department in the City of San Jose. I just wanted to make a couple comments this afternoon. First of all, I just really appreciate Mr. Sertich's comments and just want to echo a lot of his sentiments regarding the challenges that we're facing in the Bay Area related to cost and also, alignment to our local priorities. We are very supportive of the pools for homeless and for extremely low, very low income households. We feel that is something that will align more strongly with the priorities we have here on a local level where the County of Santa Clara, The Housing Authority, and San Jose have all prioritized providing housing for the homeless as our top priority. And we feel that having 60% go to those pools first will also further align our mission in meeting the needs of the most vulnerable in our communities. Additionally, regarding the geographic pools, we are concerned that L.A. and the L.A. area is essentially receiving twice as much in the proposed amount as San Jose, Oakland, San Francisco, and all of the surrounding areas in the Bay Area. We have incredible needs and we also rely heavily on these resources and feel that those geographic allocations for the Bay Area should be reconsidered and really should look to RHNA allocations as a better method for determining how those geographic pools should be distributed. With that, thank you very much.

Fiona Hinze: Thank you, Committee Members. Fiona Hinze, Independent Living Resource Center for San Francisco. For those of you who don't know, independent living centers serve seniors with disabilities. We and our colleagues struggle with finding housing and we also work with many homeless folks. Particularly, in the Bay Area where there's such a high cost of living and it's difficult to find affordable rent and accessible housing. So, anything that the Committee can do to prioritize extremely, deeply affordable housing would be very much appreciated. And we appreciate the Committee's work on the behalf of our community. I would also like to second Dara's comment about the importance of hearing from the community and stakeholders, particularly, the disability community. We need to be at the table while discussing, particularly, this issue regarding deeply affordable housing that effects our community. Thank you.

Ellen Morris: My name is Ellen Morris. I'm representing Eden Housing. We were also a member of the working group, so we know firsthand that a lot of thought and a lot of work has gone into these proposals and we're glad to see it coming to a conclusion for 2021, at least. But we're concerned that when the dust is settled, these regulations won't go far enough to create and preserve housing for people who are most in need of housing and have the fewest options for accessing any housing opportunities. To us, it is families who are essential workers, earning minimum wage, seniors on a fixed income, and individuals who are homeless or at risk of becoming homeless. So, in the Bay Area, where we predominantly work, that's households earning 40% AMI or less. So we would support as much of the allocation as possible to fund the homeless in the ELI/VLI pools. We would support a 40/60 split between the geographic and non-geographic set-aside that was proposed by Ms. Miller. I think it's really important for CDLAC to line up its funding behind projects that have already received highly competitive HCD funding and serve the most vulnerable Californians. So, a 40/60 split would help signal that. But we do caution against the proposal that only 5% of the total allocation would go towards preservation. That would only fund a very small handful of projects. This year, we welcome the conversation build back that Preservation and Other Affordable Pool next year. Second, we support Mr. Sertich's recommendation on the geographic apportionment. It really does need to be larger for the Bay Area. So, we would more likely support Option 2 or Option 3 that was in the staff report. Thank you very much.

Shreya Shah: Hi. Thank you for the opportunity. I’ve spoken to the Committee before and I would like to reiterate the need for a larger portion of the geographic portion to go towards the Bay Area. There's a technical reason for it, like the amount of bonds that a project needs is directly proportional to the cost of the project. It just costs more in the Bay Area than anywhere else. I represent EAH. We are active throughout the State in probably every geographic region in the State and it is just something that we see from our experience that projects in the Bay Area tend to cost 20 to 30% more. So, having the same geographic apportionment for L.A. versus the Bay Area doesn't really, wouldn't produce the same number of units in both regions and I really hope that the Committee takes into consideration the costs in each region to come to a conclusion about the percentages allocated. I also have comments on other sections of the regulations, such as the tiebreaker, but I'm not sure this is the right time for it?

Treasurer Ma: No. No, not right now. Thank you, Shreya. William Leach?

William Leach: Thank you, Committee Members for allowing me to speak. I would like to challenge you to have the set-asides and pools act very similar to how the 9% program does to where applicants that may qualify for multiple pools will first get to compete in one, then if not successful, get a second chance to compete in another. And then, if not successful, they get a chance to compete in their geographic region. I think using a similar structure as the 9% program will provide some consistency to the application process. Thank you.

Treasurer Ma: So, that's a spill over method, right, William?

William Leach: Yes.

Treasurer Ma: Okay, got it. Tony?

Anthony Sertich: Isn't that how it's setup now?

Treasurer Ma: Yes. Yes, so he's recommending that they continue the spill over. Compete in one, then if they don't win, go to the next one. If they don't win, go to the geographic regions, right? All right. Joanna Ladd?

Joanna Ladd: Hi there. Thank you so much for taking my comment. Joanna Ladd with Chinatown CDC and we'll be making comments on the regulations later today. I just wanted to mention that it's very important to increase resources in the Other Rehabilitation Pool, as well as the Preservation Pool. It looks like in the Other Rehab Pool that is being proposed, it would only fund maybe 1 or 2 projects per year and the overwhelming majority of our most needy rehabilitation projects only qualify in the Other Rehabilitation Pool. We also have unregulated buildings that are for sale and have low income tenants who are at risk of being displaced. These projects also only qualify for the Other Rehabilitation Pool. So, the increase to the Other Rehab Pool could be done by increasing Other Rehab or as Mr. Sertich mentioned, by increasing preservation and ensuring that any unused funds roll over to rehab. I know there's been a concern about developers that use the preservation and other rehab pools to take money out of projects that do not have significant rehab needs and we believe, MPH and CHPC, that we need to have proposed language that would keep developers from doing that in competitive years to ensure that the scarce bond funds are not wasted when there are projects that desperately need rehab. To date, I do not believe that this language has been incorporated into the regulations. And then, finally, I just wanted to note that an individual at 80% AMI in San Francisco makes $97,000 a year and a family of four at 80% AMI in San Francisco makes $140,000 a year. I do think it's a valid question as to whether the State should be devoting such significant resources to families at these income levels when so many extremely low income families are struggling under COVID and pools like preservation and other rehab that serve these families, these extremely low income families, are so drastically underfunded. Thanks very much.

Treasurer Ma: Thank you, Joanna. Ray Pearl?

Ray Pearl: Madam Board Chair and members of the Board, thank you for allowing me the opportunity to speak today. My name is Ray Pearl. I'm the Executive Director of the California Housing Consortium. I want to provide a brief overview because we hear a lot of talk about the working group and you are going to hear, as you already have today, a lot of wide ranging opinions on what these boards should do. I just want to remind you and everybody listening that the working group, the purpose of this group, which started in October 2019, has been meeting, as Treasurer Ma said, in earnest over the last nine months. This group came together to try to provide consensus from a representative sample of the affordable housing development community. The makeup of that working group includes statewide organizations and all of the regional groups. It ended up being 25 members. As the process moved on, not only did those 25 people stay together, but then we added members of the Black Developers Group. We also added state agency staff as requested. The guiding principle of the working group was to bring our community together, to recommend good public policy over individual developer pipelines. And, you heard Gayle Miller mention that earlier in her remarks and it's something that we tried very, very hard as the working group to adhere to. We appreciate all of you searching for the middle ground. I want to remind you all that the working group and the CDLAC board are actually on the same page on about 75 to 80% of the issues. Where there is disagreement, I truly hope that the Board will head straight down the middle. As you can see from the feedback that you are receiving now, that we are here at the end of this process, and unfortunately, we are not at 100% consensus. In our working group, there are those who support a focus on cost containment, there are others that want the focus to be on production, there are still others who appreciate your focus on public benefits. Still others, regarding the ELI/VLI split, some are worried about preservation, while others are pleased to see the homelessness focus or the Black/Indigenous/People of Color set aside or on the MIP program. There are many examples where some in our working group are frustrated about a particular issue, while others cheer that same issue. Where there isn't agreement, you all are left with balancing competing interests that include production, cost containment, public benefits, preservation, deep income targeting, and homelessness. Each and every one of those are important and absent a competitive environment, they would all be a focus. On behalf of the working group, I urge you all to find a balance that avoids the extremes on either side and focuses exclusively on good public policy over specific business pipelines. I also want to thank you all for your hard work. Treasurer Ma, as you mentioned before, I will say it here, that the working group does indeed, look forward to continuing our efforts in 2021.

Treasurer Ma: Great to hear!

Ray Pearl: And some of those issues might include basis limits and tiebreaker issues. They won't be easy, but the most successful outcomes, again, will follow the middle of the road and emphasize the guiding principle of working together for the betterment of the entirety and the homeless and low income residents….. that we are all united in a shared desire to serve and serve well. I want to thank you again for the opportunity to speak today. Also, I want to remind everyone that the Co-Chairs of our working group are Caleb Roope, Doug Shoemaker, Dennis Silverberg, and Robin Hughes who are all here to answer your specific questions. Thank you.

Treasurer Ma: Thank you. You said it more eloquently than I did, so thank you, Ray. Alice Talcott?

Alice Talcott: Good afternoon, Treasurer Ma, and Committee Members. First, I just want to say ditto to the comments from Ellen Morris of Eden Housing and Shreya from EAH as they relate to the regional allocations. We appreciate and support the increased funding to the ELI/VLI homeless pools and would support that. But in doing that, we would really urge that the ELI/VLI Pool includes a definition on the affordability requirement. Right now, the only requirement is that you have a certain amount of funding sources and we think it would be really important to ensure that if we are going to increase funding to those pools, that we make sure they are really serving the most vulnerable residents as they are intended for and we suggest that requirement be 50% AMI average affordability with a requirement also for 10% of units at 30% of AMI. We also feel it is a good opportunity to use more data to inform the decisions around sizing of the pools in the regions. One is the demand survey. CDLAC conducted one in October, but the results haven't been posted, so we're wondering if that's something that could be shared publicly. I think that would be really helpful. Another is having more data on the entire state funding pipeline, including all of the HCD programs in addition to the CalHFA programs. We are very supportive of the MIP program and hope to have some projects use it in 2021. But we also are very supportive of the HCD programs and would really like to understand what the pipeline of those HCD deals is, how big it is, how much bonds do they need? So, I think some data has been missing from these discussions but would helpful in making informed decisions. We also agree with Mr. Sertich that the MIP program is not substantively different enough at this point to understand the need to have it for set asides when no other state program is being treated similarly. So, thank you very much.

Treasurer Ma: Okay, thank you, Alice. I just conferred with Judith Blackwell and we will get the Demand Survey posted to the CDLAC website shortly.

