CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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MEETING NOTICE

MEETING DATE: **March 8, 2021**

TIME: **11:00am**

LOCATION: **State Treasurer's Office**
915 Capitol Mall, Room 587
Sacramento, CA 95814

Public Participation Call-In Number**
(888) 557-8511
Participant Code: 5651115

AGENDA

1. 1. Call to Order and Roll Call

Action Item: 2. Approval of the Minutes of the December 9, 2020, December 21, 2020, and January 15, 2021 Meetings

Action Item: 3. Discussion and Consideration of a Resolution Appointing the Interim Executive Director of the California Debt Limit Allocation Committee

4. Carryforward Update

Action Item: 5. Discussion and Consideration of Staff's Recommendation to Reassign $5,900,000* Carryforward *(**NOTE**: The carryforward amount is subject to change.)

Action Item: 6. Discussion and Consideration of Staff's Recommendation to Transfer Reverted CPCFA Carryforward (Organic Energy Solutions, LLC $23,677,224) to Housing Authority of San Diego

Action Item: 7. Discussion and Consideration of Staff's Recommendation to Transfer Reverted CalHFA Allocation (LakeHouse Commons Affordable Apartments $36,400,000) to CalHFA

8. Public Comment

9. Adjournment

The Committee may take action on any item. Items may be taken out of order.
There will be an opportunity for public comment at the end of each item, prior to any action.

Note: Agenda items may be taken out of order.

FOR ADDITIONAL INFORMATION

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311, Sacramento, CA 95814
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The Agenda is also available on our website:
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AGENDA ITEM 2

Approval of the Minutes of the
December 9, 2020,
December 21, 2020, and
January 15, 2021 Meetings

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

December 9, 2020

Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

State Treasurer Fiona Ma called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11 a.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 of the November 16, 2020 meeting. (Action Item)

Treasurer Ma: So, let's move to the approval of the minutes of the November 2020 meeting. Are there any edits? Ms. Miller?

Gayle Miller: No edits. I was just going to move as edited by you, Madam Chair.

Judith Blackwell: I just want to mention that we also have edits from Tia Boatman Patterson. She did not move for approval of the minutes. That was Gayle Miller. And also, on Item 4 that was Gayle Miller. And in the statement about moving the projects seeking an extension her statement was "date certain," not that. So, after that --

Gayle Miller: I move for approval with those changes as well, please.

Anthony Sertich: I'll second.

Treasurer Ma: Thank you. Any other comments on minutes?

Anthony Wey: None.

Treasurer Ma: Okay. Seeing none, please call the roll.

Roll call was taken, and the motion passed unanimously.

Treasurer Ma: The minutes have been approved as edited. Okay. Executive director's report. Judith?

3. Executive Director's Report.

Judith Blackwell: All right. So today we're going to have a few things that we're going to focus on, but one thing that I want to mention is the change to the regs. And I want to just remind everyone that these are emergency regs, and we have a time table to follow. The OAL posts those regs and then OAL has 10 calendar days within which to review and make decisions on proposed emergency regs. So, an emergency reg usually becomes effective when filed by the Secretary of State, and generally remains in effect for about 180 days. During that time, we have time to approve the regs before they become final. So, that's the process that we're dealing with. It's different from TCAC, so I just wanted to mention that to you. And that's my report for today.

Treasurer Ma: All right. Thank you. Any public comment on the Executive Director's report? Seeing none. Let's move on. Item #4: Reapportionment of $600 million Reverted Xpress West Train Project and remaining 2020 Volume Cap Discussion.

4. Reapportionment of the $600 million Reverted Xpress West Train Project and Remaining 2020 Volume Cap Discussion

Judith Blackwell: All right. We don't have Sarah on the line, but I think she's having a problem getting in. So, let me just say that we have gone through all of the remaining unfunded applicants and we have noticed that in every case, for every single one of them, all projects are for residents who have either less than 30% AMI, less than 40% AMI or less than 50% AMI. The Board also asked us to look at those applicants who have expiring DDA's in this calendar year. So, every single one of these projects is going to help people that are in the homeless category and those that are being affected by the disease that we're dealing with this year.