Ray Bramson: Good afternoon, Chair, Committee Members. Ray Bramson, Chief Operating Officer for Destination Home. Destination Home is a public private partnership that is committed to ending homelessness in Santa Clara County. I want to thank the Committee and the State for its longstanding partnership to address the issue of homelessness. Locally, we've used funding from the State to build thousands of units for our most vulnerable residents. With this COVID19 crisis, we've also been providing financial assistance and seen over 30,000 extremely low income households seeking support who are one paycheck away from ending up on the streets. That's why we strongly, strongly encourage the State to consider its partnership now. Locally, we've raised $950 million through an affordable housing bond that includes $700 million for ELI housing. We've raised $100 million from tech partners like Cisco and Apple in direct philanthropic support to build this housing, as well. Most recently, we launched a community housing fund with LISC as the first ever private fund in California to provide $150 million specifically for ELI housing. These type of resources are critical, but we can't continue this work without a significant set aside from the State for this work. We appreciate the current ELI in support of housing that's been prioritized, but we know the Bay Area region, where costs are more to build than other parts of the country, needs some additional allocation and we are in strong support of that 24% set aside. So, we hope the State considers this. We know there is considerable need and without continued work on this issue and continued prioritization for this type of housing, we know thousands and thousands of our residents are left out in the cold. Thank you very much.

Steve Pontell: Thank you, Treasurer Ma. Steve Pontell, President of National CORE. We want to speak strongly in support of Option for two primary reasons. Number one, the Inland Region of the State has equal, if not greater housing needs when you consider farmworkers and the primary workforces serving the coastal and urban areas. And is also the fastest growing part of the State as far as future jobs. Option 1 also most closely mirrors the current 9% tax credit allocations and we do not believe, and I'm sorry to say this to my peers in the Bay Area, the Bay Area should be rewarded because of their high cost of producing housing in probably the most distorted market for the production of market rate housing in the State. If the State wants more housing produced, it should be investing more money in the most cost effective portions of the State to build it. So, our suggestion is to stay with the current formulas that create the 9% allocation and not consider options 2 or 3, but support Option 1. Thank you, Treasurer Ma.

Robert Koerner: Thank you, Treasurer. Robert Koerner from Standard Communities. I'd like to speak to the Preservation Pool funding. We think it would be a mistake to decrease the amount of funding into the Preservation Pool and in fact, if we want to maximize the goals of the State to create affordable housing, we would advocate for an increase in the Preservation Pool from 2020. We already know with the $500 million pool that hundreds of millions of dollars in eligible properties that are subject to any existing use restrictions were turned down in 2020. We expect that level of demand will increase during the year. Even without reducing the amount of the pool, we know that approximately 600 units every year in California are part of the Section 8 program, which represents the loss of hundreds of millions of dollars in federal resources that goes to affordable housing in the State. This is a resource that is entirely outside the budget of the State of California and we think that it is vital that California does everything in its power to maintain that federal subsidy to renters in California. We also think that the Preservation Pool provides a very cost effective way for California to reach very low income households that would not be provided in the other or New Construction Pools. So, we think that the Preservation Pool provides the best way to maximize multiple interests that we're trying to advance in affordable housing. Thank you.

Reese A. Jarrett: Good afternoon, Madam Chair, members of the Committee. Reese A. Jarrett, Reese Management Company. I want to compliment the leadership of the Black Developers Forum for supporting and urging a set aside pool. Donald Gilmore and Cherene Sandidge have done an excellent job in bringing this issue to the floor. I have to compliment the CDLAC Committee and the Working Group for the effort in support this, along with other developments that will provide greater opportunity for developers of color, including incentivizing partnerships, lowering the experience levels, increasing development fees, and creating a pathway to ownership. This is a huge development for the State and for the people it's going to benefit. It's really one of an equity issue. A reset of the systemic injustice that has occurred in the Black community in particularly, and this is not an affirmative action issue. It's about who we are going to serve as Mr. Sertich stated earlier, and the inclusion of People of Color, Women Business Enterprise only serves to dilute the opportunity for Black developers and developers of color. Without the specific dedication of a pool, this effort becomes futile and only serves to perpetuate the status quo. I would urge you to delete the reference to People of Color, Women Business Enterprise and insert "Black/Indigenous/People of Color" into the revised language for this pool. When Black households only make up 60% of the average income of whites and when the Black net worth is only 10% of points, we have to do something different. We have to provide a redress for this inequity, and this can be done today with a decision on your part to do the right thing and acknowledge who you're going to serve in this pool. Thank you.

Rochelle Mills: Hi. This is Rochelle Mills with Innovative Housing Opportunities and I'm also a member of the Black Developers Forum. I want to thank the Committee, the working group, BDF, and all the others for the hard work. I really want to applaud you, Treasurer Ma, because you've been in the trenches and this can't be fun or exciting at this point. But I'd like to mention, I know a few people have asked why we are looking at mixed income projects? As a developer who lives and works in the communities we serve, seeing the homeless challenge is overwhelming and undeniable. But what's also undeniable is the fact that we are also forgetting to put in preventative measures that stop our families from falling off the cliff and into homelessness. What is of a concern to me, and I applaud the Committee for their proposed allocations, is that we are also losing the opportunity for those who are homeowners and empty nesters to be able to downsize and stay in their communities. And when we talk about a long-term solution for communities in poverty, we need those people to stay in their communities, so that those who are struggling can see the upward mobility, and will be encouraged to stay. And we are losing them if we don't have a broad variety of housing. I thank the Committee for what we're doing right now; has done a good job for this moment, while we can continue to work it out. But I really do want to thank them for giving us some tools to take care of as many as we can, to keep talented, young Black and Brown people in their communities because they can't afford the market rate, they don't qualify for the very low income units, but there needs to be a solution. And so, I really want to thank you all for doing something that I think is catalytic, gives us a chance to really try to find a sustainable and replicable solution. Thank you.

Karoleen Feng: This is Karoleen Feng from Mission Economic Development Agency in San Francisco. Thank you so much for the opportunity to be able to speak today about the pools and really want to support what both Don, and Reese, and Rochelle said about the specific BIPOC allocation to support capacity building for organizations that are led by People of Color to serve their communities and to make sure that we can actually get there. We have supported affordable housing at the risk of making sure that the communities where folks are coming from are not properly represented. And we really support being able to have a specific set aside, being able to make sure that we have a pool for community development organizations led by Persons of Color with the ability and resources in their community. So, thank you for that change. And we also want to continue working with the Committee to make sure that we continue to support the capacity of our communities and organizations. Thank you.

Sherri Franklin: Hello, Committee. I just wanted to comment as a member of the Black Developers Forum. And I wanted to thank Don and Cherene for carrying the torch and making sure that we come together and create equity in how funds are distributed. And particularly, as is relates to our African American community, I packaged my first tax credit deal in 1990, and people are asking why it's important. We demanded at that time that people within our nonprofit Coalition of Neighborhood Developers be given the opportunity to package, create their own management entities, and be involved in the process. And what we've seen happen over the years, that we have been successful. Many of the other developers on the call today, were also successful, but what we have seen over the years is that developers came to South L.A. to start their businesses. They came to access the tax credit dollars. And then, they would partner with faith based institutions and purposely, not involve them in the process, not give them the tools to learn and grow. And therefore, 15 years later, they don't know what they have, how to manage it; they haven't built the internal capacities and then, they are purchased away from those groups. We see it time and time again and because we know from the Coalition of Neighborhood Developers that we have developers that came out of our working partnership with the State, with the City. Back then, we were all figuring it out. All these rules were not in place. So, we know it can happen because those developments are still standing. And I think that's what the Black Developers Forum is saying to you, it's not an equitable process. It's not a process for people to create equity ownership in projects in our communities, on a long-term basis, as long as this system is so stark and there's no mandate to make larger developers, which they can do, partner. And more importantly, I think it's so powerful that the Black developers are coming together because if anybody knows me, you know that we can do this, we don't need to partner with others, we'll figure it out and create our own property management pools, and pools of architects, and pools of developers who have performed and can provide the kind of quality housing that is needed in our communities without the money, the expertise, and the resources to do it leaving our community. Those incomes that are paid go outside of our community. And regarding mixed income projects, it's important. I grew up in public housing and I can tell you that one of the things that housing does in our communities above and beyond, is if we don't have mixed incomes, we don't have quality services, and retail, and places to eat. Communities can't survive only on low income residents. And you also have varying incomes within families and communities who want to stay and live together, and they should have the right to be together, and live together in communities, and thrive together, and move onward and upward together. And so, it's very important that we don't promote housing that's just for low income individuals. Allow it to be mixed income and allow our neighborhoods to flourish and to be resilient. Thank you so much for your consideration.

<u>Sherri Franklin</u>: I want to promote a connectivity between service providers and developers. We're in silos right now having worked with a lot of service providers, they don't understand the process at the table because they're providing service. They're very busy trying to do that. So, some type of group meeting to bring the two together to help them buy for what makes sense for their entities, to be involved in the development process. Not just create the development and then, bring them to the table. I think that kind of shift in working together will yield a better result to make sure we're meeting the needs of each individual entity.

<u>Allie Cannington</u>: Hi. This is Allie Cannington with The Kelsey. And we are grateful for the TCAC Committee, I know they haven't gotten to this yet proposing to increase

<u>Treasurer Ma</u>: No, we're on CDLAC, Allie.

<u>Allie Cannington</u>: I know, but however, if those same homes are not affordable, they will remain inaccessible to people with disabilities who are most impacted. Particularly, people with disabilities who are extremely low

income and very low-income. Many of whom rely on fixed income and those people with disabilities are also disproportionately People of Color. And so, we are grateful that CDLAC is proposing a significant investment in the homelessness ELI/VLI set aside, but we believe that the Committee should go further and prioritize affordable housing for extremely low income households and permanently supportive housing that are accessible to Californians with disabilities. As a co-developer, we are experiencing it firsthand, that without a reliable operating subsidy for people with disabilities, ELI units are only possible when paired with the moderate income units. These projects are most suitably built in high cost areas. If developers will not be able to access bonds when building in high-cost areas, you will lose millions of dollars in cross subsidies for Californians who need the housing the most. So, we are calling for A: the tiebreaker, which determines which affordable housing development gets funding that should emphasize public benefit in deeply affordable units, not cheaper housing that is less affordable. B: units that are set aside for extremely low income and very low income households should actually be affordable to those households, so those making less than 50% of AMI. Ideally 20% to 30% AMI to be accessible to people who rely on fixed income, including SSI, SSDI. And lastly, we call for an alignment of the CDLAC and TCAC regulations. If TCAC is too expensive to require developers to build sufficient numbers of accessible units that demonstrate need, CDLAC must give a tiebreaker boost to projects that provide additional accessible units beyond what is required. Thank you.