Treasurer Ma: Let's go back to the allocation numbers. I want to thank Judith and her staff and stakeholders for really digging in this year and coming up with the carryforward numbers. As many of you saw, we had a recent audit that focused on issues that occurred before I started in position and before Governor Gavin Newsom got elected, however we committed that we were going to carefully track the carryforward. The carryforward number is $808,726,902.

With the return of the $600 million for the train and one of the CMFA deals that came back as well as a couple of extra fees, we now have $563,221,092 that can be reallocated to more projects. So, let's say $563 million is the number that everybody agrees on. So that is good news. And I think from the last minutes of meeting, the will of the Board was really to try to go down the "New Construction" list therefore we will be able to fund an additional 15 projects on the "New Construction" list of we applied this entire $563,221,092.

What I believe Judith was talking about is the analysis we asked her and the staff to do regarding the remaining applicants that didn't get funded in our last round: the project AMIs and categories such as how many homeless units, special needs seniors, special needs mental health, special needs family units are still left in the "New Construction" pool. So that's the list that she was talking about and be able to fund about 15 more projects if we allocated that $563 million entirely to the "New Construction" pool. So, I think that's where we're at and it's not an action item. So, it's just a discussion item, but we can see if anyone has any questions or if we have any public comment on this.

Stuart Boyd: Hello. I'm calling to support allocating funds to the “Mixed Income” pool and not just to the “New Construction” pool. I'm calling in support of the project Perris Sterling Villas III. It's the only qualifying application in the Mixed Income Pool for the December round. It's located in the City of Perris, Riverside County, and it would be “New Construction” of a high density 429-unit senior living facility with 75% low income in two phases. We submitted an application to CDLAC for $35,939,000 in bond allocation for Phase I, which would be 286 units with 215 categorized as low income. And CalPFA would apply $6.5 million of carryforward so we only need $29,439,000 of bond cap.

The Perris Sterling Villas III project would have a very significant impact on the low-income seniors’ community in Riverside County. Picking up on the comments earlier about the COVID impact, seniors do need places and a new facility and this project would get them out of a dangerous position. There's a severe shortage of affordable housing in both the county and in the city. The wait-lists are either closed or have over a two-year waiting period. In addition, the construction project would create, in the short-term, almost 3,000 construction jobs and create 40 permanent jobs in the community. As I'm sure you're all aware, the Mixed Income Program has been highly successful in California, and it has been exceptionally efficient at using both Bond Cap and the Credit Volume. And compared to previously allocated Mixed Income projects, it's highly competitive. The project is shovel-ready and has multiple permits from the Building Department. We believe that the allocation process specified in CDLAC Committee Regulation 510 implies that a portion of the returned bond volume must be allocated to the Mixed Income Pool according to the key that was established at the beginning of the year. Using this key, it would assign $157 million to the “Mixed Income” pool. We only need $30 million plus the CalPFA carryforward. So, we would ask you please to support the Perris Sterling project and allocate the required funds to the “Mixed Income” pool. Thank you.

Treasurer Ma: So, the caller mentioned that there was $137 million agreement to go to the “Mixed Income” pool at the beginning of the year. I don't recall that. Tony?

Anthony Sertich: Yeah. That was one of the decisions that was made to take from the future rounds of the Mixed Income Pool, or we moved it forward from the later rounds to the earlier rounds so there was none left. We did add some back later. We made this an official motion, I think.

Gayle Miller: I do support the staff recommendation. And I know it's not an action item, but I appreciate all the work that was done to make sure that we're serving folks that were hardest hit by the pandemic and really appreciate the analysis and the work and especially all the people that applied for this round to make sure that we can serve as many as we can who have such great need right now. So, thank you for that.

Treasurer Ma: All right. Next caller?