Pedro Galvao: Hi. Good afternoon, members of the Committee. This is Pedro Galvao, Policy Director with the NonProfit Housing Association of Northern California. First, I really want to thank Ms. Miller for putting forward her proposal and significantly increasing the ELI and homeless set aside because that will vastly improve the outcomes for our most vulnerable during this global pandemic. I want to urge you to also continue making improvements to these ideations, so they are best seasoned to serve the most vulnerable while supporting our region and state. And specifically, the set asides, the geographic set asides, we ask that the Committee allocate 24% of the bond cap to the Bay Area consistent with Option 3 that CDLAC Staff put out. The Bay Area has the highest cost for construction in the State and will require more funding proportionately to create the same amount of units as other regions. To give you a sense, the five county region also has a population of 6.4 million whereas, L.A. City only has about 3.4 million, yet we trail L.A. City in proposed bond allocations. So, for a pure cost and population perspective, the allocation to the Bay Area should be at least the highest. As the State's second largest population center and one of its main economic engines, the ability of the Bay Area to house its most vulnerable tracks very closely with the State's own goals and we ask for commensurate investment. On the issue of the preservation and other rehabilitation set asides, we agree with Mr. Sertich's and the Treasurer's call for higher allocation specifically, for “other rehabilitation.” We have asked for 10% for that pool and that we ask for that because “other rehabilitation” allows our members to rehab some of our oldest buildings that needs critical safety improvements, so they can avoid the fate of many public housing units that struggled for decades with insufficient funding for maintenance and we want to avoid that with our existing affordable housing investments that were so hard fought. And also, to ensure the dignity of the residents living there. Finally, on Affirmatively Furthering Fair Housing, we agree and share the intent of the community to open up inclusionary communities to more affordable development. We only ask that you continue to work with our BIPOC led developer members to address the issue of the income floor in lower opportunity areas, so folks can build in communities that are classified as low opportunity. And those developers that are also led by People of Color can provide housing in a way that best addresses their communities' needs. Thank you so much for your time.

Maryann Lynn: Hi. This is Maryann Lynn with EAH Housing. And we're asking the Committee to keep the Preservation and Other Affordable Pool allocations the same as in 2020. Historically, about 50% or more of the bond allocation has been used for rehab projects and we understand the State's priority to new construction but feel the 2020 allocation would still allow the most needed rehab projects to proceed in order to preserve our important, existing affordable housing stock. Thank you.

Amy Anderson: Hi. This is Amy Anderson, L.A. Mayor Eric Garcetti's Chief Housing Officer. Thanks for the opportunity, Treasurer Ma, and Committee Members to speak this afternoon. I really wanted to emphasize that the builders of Los Angeles, four years ago, committed to tax themselves to raise a billion dollars to commit to building supportive and low income housing. And at the same time, the Mayor committed to build 10,000 units of supportive housing. The CDLAC bonds are a critical resource for making these projects happen and for fulfilling that commitment. And as I think about the allocation to the various pools today, I'm really kind of thinking about the future and the opportunity to go back to voters to ask for more resources in the future. L.A. voters are frustrated, as we all are, with the speed of producing these supportive and very low income housing projects. And we think in order for us to demonstrate to these voters that building these units is an effective solution to ending homelessness, we need to be able to push these supportive and very low income housing projects quickly through the pipeline. And that really means dedicating a substantial share of the CDLAC bonds to projects that are serving vulnerable populations. So, we appreciate the proposal made by the Governor's Office and support the 40 and 60% split, the geographic allocations, and really encourage you to consider an even greater allocation of the new construction portion to VLI and supportive housing projects. Thank you.

Mara Blitzer: Hi. This is Mara Blitzer. I'm the Director for the San Francisco Mayor's Office of Housing and Community Development. Thank you as much for the opportunity to make a few comments. We just wanted to go on record and say two things. Regarding the pool and set aside amounts, we encourage you to adopt Option No. 3 because it supports homelessness, ELI, and VLI in the New Construction Pool. We already agree with the previous speaker from Los Angeles. And secondly, regarding the geographic portion, we also encourage you to adopt Option 3, which will set aside 24% of the funds for the Bay Area. Thank you all so much for taking our comment.

Karen Grove: Hi. I'm Karen Grove and I Chair the Housing Commission in Menlo Park. But I want to be clear that I'm speaking only for myself today. I'm asking you to target ELI and very low income units with average incomes of 50% AMI. I am the child of Holocaust survivors. My dad survived the Holocaust by hiding out in Hungary. And then, fled the county in 1956 to escape the Hungarian Revolution. He came to the U.S. as a refugee and graduated from City College of New York, which was free at the time, and went to work at Fairchild. And then, help to found and lead Intel. My mom escaped Austria, grew up in Bolivia, and came to the U.S. where she graduated from Hunter College in New York City, tuition free, and became a social worker. Throughout their struggles, my parents had stable housing and being white, they also benefited from the sense of belonging and they built wealth. We have to reduce the wealth gap in this country, which didn't just happen. It was created by people passing laws and making policy and process decisions. So, I ask that your decisions today target those with the greatest needs, which has been discussed. I'm a little lost in the details, but it sounds like Option 3 does that. I support everything that the Non Profit Housing Association does and I thank you for your dedication to these issues.

Matt Calahan: Hello. This is Matt Calahan with Southern California Partners in Homeownership. I'm asking the Committee to restore funding for the Mortgage Credit Certificate program statewide. Los Angeles City, Sacramento, and San Diego communities are already out of MCC allocation. The Mortgage Credit Certificate program is the one tool the State offers to deal with affordability and homeownership. And if we're talking about bridging the wealth gap in California, expanding homeownership opportunities for low income families is the single most effective way to do that, along with a lot of other social and community benefits. So, please reconsider your decision to defund the Mortgage Credit Certificate program. It's needed. It has a direct impact in the lives of low income people and neighborhoods. Thank you.

Nicole: Thank you for the time to provide my comments. I want to reiterate the importance of the mixed income set aside within the New Construction Pool. As noted, this Program provides a really important area for moderate and workforce housing, which is not addressed in many of these other programs available. In terms of the pool, even with Option 3, the set aside amount is much less than the 2019 amount, which was obviously, oversubscribed, which further point to the importance of this Program. And as noted, this Program needs to be paired with tax credits and bonds and with the limited amount of subsidies available, we encourage the CDLAC and TCAC to align the allocation for the mixed income pool to leverage the full amount of resources available in the State. Thank you.

Katie Lamont: I’m Katie Lamont of TNCD. I thank the Committee and the staff for all the hard work. I see a lot of the comments that are reflected in the proposed allocations. I want to echo the comments from the Eden House, MCH member comments, and Pedro. And also, the comments from the City of San Francisco and L.A. I just want to emphasize a few things. One, for the ELI/VLI Pool, we appreciate so much of the resources being proposed towards that and the homeless pools. And I want to echo Alice Talcott's comments on having a more precise definition with average affordability of 50% AMI or below. Secondly, regarding portfolio rehab, it's really important that we maintain and preserve our existing affordable housing stock. This is a public policy issue. It is not a business pipeline issue. If we don't maintain this housing, we're going to have a repeat of public housing decline with an unfunded mandate to maintain housing quality over a 4 to 5 year affordability term. This is going to be especially important to secure community acceptance in opportunity areas. I'm learning this right now that these folks really care about how these buildings are maintained over time. So, these projects, rehab projects can be set out for two years, but not forever. So, we do recommend there be additional meetings held in 2021 throughout the State to discuss how the State is going to address portfolio rehabilitation needs and maintain the housing over time and not deflect the responsibility. The third point is around the Bay Area supporting the 24% allocation. I know there's a lot of discussion around cost. I wanted to point out that per UC Berkley's Turner Center study, development costs in coastal regions like San Francisco are largely driven by state policy, including labor cost and minimum wage, which is a state funding requirement. And also, achieving state climate change goals, which controls dense housing development located near transit, which are more expensive. So, I just want to make those comments. And finally, I do appreciate the reflection of the BIPOC pool. This is a great move forward and applaud that. Thank you very much.

<u>Jim Silverwood</u>: Hello members of the Committee. This is Jim Silverwood, President of Affirm Housing. Although I'm on the working group, my comments today are just on behalf of those firms. Regarding geographical allocations, we would be supportive of Option 2, which seems to be a fair balance between Option 1 and 3. In regard to the pool and the geographic regional set asides, I think that a 50/50 split would be good. Although, I don't think it will materially affect things with the 40/60 either way. I did want to address for a moment rehabilitation preservation projects. As the staff is aware, probably 50% of the total bond allocation in 2019/2020 went to rehab and preservation transactions. I think it might be a draconian impact to the existing affordable housing portfolios to have it reduced all the way down to 10%. I would encourage you to consider moving it to at least, 15% with the split being equal between preservation and rehabilitation. Thank you for your time.

<u>Charmaine Curtis</u>: Hello, Treasurer Ma and members of the Committee. My name is Charmaine Curtis of Curtis Development and I'm part of the Black Developers Forum and a member of the Working Group. I've been in the development business for 30 years now, both on the nonprofit and for profit side, and I can tell you there are not many more Black people in the development industry than there were when I started out 30 years ago. And there

are actually many fewer Black led for profit developers. If we're going to reverse this trend and walk the walk with race equity, we have to take meaningful action. And the pool takes considerably small steps in the right direction. Now, that said, I'm still a little bit unclear because I'm on the phone and not on Zoom as to whether the proposed pool is still being called PCWBE or if it's not being called BIPOC? And I would like to echo Mr. Sertich's comment about being very clear about who this pool is targeting. I, personally, advocate strongly that it primarily target Black developers under the BIPOC definition as a small step in reversing the systemic exclusion of Black people from both public and private capital markets. I do believe that this is a moment when we really need to take action to make right what has been wrong for a long time. Thank you.

Laura Delgado: Hi. My name is Laura Delgado. I'm the Vice President of the Board of the California Affordable Housing Development Association. We're an organization that advocates for the common business interest of California's affordable housing industry in the State of California. Just want to speak on the Preservation Pool. We think it is important to keep the Preservation Pool the same as 2020. New construction takes between 1 to 2 years to deliver new doors, so that makes preservation and puts them at risk of losing doors today. And we would be replacing cheaper doors with more expensive doors a few years down the road.

Alicia Sebastian: Wonderful. Thank you so much. My name is Alicia Sebastian. I'm the Associate Director with the California Coalition for Rural Housing. We're one of the oldest affordable housing statewide nonprofit affordable housing development advocacy organizations in the United States. Our members predominantly serve farmworker, American Indian, tribal, and rural communities across the State. We're here to support keeping the set aside at 5% and not reducing the rural set aside in any way at all moving forward. For any number of reasons, we understand that rural community development is much harder to achieve and for lots of different reasons and the need is just as great, if not greater in our rural communities. Most state programs have robust rural set asides and this Program should be no different. We encourage you and urge you to keep it at 5%, if not, grow that. And we definitely do not recommend lowering the set aside in anyway. Thank you.

Treasurer Ma: Thank you. All right, I'm going to have Nathan, Marlyn, and Doug Shoemaker, and Jeff is here. And we are going to close it for public comment and have our members do the deliberation. So, Nathan, Marlyn, Geoff, and then, Doug. Nathan Ho?

Nathan Ho: Great. Thank you, Madam Chair, and board members. My name is Nathan Ho. I'm here as Advisor for Housing and Homelessness for San Jose Mayor Sam Liccardo. We appreciate your thoughtful consideration today and the Working Group's dedicated work on the CDLAC's regulations. The Mayor echoes the comments from our city staff shared earlier from the housing Deputy Director, Rachel VanderVeen. At a time when the State and cities are pushing hard on homelessness solutions, we need to encourage the production of housing for those who are experiencing or at risk of homelessness. As you know, we are leveraging our local dollars from all sources, including our historic county housing bond, with state funding from programs like No Place Like Home and the multifamily housing program to low income housing and extremely low income housing. We appreciate the deeper income targeting proposal presented by the Administration today for 58% of the 50% non geographic portion for ELI/VLI projects. If we can get closer to a set aside of 50% of all bond allocations, that would get us closer to meeting our local and state commitments to build housing for unhoused and unsheltered residents. With regard to the geographic regional pools, we support Options 2 and 3 to better allow the Bay Area to address our housing crisis. We look forward to continued conversation moving forward this year and to reevaluate the Program's results throughout this year. Thank you for your public service and leadership in our state.

Marlyn Sepulveda: Hello and thank you for the opportunity to speak. My name is Marlyn Sepulveda. I'm the Director of Operations for TLCS, Inc., and Peer Liaison for Hope Cooperative in Sacramento. I'm speaking on behalf of our CEO. We are extremely excited that CDLAC modified the regulations to make it easier for people of color and women owned developers to expand housing capacity. Particularly, affordable housing capacity, is, in our estimation, the single most important factor in addressing homelessness in California. We would like to call to your attention a specific issue that is perhaps, an oversight that we would like for you to think about. The WOSB as a determination for women led or controlled organizations specifically excludes nonprofit organizations. If you are able to use the same criteria for nonprofits that you are using for People of Color, this issue would be resolved.

Geoff Brown: Thank you, Madam Chairman, and members of the Committee. I would advocate for Option 1 and part of the reason for that is that we develop in the Bay Area. But we've seen a lot of migration to the Inland Empire and the Sacramento area this last year and production is a public benefit. And I think Option 1 allows for the most production. So, we would advocate for Option 1. And in terms of the 40/60, we would advocate for 50/50. Caleb and Doug are right, the Committee never landed on that. But again, to Caleb's point earlier, the set asides start to get small once you get smaller into that part of it. Finally, I want to do a shout out for the MIP program and the 80% median income. Not only the efficiency of the Program, but it's a statewide program and somebody earlier was saying about the high median income, which is true in the Bay Area. But that program serves the entire state. It isn't hard in certain parts of the State to be over the income limits in communities. We have 11,000 units in our affordable housing portfolio and we constantly turn away people that want to live in our communities. The MIP program allows some of those residents to be able to qualify and live in those communities in a very efficient rate. Thank you very much.

Treasurer Ma: Thank you. Okay, Doug? Last word.

Doug Shoemaker: Treasurer, just to clarify, I know a couple of people have made comments about the definition of the ELI/VLI Pool and as far as I can tell, it's not in the Regulations. So, apologies to Director Blackwell if I missed it. Just to clarify, the Working Group did have an extensive conversation about it, and did take a vote, and voted that the ELI/VLI Pool should be defined as projects with an average affordability of 50% AMI or below. I know a number of people have commented and I just want to clarify, that doesn't mean that every unit would need to be 50% AMI or below. It would allow for the income averaging that I think everyone in the call has indicated is important. But for the pool to have a meaning, other than to just be defined the same way as all other projects in the pool, it needs to be defined and the Working Group recommended 50% AMI or below as an average affordability. Just putting that out there for the Committee's consideration.

Treasurer Ma: Great. All right. All right, thank you. Board members? Ms. Miller?

Gayle Miller: Thank you so much. We would support the 50% AMI for the 2021 regs. We would definitely want to continue to revisit that as we find more efficient ways to build and to fund the HCD pipeline but do agree with that for today… that we should define the ELI/VLI Pool at 50% AMI. And then, Madam Chair, with your permission, may I share my screen one more time?

Treasurer Ma: Sure.

Gayle Miller: Thank you so much. So, hearing the feedback from you and others, Madam Chair, we kept the Rural Pool at 5% and again, this is 5% of $2.1 billion. So, Rural would be at $105 million. We brought Preservation up 4% to $294 million. I want to preview that the budget continues to double down on investment and preservation through Project Home Key, which many of you have been really helpful on and other projects. So, while I can't give away everything in the Governor's budget, you'll continue to see a real commitment to housing, in general, in the areas of infrastructure, preservation, and homeless housing. And you'll continue to see huge investments that the Governor made through our emergency funds. You'll continue to see that in the current year and budget year. We brought down Other Affordable to 1% and Madam Chair, I don't know if you'd want to combine Preservation and Other Affordable? And then, we did bring the ELI/VLI down to 30%. And again, this is now an ELI/VLI with a very tight AMI definition at 50%. So, we think this sort of meets the balance of what we heard and again, there will be General Fund money that's going into Preservation, as we've seen in the past. I can leave that up for a second.

Treasurer Ma: Yes, can you leave it up?

Gayle Miller: Sorry. And I didn't change anything about the geographic regions, so this is still a 40/60 split between the two. And again, as Mr. Sertich has so eloquently said, and as we think, that Madam Chair, we all have our work cut out for us in terms of creating an even more efficient system that measures public benefit and recognizes some of the pressures within the tiebreaker. So, we hope to do that with you next year, but for now, this seems to be a balance of everything we've heard. I will leave it up until you tell me to stop sharing, Madam Chair.

Treasurer Ma: Just leave it up for a little bit and you know, we are anxiously awaiting the Governor’s budget in January. But I do want to also share that last week, the State of California won the Bond Buyer Deal of the Year for our “No Place Like Home” program, which was Senator Kevin de León's initiative that was passed by the State. We sold $500 million in bonds last year, and we just recently sold $400 million in bonds last month. And this is really to support those folks who are formerly homeless with quality wrap around services like mental health services, which is sorely needed at this time. So, we are going to be building more of these VLI units for formerly homeless individuals with wrap around supportive services thanks to the No Place Like Home program that the voters voted passed and Senator de León. I know Ms. Miller worked for him during that time, and worked really, really hard coming up with this creative financing scheme. But we're very, very proud that we were recognized for Deal of the Year by the Bond Buyer. So, I just want to add that into the mix as we are talking about ELI/VLI units with supportive public benefits.

Gayle Miller: I totally agree with you and if I could just give you a huge shout out because I'm not sure those bonds could have been sold if not for your leadership. And I think in other good news for housing, obviously, the stimulus plan that is before Congress today, could boost our 4% tax credit and create over 32,000 units. So, let's hope we see that come to fruition as well.

Treasurer Ma: Okay. So, I would like to hear from Sertich, but I, in general, support Mr. Miller's latest set of numbers.

Anthony Sertich: Two things. One, I fully support the 50% maximum AMI for the ELI/VLI Pool. I think in order to make it really an ELI/VLI Pool, it should be serving ELI/VLI tenants. And just to clarify, on the Mixed Income Pool, I'm definitely supportive of mixed income pool generally, but this would be limited specifically to state funded mixed income units, is that correct? Based on what it says in the spreadsheet, Ms. Miller? And that's really my concern. I think, as someone said before, this is the only pool that is set aside for one specific program. And it's a little concerning that those projects won't be competing on a statewide competition like every other project going through this pool. I still think we can get the Preservation Pool a little higher, but I would be comfortable moving forward. Again, I wish we had better measurements of public benefit in the Regs so we wouldn't have to have these pools. I still have some concerns about the geographic regions, but again, in terms of not just the cost but how these populations shift since these numbers were calculated. I think if we had a little more time to think about that, I know DOF, Department of Finance has a very good demographic research unit that could help us sort of come up with some numbers that I think would be really helpful to help drive some of these decisions as we move forward. So, those are my comments.

Gayle Miller: We'll certainly ask them to do that. I think that's a really good idea.

Treasurer Ma: All right, so I hear consensus on the definition of ELI/VLI to be 50% AMI or below. Do we need to take a vote on it? Should we? Yes? So, I need a motion but I don't want to open it up to public comment again. Can you just make one motion, Ms. Miller?

Gayle Miller: Of course, yes. Should the motion be pools, Madam Chair?

Treasurer Ma: Everything. Let's just do everything. We've had a lot of public comment, so let's just do everything.

Gayle Miller: Okay, great. So, I would support the staff recommendation in Option 3 to select the allocation of 60% per pool and set aside and 40% for the geographic pools with adjustments as follows, or can I just say adjustments as I previously read?

Treasurer Ma: Just reread it.

Gayle Miller: As previously read. Support the staff recommendation for Option 1 for the geographic proportion of the 9% program, which includes the 9% program. And excuse me, Madam Chair, I didn't say on the first part of my motion for the statewide pools that the ELI/VLI Pool would be 50% AMI or below for the 2021 application period.

Gayle Miller: Number three, I would support the state credit and the tiebreaker to encourage the efficiency of use. We'll continue to work with the State Controller and the Working Group and of course, the Treasurer to better calculate eligible basis to measure public benefit and more accurate budget costs. Number four, to continue with the Governor's and this Committee's strong commitment to helping the most vulnerable. The regulations will include the 20% tiebreaker bonus in the CDLAC scoring system regardless, of resource area location for all homeless projects. And that was the language that I put up earlier, unless you want me to leave the language separately for the pools, Madam Chair?

Treasurer Ma: No, please just include it all.

Gayle Miller: Okay. So, that's the four parts to the motion and the motion on the pools includes the 50% AMI or below for the ELI/VLI Pool only.