Sarah White: Hi. Thank you. Yes. My name is Sarah White with Bridge Housing, and I just wanted to reiterate a letter that Bridge and a group of other Northern California developers submitted to you earlier this week recommending that the Committee consider using some of the returned or reverted bond cap from the Train project to support "Preservation" projects. There are a number of high scoring projects submitted this round. So, I think those resources should be distributed equitably with a small portion of those to fund "Other Preservation" and "Other Affordable" projects in addition to "New Construction." Also, we recommend generally to fund high scoring projects in those three categories with scores of 135 for "Preservation," "Other Affordable" and "New Construction," and that would still leave enough money to fund additional "New Construction" projects. So, we would just encourage you to consider that in your decision making. Thank you.

Treasurer Ma: Next speaker.

Robin Zimbler: This is Robin Zimbler from Free Bird Development. I know there's slim hope for this project, but I still want to make a personal plea for Monroe Street Apartments as a 65-unit project with a 25% set aside for special needs. There's tiers at 50%, 60% and 80% of AMI. It's an inclusive project in a site surrounded by a $1.5 million dollar homes. I believe it's exactly the type of project that we should be advancing. We had planned on applying in the third round this year under the MIP program, but we were notified in April that all the Bond Cap had been allocated for that program in the first two rounds. This project would have scored better than 77% of the projects that were funded under the MIP set aside this year. We're ready to go on it. So, we didn't want to wait until 2021. So, we got creative and went back to the drawing board and restructured it with (undiscernible) vouchers, and the City and County both stepped up to the plate and put in more subsidy for the project. So, there's $14.9 million in local subsidy in the project and no state subsidy. It took some time to fill in the gaps, so we missed the third round but applied in the current round. We have an expiring DDA right now. Again, it expires next year, not this year. That would result in about a $3.5 million loss for this project in tax credit equities. We're reapplying this week, but we don't even know how to underwrite the project since the MIP regulations for next year haven't come out yet. Speaking of which, since the MIP regulations haven't come out yet, we have a hard time imagining that we're going to be in a place ready to apply in the January round for 2021. So, it effectively looks like there'll be a one-and-a-half-year gap between missed rounds between April of this year and August of next year. That means there's a year-and-a-half delay for projects that are completely ready and have to wait through no fault of our own, again. We're hoping that given our 25% set aside for special needs -- we have another 10% of project based Section 8 -- and our expiring DDA that we can be funded with some of these returned bonds. Otherwise, we're going to have to wait until next year to reapply but will be incentivized to take state resources including state subsidy and state tax credits next year when we don't even need this year if we're funded this year. So anyway, that's my personal plea and I really, really, really, appreciate your consideration.

Treasurer Ma: Thank you, Robin. Next speaker.

Danielle Thoe: Thank you. Hi, my name is Danielle Thoe, and I'm a project manager with Community Housing Partnership in San Francisco and representing the St. Christina Rehab Project, which is 100% for homeless residents and has an existing award from HCD of over $3 million. I am here to urge you to allocate the $600 million dollars, or $560 million as soon as possible, and to include funding for “Preservation Projects” with scores of 135 points, as well as

“New Construction” projects with a score of 125 points. Our project is going to be ready to go in this round of allocation and our $3 million plus HCD funding is on hold if the project must reapply. I think it's in the best interest of keeping our existing affordable housing properties in good condition and having high quality living conditions for residents, as well as being good stewards of state money to allow “Preservation” projects, especially those with state money from other affordable housing funding to be able to move forward. Thank you.

Treasurer Ma: Okay. Thank you, Danielle. Any other callers on the phone?

Bo Han: Yes. I have spoken a few times to speak previously, but thank you again for the opportunity, Madam Chair, and the Committee. I’d like to echo Sarah White. I'm one of the seven nonprofits that sent in that letter. I hope you had a chance to review it in support of using the $600 million bonds being returned from High-Speed Rail towards the “Other Affordable” pool, as well as “Preservation” pool for projects that score 135 or more, as well as “New Construction” projects that scored at least 125 points. I also sent in a separate letter from Chinatown CDC on behalf of the Three Line Project, which is a scatter site. We have three buildings, two of them are over 100 years old. We serve a very low to low-income population and very vulnerable populations who are most affected by the pandemic. And we feel that we have projects that deserve funding as much as “New Construction” because we do need to preserve these buildings. We realize it's important to build more housing, but it's also important to maintain existing housing. So, I'd like to speak on behalf of the “Preservation” pool and “Other Affordable” pool as well. And our project made the initial funding list from CDLAC staff, but it fell off the second list. But currently, it's on the recommended list for tax credit. So, it would be great if our projects could receive allocation. Thank you for the opportunity.

Treasurer Ma: Thank you Bo and others for talking about the need to fund “Preservation” and “Other Affordable” projects. I think we've spent most of our bond allocation this year on “New Construction,” but we should be mindful that we can't wait until the 15th year to focus on these aging buildings; that we really have to think about, as the Board, how we're going to make sure that we continue to allocate bonds and tax credits to those projects that will be expiring in 15 years. So, we need to manage our pipeline a little bit better going forward. And I know we're going to have a discussion at the January meeting about the allocation of pools, but this is something that weighs heavy on my mind. So, thank you, Ms. Han.

Anthony Sertich: Yeah. With that in mind, I think we're of the same mind set to some extent, Madam Chair. I do think it may make sense to allocate, maybe $500 million or so to the “New Construction” projects and the remainder of this $63 million to the “Preservation” pool to achieve a more balanced approach. I don't know how many projects this would fund -- I haven't looked at the list -- but I do think it makes sense to apply some of this returned $600 million to the “Preservation” pool.

Treasurer Ma: I don't think we're going to make a decision today since we don’t have all the necessary information so perhaps we can compile the data and make a decision at the next meeting? Next speaker.

Capri Roth: Hello. This is Capri Roth. I'm here on behalf of EBALDC. And we don't have a project in consideration in this round, but we wanted to voice our support for the proposal that's been made to fund all the 135-point scoring projects in the “Preservation” and “Other Affordable” pools along with the “New Construction” projects that scored 125 points. As you've discussed, we should also focus on “Preservation” projects since we have really critical investments that the State can make to continue to invest in low-income residents across the state. So, we hope that some of this returned bonds can be allocated to “Preservation” and other rehabilitation projects accordingly. Thank you.

Chris Cummings: I'm calling in from the Tenderloin Neighborhood Development Corporation. I just want to echo what a lot of folks have already said. There are a lot of high-quality, high-scoring “Preservation” and “Other Affordable” housing rehab projects in the queue below the funding line, and I am in full support of allocating even a portion of these returned high speed rail bonds to “Preservation” and or “Other Affordable” pool. And I fully support what Tony said…even $60 million or $65 million or so would go a long way down the line of funding some very high-quality “Preservation” deals. Thank you.

Treasurer Ma: Okay. Great. And like I said, we don't have the entire list for the "Other Affordable" and "Preservation" pools, but we will get that out to Board members after this meeting. So, to reiterate, I don't think we're ready to vote to allocate on the $563 million today. Next speaker.

Ryan Wilson: Hi, my name is Ryan Wilson. I'm a project manager with UP Holdings. Our project, Butterfly Gardens in Clovis, CA is currently below the funding line. It's a 75-unit, 100% permanent supportive housing project. But it's in the precarious position of having our 4% tax awarded but not have the bonds. So, we're actively pursuing closing on our tax credits without the bonds in hand. So, we're in full support of reallocating the transit bond money for the "New Construction" Pool to help projects like ours that might have tax credits in hand, but no bonds. Thank you.

Pedro Galvao: Good morning, Treasurer Ma, members of the Committee. I'm Pedro Galvao, policy director with the Non-Profit Housing Association in Northern California. I just want to strongly side with the comments made by Mr. Sertich. Our members think that the returned bond allocation should go towards both "New Construction," "Preservation" and "Other Affordable."

Marianne Lim: Hi, I'm Marianne Lim with EAH Housing. I'd also like to support "Preservation" projects with 135 points, as well as special needs and senior projects, because it's very hard for senior projects to have a path forward and then the remainder to go to general family, new construction. Thank you.