Anthony Sertich: Just to be clear, that's an average AMI 50% or below in the ELI/VLI Pool?

Gayle Miller: Right. Yes, it's the definition in current law. Yes. Let me add that in here. Thank you, Mr. Sertich. Average 50% AMI or below. Is that more accurate?

Anthony Sertich: Yes, I think that gets at what we're trying to get at and we don't want all the units to be 50% AMI, just an average of the average AMI.

Gayle Miller: Right. Good point, thank you.

Anthony Sertich: Okay, with that, I'll second the motion.

Treasurer Ma: Okay. Anthony, please call the roll.

Anthony Zeto: Gayle Miller?

Gayle Miller: Aye.

Anthony Zeto: Anthony Sertich?

Anthony Sertich: Aye.

Anthony Zeto: Fiona Ma?

Treasurer Ma: Aye.

**Roll call was taken and the motion passed unanimously.**

Treasurer Ma: All right, yay, group! Yay, team!

Gayle Miller: With your permission, may I please email this to Ms. Blackwell, and could you post the new set asides and the geographic pools 9%?

Treasurer Ma: Yes.

Gayle Miller: And the language that I described on your website, just in case not everyone on the phone got it?

Treasurer Ma: Yes, and in the minutes, as well.

Gayle Miller: Thank you very much.

Treasurer Ma: Okay, so are we done with Item 5 now? Can we move on?

Anthony Sertich: Well, I just think we haven't approved the full Regs.

Anthony Zeto: That's right.

Anthony Sertich: And the pools.

## CDLAC Allocation System for 2021

| | | |
|---|---|---|
| **2021 Total California PAB Volume Cap (A)** | | **$ 4,100,000,000** |
| **Exempt Facilities / Other** | | **(600,000,000)** |
| **QRRP PAB Volume Cap (Multifamily)** | | **$ 3,500,000,000** |
| **NON-GEOGRAPHIC POOLS + SET-ASIDES** | | |
| **Pools** | **Percentages** | |
| Rural (New Construction) | 5.0% | $ 105,000,000 |
| Preservation | 14.0% | 294,000,000 |
| Other Affordable | 1.0% | 21,000,000 |
| BIPOC | 5.0% | 105,000,000 |
| **New Construction Set-Asides** | | |
| Homeless | 25.0% | 525,000,000 |
| ELI/VLI: Average 50% AMI or below | 30.0% | 630,000,000 |
| State Funded: Mixed-Income Units | 20.0% | 420,000,000 |
| **Total Pools and Set-Asides (Non-Geographic)** | **100.0%** | **$ 2,100,000,000** |
| **GEOGRAPHIC REGIONS (New Construction Only)** | | |
| | **Percentages** | |
| Coastal Region | 21.0% | $ 294,000,000 |
| City of Los Angeles | 18.0% | 252,000,000 |
| Balance of LA County | 17.0% | 238,000,000 |
| Bay Area Region | 17.0% | 238,000,000 |
| Inland Region | 17.0% | 238,000,000 |
| Northern Region | 10.0% | 140,000,000 |
| **Total Geographic Regions** | **100.0%** | **$ 1,400,000,000** |

(A) Est. CA population x IRS multiplier of $110. This figure may change at the 1/15/21 meeting.

Treasurer Ma: Oh, okay.

Anthony Sertich: If there are issues with the rest of the Regs, I think the one outstanding issue, is the leverage category, which I'm torn on. I think that leverage is a proxy measure that we use to measure public benefit, but I don't think it directly measures it in anyway. I think in some cases, it works against our other priorities of cost containment and such. I do think right now, without properly measuring public benefit and the tiebreaker, the leverage category is serving a purpose, but I do worry there are going to be a lot of projects out there that will do a lot of public benefit, but don't have a lot of local money around and won't qualify because of those eight points. The other concern I have is including recycled bonds in the leverage calculation because I don't think that the recycled bonds meet the larger definition of leverage. Hence, they're not really leveraging. They're not bringing anything to public benefit, to the table with the recycled bonds. I think it should be encouraged and not included in the tiebreaker calculation, which in and of itself is a benefit, but I don't think should be included in the leverage calculation.

Treasurer Ma: Are those your only two issues?

Anthony Sertich: I'm fine. I think that we need to open it to public comment generally because we haven't had that move forward yet.

Treasurer Ma: Okay. Ms. Miller? Are there any other items that you want to discuss? No. Okay.

Tia Boatman Patterson: Treasurer Ma? I would like to speak to the recycled bonds issue. With all of the things that are happening at the federal level, like increasing the minimum rate, and wanting to stretch bonds as much as possible, we need to incentivize the use of recycled bonds as much as possible. And to say that recycled bonds are not bringing in a public benefit is absolutely inaccurate. They are bringing in a public benefit. The fact that you can potentially, if we get the 50% test down, which we are very much moving towards at the federal level, the State of California needs to be ready to recycle those bonds. And to the extent that we have notices and incentives that will provide for an opportunity to incentivize those bonds, California needs to be ready to meet that moment. And getting ahead of that by ensuring that those provisions are in our CDLAC scores is absolutely imperative.

Anthony Sertich: So, I just don't think it's a big deal, this one. It's not something that I think is going to drive policy one way or another, I just think it's not the same type of leverage that we're getting from HCD or local money that is coming into the project. But that being said, I think the larger issue about what is leverage still needs to be discussed.

Treasurer Ma: Okay. All right, Gustavo, any comments before I open it up to public comment?

Gayle Miller: I think the only one other piece we had before you open it up, and Mr. Velasquez, I'm going to need your help, is regarding the grandfathering for HCD. We are saying it is through December 2020, is that correct?

Gustavo Velasquez: That's right. I think the date had not changed in the Regs. And so, that was for projects that had applied to funding as of December 31, 2020.

Gayle Miller: Not 2021…. so it would be just this year through 2020. So, it's a date change correction.

Treasurer Ma: Is that in the Regs already?

Judith Blackwell: No, it needs to be put into the Regs. Right now, it's 2021.

Treasurer Ma: Okay. Okay, so we're going to change that to 2020.

Gayle Miller: Yes.

Treasurer Ma: Right? All right. Okay, Reese A. Jarrett, just on those items.

Reese A. Jarrett: Are we talking about the Regulations and the adoption of those then?

Treasurer Ma: Yes. Specifically, the leverage issue, unless you have some other burning item that you would like to address.

Reese A. Jarrett: I have another burning item.

Treasurer Ma: Okay, go ahead.

Reese A. Jarrett: I spoke about this earlier, about the definition of the pool. And then, who does it serve? Gayle Miller's screenshot shows the Black/Indigenous/People of Color designation, the Regulations define People of Color in business enterprise as the definition. And I think there's a significant difference. And it should be a Black, Indigenous, People of Color Pool. And I think we need to address that in terms of who we'll be serving.

Treasurer Ma: I guess there's discrepancy between the two definitions, so which definition are we using? The BIPOC or the women?

Judith Blackwell: I do want to mention that we received a letter today from this group indicating that they would strongly support switching it to the Indigenous and People of Color.

Treasurer Ma: BIPOC?

Judith Blackwell: Yes.

Treasurer Ma: All right, thank you, Reese. Brian Raphel.

Brian Raphel: Yes, Committee, thank you. Brian Raphel with Braddock & Logan. We respectfully request to keep the last sentence in Section 5230(h) under the initial proposed Regulation Section 5230(h), which can be found in the packet on PDF 56 or Page 22 of the Regs. The project that was not leveraging soft resources still received eight points by exceeding the required cost containment points. Basically, if a project is 3% below the threshold basis, it could score max points. And given how competitive it is, it's absolutely crucial. In our case, we have a 76 unit project at 50% AMI, so very low income households in Morgan Hill. It's part of a larger 389 unit community and we're ready to break ground. There are 311 units that are market rate. Today, it's well below 120% medium AMI in Santa Clara County. We didn't like striking it out in the new Regs. Regarding cost control, we're achieving our cost because of the economies of scale and using type five wood frame construction for garden style units. We are only taking about 65% of the developer fee that's afforded to us and, you know, we are our own general contractor. Without these tax credits, it basically puts in jeopardy the entire 389 units. And don't get me wrong, costs have gone the wrong way in the past couple of years for sure and we're doing everything in our power to contain. But again, the need for tax credits is crucial and I think it's worthwhile that you can still achieve the same points without having to get soft resources or asking the city to forego fees that they desperately need in order to achieve such.

Treasurer Ma: Okay. Are you objecting to something that was stricken out or do you want something put back in? I'm confused.

Brian Raphel: I am objecting to the last sentence in Section 5230 which is currently struck on the last go around. And in the current proposal, if you look at Page 56 in the PDF for today's agenda or Page 22 of the Regs, in the last sentence of 5230(h) Section. It's at the top of the page.

Treasurer Ma: Okay, so "in lieu of any or all of the foregone points available in this scoring category, a project may earn up to eight points in this scoring category by earning up to an additional eight points above the maximum points pursuant to Section 5230(i)..." Is that the one?

Brian Raphel: That is the one.

Treasurer Ma: Okay. All right, so you oppose that. Thank you, Brian. Malcolm?

Malcolm Yeung: Thanks. I just have 3 or 4 specific comments and I will try and go through them quickly. One is in terms of scoring for AFFH. I just want to make a quick proposal for you to consider. Whether or not you might consider putting a cap on the number of units or number of projects or CDLAC allocation for high resource areas consistent with the existing TCAC regulation cap. This is going to ensure that any projects in high resource areas can get funded but there's still a pathway to projects that aren't in high resource areas. Specifically, on the AFFH scoring issue, when this relates to middle income units in high resource areas, we want to propose that you reduce the spread of resident incomes and projects in high resource areas from 40% to 30% across the board, not just based on market studies or adjacency. This will still give developers a powerful financial incentive to build middle income units but will ensure that these middle income units don't come at the expense of units for low income people in neighborhoods where folks are being displaced. The other thing with the AFFH scoring is there is an audit pathway for 19 points for any developer that had one project in the neighborhood. We wanted to propose that it not be just one project, but it be developers that have one project and POC or BIPOC qualification. If it's limited to just one project in the area, we would oppose that. Lastly, on the tiebreaker, we again, want to support the Controller's efficiency measure to be in 2021 for a tiebreaker or at a minimum, the rent savings benefit be incorporated into the 2021 tiebreaker. Thank you.

Treasurer Ma: Okay, thank you, Malcolm. Rachel? Rachel VanderVeen?