Don Gilmore: Good morning. Don Gilmore with Community Housing Development Corporation advocating for, like the other seven groups, for "Preservation" projects with 135 points to be funded. Our project is Barrett Terrace in Richmond, and it's over 50 years old. It's never been syndicated before. We really would love to be able to have those funds go into this project for consideration since this is a highly-impacted area by the COVID-19. So, I think it'll be put to good use. Thank you.

Anthony Sertich: Yeah, just a quick follow-up question for Ms. Blackwell. At the last meeting, we granted some extensions: Did anyone return their funds last week?

Judith Blackwell: No.

Anthony Sertich: Okay.

Treasurer Ma: Okay. Any other public comments on this item? Otherwise, we're going to move on to Item #5.

Paul Patierno: Hi. This is Paul Patierno. I just wanted to voice my support, my agreement with what Tony and Pedro and another woman mentioned on the $100 million going to the "Preservation" pool. Thank you.

Gayle Miller: I hear what folks are saying on "Preservation" projects. And again, just want to reiterate that given the demand, it makes a lot of sense to allocate more to "New Construction" projects. We always have trade-offs on this committee given the high demand. I think we're all getting really used to that. However I just want to reiterate our position. We appreciate all the comments today but we continue to be supportive of "New Construction" projects given where our existing demand is in all of the state programs.

Treasurer Ma: Item #5.

5. Consideration and Approval of Proposed Amendments to CDLAC Regulations (Action Item)

Judith Blackwell: Okay. Item #5 is our new emergency regs that we have been working on throughout the year. We will still have time to change them before they become permanent regs. Even once they're adopted by the OAL, we'll have another 180 days to make adjustments. But let's talk about them now. Essentially, the main changes that we have from the last meeting is the Application and Award Process, which is Section 5305. We put in a process that substantially mirrors TCAC. We think that this makes a lot of sense. It includes the prompt posting of the application list, issuing formal scoring and disqualification letters with explanations for staff assessment. I don't think that should be a problem.

The other thing that we did was we removed the “Preservation” and “Other Rehab” projects from the eligibility Housing Type Scoring: The scoring was increased through Rehab Projects to a maximum of 20 points while simultaneously removing them from the Housing Type 10-point scoring category. We heard from stakeholders regarding the inability of existing projects to comply with the housing type requirements and could cause some potentially unintended consequences, so we removed it.

The third thing that we changed was the treatment of “Permanent Supportive Housing in High Resource Areas” and we basically changed it so that if you have Permanent Supportive Housing that has at least 50% of their units serving the homeless, that they're going to get equal treatment with the Large Family Projects and all corresponding categories.   Also, with regard to AFH, Low Resource Area Income Targeting, we had initially said that we wanted up to 55% AMI. However, we got a lot of feedback that that was not going to work. So, we changed it so that there's a spread of Income Targeting now for 40% from low to high. That is in agreement with what most people wanted. They don't think it should be a problem. We also said that, with regard to the grandfather clauses, we're allowing previously approved HCD and public-funded projects to maintain their income targeting specified in the public funding source awards. So that was effective through December 2021.

In addition, we looked at the addition of State tax credits to the tie-breaker. This was one that I really wanted. The State tax credits included in the tie-breaker ratio will incentivize the use and acknowledge removal of any competitive criteria in the TCAC regulation. So basically, all of the decision making would be in one place for TCAC. So, I thought that was interesting. After that, the only thing that I am mentioning is the Geographic Apportionment. We did already accept the Geographic Apportionment in a range, but we did not come to a conclusion so we put Options 1, 2 and 3 in here for both the regional set asides and for the full set asides. I would recommend Option

2, but the Board might have some other reasons that I'm not aware of. So those are the basic changes that I have, and I just wanted to mention those. Thank you.

Treasurer Ma: Did you go through the Pools and Set Asides?

Judith Blackwell: Yes.

Treasurer Ma: You did? Okay. Any comments from Board members or the public?

Caleb Roope: Thank you, Madam Chair, and members of the Committee on the phone. I'm here in person at CDLAC. And my colleague, Robin Hughes, who's one of our four co-chairs for the Working Group, is also on the line, and she'll be speaking soon. But I just wanted to start by saying, thank you to the Committee for allowing the Working Group to have the role that we have had, and try to do the best we can, to come up with the regulations that you have in front of you for consideration. It was a very long process. I have to just thank my fellow Working Group members and all the comments that they made. I'm sure some members in our group do not agree on everything and will probably peel off and make individual comments but I would just say as a whole, we're pretty thankful for the work that we did and the consensus that we were able to reach on numerous things. I think you'll see a lot of our philosophy and groupthink efforts in these regulations, and we're, just again, grateful for the chance to be able to do what we did.

So, we just had a few things to highlight. I'm going to cover a couple of things then I'm going to turn it over to Robin. I think, first and foremost, as we think about our members and sort of stakeholders in general, we would very much encourage the Committee to adopt the Pools, the Set Asides, and the Geographic Apportionments concurrent with the regulations. I think at one time there was a concept of maybe waiting to specify the percentages of the Pools until you set the allocation amount in January. And I do believe that a lot of folks would feel a lot more comfortable if the Committee could find a way to do that concurrently with the regulations and set those percentages…granted they can/may change. You could change them throughout the year. We know you have the authority to do that under the regulations, but I think that would just help people kind of get a sense of where the landscape is for the coming year. And I understand that might not be an item ready for today, but, very soon after, would be great.

The other thing I would say is that we've focused a lot on alignment of TCAC and CDLAC. And they're borrowing from each other. Certainly, the CDLAC program now is borrowing the basis limits provisions from TCAC. It's kind of the only measure that we have. Like it or hate it, it is what we have. But we have a subgroup of the Working Group right now that is soon ready to pop out a specific set of recommendations for modification and reform to those basis limits that are going to fix some of the inherent discrepancies and older data problems that have really plagued those limits for a while. That can all be done at a staff level, the methodology, the formulas, things like that. So, we are going to have a specific set of recommendations that can be implemented for 2021. And I think what it will do is bring some clarity and consistency with those cost limits throughout the State, as well as account for some anomalies that do exist in the current system. So that's our next little project. We should have that out to the staff within the week or early next week at the latest. And, again, we're committed to closely working with staff on that issue and trying to see if we can get something done to implement in 2021.

So those are my comments on that. I want to kick it over to Robin Hughes, who is on the phone right now, and have her make whatever additional comments we want to make. And then, of course, we're both going to be available for questions if you have any, Committee, or folks in the room/zoom call.

Robin Hughes: Thanks, Caleb, and thank you, Committee members. Again, my name is Robin Hughes. I'm president and CEO for Abode Communities. We are a nonprofit, affordable housing developer based in Los Angeles, and I have been part of the Working Group since its inception last fall. And as Caleb mentioned earlier, we have expanded the co-chairs to include myself and Ann. So, I'm really pleased to be with you today. I only have two additional comments from the perspective that came out of our recent meeting. The first one is on the ELI and VLI set aside. As we talked as a group, and I'm sure among the Committee, there's many different origin stories about how this set aside has evolved from originally being a set aside that was focused on HCD projects to one that also wanted to capture local priorities focused on serving extremely low and very low-income households, to ultimately where it is today labeled as a “ELI/VLI” set aside category. The Working Group, after a lot of deliberation, felt this particular set aside should have a minimum requirement of an average of 50% AMI for either extremely low or very low-income. We think that it's important because, again, it's a priority to try and target those HCD programs that encourage developers and even local government to serve this population. And the fact that so much of the resources at the local priority level is around serving extremely low and very low-income households, especially in some of the gentrified communities. So, again, the Working Group is recommending that at least a minimum average of 50% of AMI for the set aside.

Secondly, again, the Working Group really wants to acknowledge the work that the Committee and the staff has done around addressing Affirmatively Furthering Fair Housing (AFFH) and how that has impacted the program overall. We still have one comment related to the requirement under the AFFH category that has the spread for AMI being 40% for those projects that are located in high poverty, high segregation, and low-resource neighborhoods. While we understand the desire to have that range serve people at the extremely low-income level, but equally important at the higher level, we're still really concerned that that averaging really may result in projects being financially infeasible if projects at 60% and 80% of AMI are higher than the market in some cases. And then if you have to push down to 20% of AMI, that the rents for those units are not able to cover basic operating expenses. So, we recommend that we eliminate that requirement.