Rachel VanderVeen: Hello, again. Rachel VanderVeen, Deputy Director from San Jose. I wanted to speak on two of the additional regulation changes that are in front of the Committee for consideration. The first is the tiebreaker. I just want to reiterate our concern that the tiebreaker heavily weighs the cost of development rather than reflecting the public benefit that is provided by creating housing for the homeless and for extremely low income households. In our county alone, we're looking at a plan to address homelessness that will cost us $2 billion. The cost of homelessness to our public systems is enormous and we have found a way to contain that cost, which is to try and solve homelessness itself, by creating permanent housing for people who live on the streets now. And so, that public benefit is enormous. It actually relieves pressure on all kinds of public systems and we really feel that the tiebreaker should reflect that priority in addition to, or instead of, just simply the cost of development. Secondly, we're also concerned about the opportunity area map and how they impact development places such as San Jose, where most of our city is not in an opportunity area. And so, we would just like to raise this as an issue, and we would like to have an exemption from that requirement or from that portion of the Regulations. Because we may determine that a certain location is a good place to develop affordable housing even if it may not be located in an opportunity area. Thank you very much.

Treasurer Ma: Okay, thank you. Donald Gilmore?

Donald Gilmore: Yes, I wanted to draw attention to the definition of BIPOC again. In the one category where we say 51% ownership or are we saying 50% of the Board and 50% of ownership, but we would like that to be

51%, is what we were proposing.

Treasurer Ma: So, 51% of the Board?

Donald Gilmore: Correct.

Treasurer Ma: Plus, 51% of ownership?

Donald Gilmore: Yes.

Treasurer Ma: Okay. Thank you. Betsy Morris?

Betsy Morris: I'll pass at this time and offer this to Mr. Wallach, if possible.

Treasurer Ma: Thank you. Alice Talcott?

Alice Talcott: Sorry. There is one of the most recent changes in the Affirmatively Furthering Fair Housing requirements in high resource areas, the change that clarifies some information around this 40% affordability range. And in it, the language says that you can't have units below 30% of AMI. It wasn't entirely clear. From the comments, it sounded as though, perhaps, they're saying that's just for purposes of meeting the requirement of where the range needs to start. But it's written in a way that seems to say that you are not allowed to have units below 30% AMI. If that's the case, that seems quite problematic. Can you clarify what the actual intent was of that language?

Treasurer Ma: Okay, we'll come back to you, Alice.

Alice Talcott: Okay, thank you.

Treasurer Ma: At the end. Anne Wilson?

Anne Wilson: Hello. Thank you, Committee. You're doing a lot of work on this. I wanted to raise just one issue that I raised in a comment in writing, which is the current TCAC regulations, which I believe CDLAC refers to requires an appraisal to be within 1 mile of the site and especially, in our low income communities, that frequently prevents us from getting comps that allow us to do apartments and homes over 60% AMI and getting the mixed income that both the Committee and many members of the public want to see available to our lower income communities and communities of color. So, I just want to make sure that you take that into consideration because I believe you refer to the TCAC Guidelines on the appraisal criteria?

Treasurer Ma: So, the appraisal area is too small?

Anne Wilson: Yes, just through some weird thing that happened in the past. I guess somebody didn't like an appraisal, so you came up with this, they have to be within a mile of the property. If you would just allow the appraisers to use the appraisal standards that are in the appraisal industry standards, they allow you to find appropriate comps on projects. They don't limit it to 1 mile of the property.

Treasurer Ma: Okay, I see my TCAC staff shaking their head, so we will check on that.

Anne Wilson: Please check on that because I've had problems finding comps in high resource areas that allow us to go over 60% or 70% AMI, as well.

Treasurer Ma: Okay, thank you Anne. Shreya?

Shreya Shah: Hi. Thank you so much to everybody on the call for their work on this especially, staff and the Committee members. I think that the Regulations address a lot of the issues and I really appreciate the reduction of the ELI/VLI Pool moved to the 50% AMI level. I wanted to comment about the tiebreaker particularly. As I mentioned before in our letter, as well, one of the major reasons the tiebreaker is an issue is because it includes the State tax credits as part of the calculation for benefit efficiency. So, currently, we have about 20 projects in our pipeline and only about four of them use state credits as part of the resource. The state credits are particularly problematic in areas such as the Bay Area. Specifically, because it costs more to build housing and we tend to provide a lot more deep targeting in the Bay Area. The targeting that we basically have in our projects leads us to ask for more state subsidies, such as the state credits, which is what is going to deter in the current credit calculation. So, as an example, one of projects is in the East Bay, the average affordability of the project is about 40% AMI that is about $52,000 for a family of four and the rents are about $1,350 for a three-bedroom apartment. Despite having $20 million in financing already committed from the city, the county, and various state resources, the project still needs state credits. And I think the story is similar across the board for several other Bay Area developers. So, the current hybrid calculation, which includes the state credit as part of the calculation will really deter such developments which has such deep targeting. And so, I really urge the Committee to look at that and reconsider the tiebreaker, at least, that aspect. I think that I understand that the benefit efficiency calculation is a much broader calculation, which you may not be able to get to this year and I don't know if you can, but if you can, that rent benefit calculation is strongly supported by several MPH members and CPHC, as well. But at the minimum, please remove the state credit calculation from the tiebreaker. That's all. Thank you so much.

Treasurer Ma: Okay, thank you. Rich Wallach?

Rich Wallach: Yes, thank you. Just following Shreya, I want to make the same comments about the tiebreaker. I appreciate your time and I will be very brief. But I just want to point out that the North Bay has particular interest in the tiebreaker and the state tax credit component because as we saw past year with the disaster credits, we were woefully short of federal tax credits in terms of funding the number of projects that all of our nonprofits and developers in the North Bay were pursuing. And the state tax credit approach is the key approach that would replace some of that to allow many of these projects to move forward. It's unfortunate that we have this window where projects are teed up and then, the plan that we had going forward to fund them with the State tax credits maybe jeopardized. An example is a No Place Like Home project that is supported by Sonoma County that Burbank has been pursuing in Petaluma that would have state tax credits to complete the funding to move that project forward. And now, with MPLH, hopefully being awarded in the early part of 2020 while the rest of HCD is paused, we will have to go back potentially to the drawing board to come up with funding for that project. And so, I appreciate your consideration and hope that you will look at the numerator again and possibly take out the state tax credit component. Thank you.

Treasurer Ma: Okay, thank you. Folks on the phone?

Matt: Hi. This is Matt Avital from Ravello Holdings. Thank you for letting me speak. I wanted to speak up and request that the last sentence in leverage soft resources be reinserted into the Regulations for at least, New Construction. That's the one sentence that was discussed before. We are very familiar with cost containment on projects. Maison’s Palmdale received an award in September after applying three times. We were number one in having the lowest cost containment in our application and we have been number four in previous applications. I understand that this was removed because of concerns that acquisition rehabs would be spending less money. However, we believe for at least, New Construction this sentence should be reinserted. We don't see anywhere else in the application that really gives developers an incentive to go above and beyond on cost containment.

Treasurer Ma: Okay Thank you, Matt.

Jim Smith: Hello. This is Jim Smith from Chelsea Investments. I have three brief comments. The first would be to echo the suppression of cost containment as stated by the prior caller, so I won't repeat that. I know our beneficiaries would be people on our landing list that get the housing they need through better efficiency. My second point is please, retain the current tiebreaker plus state credits. I think that the efficiency is demonstrated by the MIP program, so that should become the policy for CDLAC, as well. And third, Madam Treasurer, there was some discussion at the last meeting about making sure that the Executive Director has the authority to grant on the 90 day extensions to closing. I think COVID's going to be a factor in troubled cities and delay getting out the permits and other thing issues that we need to close the deals. So, if that didn't become part of the Regulations in your last meeting, I would ask that you do so now. Thank you.

Treasurer Ma: Is it in there? Is the 90 day extension in there?

Judith Blackwell: It's in there.

Jim Smith: Thank you.

Pedro Galvao: Hi. Good afternoon, Madam Treasurer, and members of the Committee. This is Pedro Galvao again with the NonProfit Housing Association Northern California. I just want to strongly side with the comments made by the City of San Jose, Alice Talcott, Shreya, and Rich Wallach on the tiebreaker. We strongly believe that it's optimal on public benefit, not just containment. When the Legislature passed AB 83, it explicitly called for investment in ELI/VLI households, cost containment, and public benefit which bears quoting. They literally said, "it is the intent of the Legislature that the State funding for affordable housing be used in a cost-efficient manner in geographic areas to produce the maximum number of affordable units to very low and extremely low income households while balancing public benefits." Given the explicit legislative intent to include public benefit and focus on ELI/VLI households, we call for the incorporation of the Controller's rent savings benefit proposal into the tiebreaker as a sensible approach to achieve both cost containment and public benefit. And again, just want to thank you for your consideration of my comments and for the process."

Treasurer Ma: Okay, thank you, Pedro.

Jim Silverwood: Hi, Madam Chair. This is Jim Silverwood at Affirm Housing and members of the Committee. I have two items I wish to speak on. One has to do with the modification on the developer fee calculation. Your staff is recommending a reduction in the developer fee for outside services and I think that that's misguided. We're all about production these days and for them to remove fees that we paid to outside consulting services from our Developer Fee, especially, the zoning and permit expediting, just doesn't seem right. So, I wanted to bring that to your attention. The other comment that I had was in regard to the points in the tiebreakers. I don't know if the Committee recognizes, but there's a loophole in the way that the Regulations have been written such as in an inclusionary project in a high resource area would be the only one that could score 120 points and not have to compete in the tiebreaker. And so, I don't think that's really fair for permanent supportive housing and mixed income projects. They would have to compete with these inclusionary projects. So, those are my two comments. Thank you very much.

Treasurer Ma: Okay, thank you, Jim.

Carolyn: Hi. My name is Carolyn (Indiscernible). I work for the Little Tokyo Service Center. I wanted to provide comments on the section around AFFH scoring. I'm not sure if it has been brought up, so my apologies if it has. But where the Committee requires in the spread at least, 20% AMI difference, we are advocating for the reduction of 20% across the board and not just based on market studies or adjacencies. Thank you.

Judith Blackwell: Thank you, I think that we already have that one in.

Treasurer Ma: Thank you, that one is already included.

Betsy Morris: Hi, Betsy Morris. I am learning about this process that you're so ardently tracking and regulating. I'd like to bring up a topic that I addressed in a letter to you on December 15th on behalf of Berkeley East Bay Panthers. I didn't see it addressed in the comments. So, it is this, that one of the ways that we can address both more affordable housing and the desire for higher income units is to engage the Section 8 program and ensure that all developers are adequately taking applications from Section 8 subsidy holders; that they are then taking advantage of that federal subsidy to fill any potential vacancies in any of the units in their buildings. So, I feel like it's a way that we can achieve a win-win in both directions, even though, it doesn't constitute permanently affordable housing. There's a huge wait list. Particularly, a huge wait list of Section 8 voucher holders, as well as existing holders of vouchers who cannot get placed because of a variety of discriminatory or preferential systems. And we do have an anti-discrimination ordinance here in the State of California and I'd love to see that become more prevalent in your discussions of public community benefits. It's not just housing, it should be serving as wide a range of people as possible, and that's an entire group of lower income, very extremely low income households who are deprived of access because the landlords are choosing not to accept market rate subsidies in the hopes of a better deal. So, where that might fit in your discussion today or in the future, I don't entirely know. I admit that, but I hope you will consider that. Thank you so much.

Treasurer Ma: Thank you. Thank you, Betsy. Mark Stivers?

Mark Stivers: Yes. Mark Stivers with the California Housing Partnership. No known relation to Evelyn Stivers if anyone was wondering.

Treasurer Ma: I was wondering.

Mark Stivers: So, first of all, on the leverage point category, two comments. First, is that we do agree with the staff's final recommendation to base the leverage points solely on soft resources from the TCAC definition. In other words, we do not support allowing people to get leverage points through additional cost containment. Meaning keep that last sentencing in 5230(f) struck or (h) struck. Secondly, with respect to recycled bonds. We do support excluding recycled bonds from the tiebreaker. However, we do not think that recycled bonds should be part of the leverage category. They are not the same as public funds. Both of those things would dilute the alignment between CDLAC and other state programs that we are trying to achieve. And I would also note that the Working Group's September recommendation where they did have agreement and did support basing leverage on the TCAC definition. And then a couple other things with respect to the AB 83 which mandated a balance between public cost containment and public benefit. We do think that the targeting points, the income targeting points, should be reserved or maximum points should be reserved for projects that do more than the federal minimum. Right now, they get maximum points for an average of 60% AMI, which is already required, and we think that you should only reserve maximum points for projects that have at least, a 57% average AMI or lower. And then, with respect to the tiebreaker, we do support other comments that were made about removing state credits from the tiebreaker. That will really undermine the ability for us to actually allocate state credits this year and add a rent savings benefit to the tiebreaker. And then, lastly, I was hoping that Gustavo and Gayle could just clarify the thing about the HCD grandfathering language. It is my understanding that they wanted to change the date from the end of 2021 to the end of 2020, but it is also my understanding that they were wanted to change it from awards made by those dates to applications submitted before those dates and that's actually a pretty important distinction. And so, if they could clarify that, I would greatly appreciate it. Thank you for your time this afternoon. I really appreciate it.

Gayle Miller: Madam Treasurer, I'm ready to clarify that whenever you are ready.

Treasurer Ma: Okay, please hold on. I still have a couple more speakers. Jeff?

Geoff Brown: Thank you again, Madam Chairman. I want to first of all talk about the leverage points. We definitely support reinstating the language relative to the eight points for cost containment. We feel that a lot of times leverage, well actually, when you take public money, it will actually increase the strings that are attached with the money and will increase the cost of the money. Recycled bonds, by the way, don't do that. So, we support utilizing recycled bonds and leverage because recycled bonds to a large degree doesn't do that. But a lot of other funding programs, require other things that makes the project a lot less efficient. And so, we're very much for cost containment. The second thing is on the tiebreaker. We're very supportive of keeping the state credits in the tiebreaker. We feel this will leverage the state credits and this is a precious resource that needs to be leveraged. And this is really true now, as it was mentioned earlier in our meeting today, that the 4% credit looks like it's going to be fixed. The worse thing that could happen in the State is we don't end up utilizing our resources for just more expensive projects and don't achieve more projects. That would be the worst result. So, we're very strongly supportive of keeping the state credit in. I will say this, a lot of people think that the state credit, if it's in the tiebreaker may not get used. I don't believe that's the case, but you can certainly make an argument if the 4% credit is fixed that there's a higher likelihood. We all agree on one thing in this state and that is we need more housing. We are oversubscribed on bonds and we need more housing. I would suggest, and I was also part of the CHC task force this year, that we spend some time thinking about how we can do housing projects. You have attempted to already do that. So, congratulations to you, Madam Chairman and Ms. Boatman with the recycled bonds but we need to think about using ELI units or even on the preservation or other rehab deals without tax exempt bonds because the taxable debt is so cheap and most of the people only want the bond allocation to get the 4% credits. That's what it's all about. The debt right now is so cheap, and we need, as a state, to think out of the box and maybe if we keep the state credits in the tiebreaker and come Fall, they're still utilized, maybe there's opportunities to use them without using the allocation. And that's something I think would be good to have a task force to do. Thank you very much.

Treasurer Ma: Okay, thank you. Caleb?

Caleb Roope: Hi, Caleb Roope with The Pacific Companies. I just want to clarify my comments. They are just really on my behalf and not the Working Group. Just two quick things. If you believe in the investment in high and highest resource areas, don't put a cap on it. Let the program play out. If it's good policy, then make it happen and don't try to manipulate it and reduce it in some way. And finally, I just want to say with the 4% floor is likely to happen and thus it is highly probable that many, many projects are going to work that didn't before and they're going to work without having to impose leverage on them. So, I would also advocate for the restoration of that sentence that was stricken from that category. Reason being is that we need to do everything we possibly can to stretch that bond cap as far as we can to fund as many projects as we can of all types: extremely low income, homeless, etc. And that should be our mission at this time right now to deal with that in every way we possibly can. So, I would just encourage those things that don't drive up cost, encourage those things that stretch the dollars and let's get more housing built. Thank you, guys.

Treasurer Ma: Thank you. I'm closing public comment. Board members? Ms. Miller?

Gayle Miller: So, just two comments that we'd like to see changed. One, is this NOFA award. And if it's okay with you, I'm going to share my screen, so I don't misspeak again. So, we would in addition to what we've already approved regarding the first one on the AFFH points, the NOFA was made available prior to December 31, 2020. So, we're changing both the date and the made available. And then, later, there's another section where it references HCD awards, it would be pursuant to a notice of funding availability issued on or before December 31, 2020. So, I hope that provides the clarity and again, I will email this to Ms. Blackwell

Treasurer Ma: Hold on, Ms. Miller. So, first one you said, consistent with the restrictions of a public funding source that awarded prior to December 31, 2021?

Gayle Miller: Yes, so we're changing it from that. This is your original right here.

Treasurer Ma: Oh, I see. To be consistent with the restrictions of a public funding source that was made available... okay, got it. And then, what is your second one?

Gayle Miller: We're going to add this language that's highlighted right here "pursuant to notice of availability issued on or before December 31, 2020."

Treasurer Ma: Okay, got it.

Gayle Miller: I'm underlining the language that we're adding.

Treasurer Ma: Okay.

Gayle Miller: To clarify the grandfathering that your team has already included. And then, our other change that we would recommend to the existing Regs would be to change the BIPOC definition, as suggested by Mr. Gilmore, to 51% or more of People of Color on the Board, as well.

Treasurer Ma: Okay, so I would like to see that last sentence put back in on Page 22 given what's happening at the federal level right now.

Gayle Miller: Oh, excuse me. Oh, not that one. I didn't think about leverage points at all here, so I'll stop sharing.

Treasurer Ma: All right. Okay. So, that's my comment. Tony?

Anthony Sertich: I'm sorry, so you were saying you want the leverage to be obtained through cost containment?

Treasurer Ma: Yes.

Anthony Sertich: Okay. I have to admit, I'm somewhat torn on that. I would be in full support of that if we were better measuring public benefit as a whole. But I think because we don't measure public benefits very well and the Regs are at least, deeper than the minimum public benefits. I don't like leverages and measures as I said in my earlier statements. With that being said, I think it is measuring something that isn't being measured somewhere else in the Regs. But again, I also don't like the fact that we can have projects that don't need any subsidy outside of the tax credits, especially with the increase in the equity we expect to see with the new federal minimum 4%. So, with that being said, I support Ms. Miller's changes, but I don't think I can support the change to the leverage category right now.

Treasurer Ma: Okay.

Tia Boatman Patterson: Madam Treasurer, can I speak to

Treasurer Ma: Yes, Ms. Patterson?

Tia Boatman Patterson: Putting the leverage points in for cost containment doesn't give them an advantage. What it does is it puts them on a level playing field with projects that are bringing subsidy to the table. And so, right now, we're incentivizing projects that bring public subsidy to the table, to get certain competitive advantages. And so, we were trying to say that we really do value cost containment and savings. I don't see why that is a problem to allow that to be brought in. And so, that's just me speaking to what the implication is of bringing in that cost containment for leverage. The second issue I'd like to speak to is the BIPOC definition. I do believe it was the Black developers who brought that definition to the table and instead of calling it a People of Color Women Business Owned Enterprise, I would strongly encourage the Board to take that definition that the Black developers are offering related to the Black/Indigenous/People of Color. And lastly, I'd like to speak to the recycled bonds as leveraged soft funds. It is imperative, that I speak to this once again, that we prepare ourselves for stretching these bonds as much as we can and getting ready to be able to use this. We're now oversubscribed. We have never been oversubscribed before. And if we are going to look at the entire affordable housing finance system, and I appreciate Ms. Betsy's comments about the Section 8, I'm looking at that, as well. Because that will help us serve ELI/VLI projects that are preserved once they are built. But we do have a production issue and I think it is very important that we see this too, as a production issue, so that while we're helping ELI/VLI, there are other resources out there that we're not taking into account for that we need to be looking at. And so, those are the comments that I wanted to make. And thank you, Madam Treasurer, and your staff for all of your diligent work.

Treasurer Ma: Okay, thank you. So, I know that Reese had a question about that, as well as Donald Gilmore. All right, any other comments or is there a motion on the table?

Gayle Miller: I was just hoping Mr. Gilmore could put that language up maybe in the chat, just so we're clear on the definition on the BIPOC Rule. Or Mr. Gilmore, I don't know if you could read it into the record just so everyone knows what we're voting on? Mr. Gilmore, if you're talking, we can't hear you.

Donald Gilmore: Yes, can you hear me now?

Treasurer Ma: Yes.

Donald Gilmore: Okay. BIPOC, which represents Black/Indigenous/People of Color refers to Black people, as well as other People of Color, is what the definition is to emphasize the historic oppression of Black and Indigenous People.

Gayle Miller: Okay, so I would move that we make that change, as well as the NOFA language I put up earlier, Madam Chair.

Anthony Sertich: One question about that. I know there is a piece in there, suggesting that we remove the woman owned business side of things? Is that the request of the Black Developers Forum or is that your motion, Ms. Miller?

Gayle Miller: I thought we had agreed to do disadvantaged women according to the federal definition. Mr. Gilmore, did you not read that?

Donald Gilmore: No, I did not. I was thinking that this in my statements, you can decide what you want to do, but we were emphasizing the systemic issues. We don't think it's the same category as equal employment or fair housing because of the systemic nature of it. That's why we were excluding it.

Gayle Miller: Yes, agree on the systemic nature, which is why I thought we could do disadvantaged women in the...

Reese A. Jarrett: I can comment on that.

Gayle Miller: Yes, or Madam Chair?

Treasurer Ma: Yes.

Gayle Miller: You have to go through Madam Chair.

Treasurer Ma: Yes.

Reese A. Jarrett: Yes, Reese A. Jarrett just to follow-up on Mr. Gilmore's comment. There is a significant difference, and it's a matter of equity in my opinion, an opportunity to further dilute the pool by allowing the WBE as part of the set aside pool. I think this is a significant opportunity to really make an adjustment for the opportunities for Black developers and developers of color to have an opportunity to step into this space where they have been denied due to the high level of entry. That there is a significant difference. The request is that it be a Black/Indigenous/People of Color. What you will have is a disproportionate utilization of the pool by those that have had opportunities or are better able to leverage opportunities for joint ventures. This will dilute the opportunity for Black developers, and developers of color, and women of color to utilize what now is a pool that was less than what we had originally looked for.

Gayle Miller: I think by including the disadvantaged women kind of threads a needle that I think is really difficult to thread. But I'm really sympathetic to the idea that systemic racism has been against People of Color. So, this is a tough one for me, but I think that we made a commitment really early on to disadvantaged women because of the systemic ways that development has worked. So, I was hoping that changing that definition would sort of thread that needle, Mr. Jarrett, and Mr. Gilmore. So, I still think that we may accomplish that, but I defer to the Board on this. This is definitely a hard one and I really do respect what you're doing in communities and the way that you are sort of changing the housing world. This has been, as I've said multiple times, a great learning opportunity for me. So, that's sort of where I think we can thread the needle appropriately, but again, defer to the Board on that.

Treasurer Ma: And what's the definition of disadvantaged women?

Gayle Miller: It's a federal definition. I don't know, Mr. Velasquez, if you know that definition? I don't mean to put you on the spot. I can find it for you.

Gustavo Velasquez: I'm looking for you, as well.

Anthony Sertich: I think it's important to clearly define these terms that we're using as well, as we are going through the allocation process. Again, we need to make sure we're targeting the populations that we intend to target that have been disadvantaged the most. And so, I'm supportive of the narrower definition, but I just want to make sure that those populations that we are intending to target are the ones that are rewarded through this process.

Reese A. Jarrett: And it is very clearly defined Black/Indigenous/People of Color. It ultimately says those who are nonwhite. It makes it very clear.

Anthony Sertich: Okay, and I guess I was more focused on the Disadvantaged Women Section in the BIPOC definition. Thank you, Mr. Jarrett. Which is why I would lean towards a narrower definition as proposed by Mr. Gilmore because I think that will encompass a lot of what we are trying to get at with the disadvantaged women category, as well.

Gayle Miller: Say that again, Mr. Sertich because Ms. Franklin makes a good point here too.

Anthony Sertich: I was saying pretty much the same thing that I think the disadvantaged women category may be encompassed in the BIPOC definition as well already. But I don't know exactly what you're trying to get at.

Gayle Miller: Yes, I think that may be a fair point, actually. So, I think, Madam Chair, with that, I would make just those two changes: the changes to the NOFA awards that I put up and the 51% requirement for

Black/Indigenous/People of Color organizations as read by Mr. Gilmore. And I will remove my consideration of disadvantaged women and do more research and get back to you on that.

Treasurer Ma: All right, is that it? I already closed public comment. Do I have to open up public comment again?

Spencer Walker: No.

Treasurer Ma: All right, I have closed public comment, but Doug Shoemaker, I see his hand is up and in deference of all of your hard work, Doug, I will have you speak.

Doug Shoemaker: I don't want to abuse my role, Treasurer Ma. I just want to say that I think we have carefully struck a balance as it relates to public benefit, cost containment, and a whole bunch of other things. And so, I know a number of us held off on pushing for more changes to the tiebreaker with the understanding that the leverage of cost containment was as drafted. And so, while I appreciate your comments and the comments of my colleagues, I will just say I think the system is carefully balanced to try and address a range of perspectives and to sort of throw the cost containment back into the system under leverage, I think is a bit prejudicial at this point. And I think that partly because we still have unresolved the major challenges with the lack of accuracy in the basis limits, as well as the claims you've heard up until now. So, while I know your staff and you are committed to changing those, I will just say, the working group suggested this balance and did not include getting cost containment points for leverage for a reason. And I just feel it is important to stay the course, so that's my two cents.

Treasurer Ma: Thank you Doug. All right, so Ms. Miller would you like to make some motions?

Gayle Miller: I just would like to move to make those two changes as we improve and understand more about what's in the federal definition. I just don't want to take for granted that the federal law is guaranteed. So, I'm not ready to change leverage points until we have a feel from Congress because one is so contingent on the other and I just don't think I'm personally ready for that. So, I would like to just make the two changes for now and continue to work on all of these points. I think this is just the beginning. So, with that, I'd like to change the definition of BIPOC to 51% ownership and the NOFA award date adjustments that I referred to on the screen.

Anthony Sertich: I will second that.

Treasurer Ma: Okay. Anthony, please call the roll.

**Roll call was taken and the motion passed unanimously.**

Treasurer Ma: All right, motion passes. Thank you all for your hard work. I know there's always winners and losers, but I think having the Working Group and nine months of discussion, hopefully, folks have felt like we've moved the ball forward. We've got a lot of successes that we are going to put in a press release to memorialize the record number of new construction units. As an FYI, this year, we bypassed all of the past housing creation numbers since 2000. So, I think we have a lot to report on and of course, we've allocated more tax credits and bonds than ever and worked in a very cooperative fashion by all the four agencies. So, I hope that people are happier than not, and we are going to continue to move on. I just want to thank everyone again for their time, their patience, and their cooperation. So, moving on to Item No. 6, they have pulled their appeal officially. So, we don't need to hear Item No. 6. And then, Item No. 8, "consideration of staff's recommendation to transfer and award unused 2020 allocation to issuers" if there is any. I think that the goal of the Committee was to allocate everything this year, as much as possible. I think in the past, we had allocated any remainder at the end of the calendar year to an issuer that would apply the bonds to the first projects in the following year. I don't know if we need to make a motion right now or not.

**6. Consideration of Staff's Recommendation to Transfer and Award Unused 2020 Allocation to Issuers. (Action Item)**

Judith Blackwell: We need to make a motion because this is the last meeting of the year.

Treasurer Ma: Okay.

Judith Blackwell: Actually, I am asking Richard Fischer to give us a report.

Treasurer Ma: Richard, you are on. Please unmute yourself. What's the question? Sorry.

Sarah Lester: Hi, it's Sarah.

Treasurer Ma: Hi, Sarah.

Sarah Lester: It was CMFA was the topic.

Treasurer Ma: Okay.

Anthony Sertich: I would move to allocate the $80,000 plus whatever is left over to the CMFA.

Treasurer Ma: All right.

Tia Boatman Patterson: Madam Treasurer, can I speak to that?

Treasurer Ma: Sure, Ms. Patterson.

Tia Boatman Patterson: So, historically, whenever there has been any carry forward up until 2019, that carry forward has always gone to your state partner, especially, if it has been for multifamily, which has been CalHFA. And 2019 was the first year in almost a decade that I know of that carry forward that went outside of the State to a local issuer. And so, I just want to bring that to the attention of the Board. And we did have an issue where we were scrambling at the end of the year to try and make sure that we understood the carry forward was available. The State stands ready to partner with the State and I just want to make sure that I go on record and say that.

Gayle Miller: I support the carry forward going to CalFHA, Madam Chair, as well.

Treasurer Ma: All right, well, Ben is here.

Ben Barker: Good evening, Treasurer Ma, and honorable Board. Ben Barker with the CMFA. With $80,000 left in carry forward this calendar year, I don't really care about having a food fight about this, but the CMFA has provided over $3.6 billion over the last 10 years in carry forward allocation where it's been tracked. The CMFA routinely has received sub allocations or the carry forward pools from $4 to $700 million per year. And then, if there is any extra that comes in, each issuer submits their pipeline and the remainder gets allocated proportionately to the top issuers. So, that being said, I CMFA has a long running history of receiving lump sum allocation year over year, for the last 15 year with $3.6 billion being used in addition to the current year allocation. Having said that, we are able to help provide an extra $808 million this year of carry forward allocation that went to 2020 projects.

Treasurer Ma: Thank you.

Anthony Sertich: And just to be fair, I was just trying to make the motion based on who issued the most last year. I really don't think it matters in this case with all of the projects coming directly to us. You know, we could be setting a precedent that's why I said the largest issuer from last year. If Ms. Miller thinks it should go to CalFHA, I'm fine with it going to CalFHA, as well. I think you guys are doing a great job in great fashion.

Gayle Miller: Thank you, Mr. Sertich. With that, I would actually move, Madam Chair, if it's appropriate that the carry forward go to CalFHA and we keep it in our state family.

Treasurer Ma: Okay, I do think that CMFA does a good job of tracking the carry forward. We've had our challenges here at CDLAC to make sure that we are getting to those right amounts. But, if Mr. Sertich is going with CalFHA then...

Anthony Sertich: Yes, I'll second that.

Treasurer Ma: All right.

Anthony Sertich: I do think going forward we should have a policy for future years in terms of how we allocate the remaining carry forward at the end of each calendar year.

Treasurer Ma: I think that's a good idea because I don't want to have to fight about this every year, so we will put this on one of the future agendas. All right, Anthony, please call the roll.

**Roll call was taken and the motion passed unanimously.**

**7. General Public Comment**

Treasurer Ma: All right, Item No. 8 is done. Item No. 9, general public comment. Any members of the public wishing to comment on anything not on today's agenda. Tony?

Anthony Sertich: Real quick. I just want to second your comments from earlier about how I think the reg process, it's been a long process, but I think we're in a much better place than when we started the year. So, thanks everyone. We still have a lot of work to do.

Treasurer Ma: There's always work. All right then, we are adjourned from CDLAC. We are going to start TCAC in about four minutes. Give us an opportunity to take a break and we'll be back at 3:20. Thank you.