And lastly, it continues to tie back to the fact that so many other projects in the pipeline have focused on this as an issue, especially in gentrifying neighborhoods where people are very concerned about displacement of tax credit units, as well as the fact that so many of the HCD programs also prioritizes extremely low-income units. So those are my two areas that I wanted to cover with the Committee. And again, as Caleb said, we're both available for questions.

<u>Treasurer Ma:</u> Okay. Any questions? We're going to continue with public comment so don't worry everyone. That was just comments from the Working Group. Thank you. So, the Working Group would like us to make a decision and vote on the whole package versus picking and choosing.

Caleb Roope: Yes, perhaps you can vote on the Geographic Apportionments today if that's something the Committee feels comfortable doing. But I think until we have agreement on the emergency regulations, then the Pools and Set Aside amounts should be determined at that time, which would just give everybody a lot of peace of mind about the landscape in 2021 especially since applications are literally due within weeks. Right? I mean, per the schedule. So, folks are just trying to figure out what they're going to do for 2021, and this is a pretty unprecedented spot to be in for most developers. And so that's their concerns.

Treasurer Ma: And then the next meeting is going to be December 21st. I know, initially, it was December 17th, but staff needs a couple more days to get their work done.

Gayle Miller: Thank you, Madam Chair. From the Administration's perspective, I really appreciate all the work that everyone is doing. We do agree that we need some more time to be able to concurrently think through the Set Asides and the Pools. We're not going to be ready to talk about that today but we do agree that we would like to give some feedback on the regs today based on the work you've done and address the Set Asides, the Pools, and the regulations all together on December 21st. We obviously really appreciate your patience. We know how extraordinarily long and hard you've worked but would like these last couple of weeks just to make sure that the Administration has some recommendations around the Set Asides. So, I really appreciate that opportunity.

Treasurer Ma: Mr. Sertich.

Anthony Sertich: I generally agree with Ms. Miller, but I do think we need to make a lot of progress today in terms of whether we have any big outstanding issues. And I think that you're on the same page with this, that we need to address them. What I don't want to have to do, is repeat what has bitten us in the past, by trying to make motions and approve them on the same day and getting them a little wrong which causes other problems. So, I do want to have a clean -- as clean as possible -- final product that we can vote on at the next meeting. For example, when we're talking about percentages and such, it could get a little messy if we're trying to put them in the regulations and trying to make motions on the fly which has not proven to be a very fruitful endeavor for us to try to take on. So, I appreciate the extra time that we may have to make sure we have everything sort of finalized in writing before we vote on it.

Treasurer Ma: Mr. Velasquez.

Gustavo Velasquez: Thank you, Madam Chair. I agree with Ms. Miller's comment to give us a little more time to get more information so that we can think about the specific breakdown of the Set Asides. Interesting quick reaction to a couple of the comments we heard. Yeah, VLI has always traditionally been considered under 50% of AMI. ELI always considered under 30% of AMI. So just in terms of the reference earlier about 50% or less, that's what typically considered when we talk about the ELI/VLI category, at under 50% of AMI.

We have also heard a lot of comments, regarding the 40% range in the lower resource areas. We know all projects are not equal to another; that every project is very different. So, I think what we've been hearing is the ability to consider 30% instead of 40% for certain communities that are facing gentrification and displacement pressures. That's a concern that we have heard here at HCD repeatedly, so I think it's something that we should consider as a Committee.

Treasurer Ma: And Tia, are you on? I'd like to hear from you.

Tia Boatman Patterson: A couple of the issues that I want to clarify about comments made before. We have heard that there are projects in low resource or concentrated areas of poverty that are adjacent to high opportunity areas and that that 40% spread might be too much for those types of projects. So, an adjustment to the emergency regs would allow a 30% spread in low resource or a high area segregated property that's adjacent to a high resource area. I think Ms. Miller may have spoken to that. Also, in the regs, the grandfathering of the HCD projects… I think that date may be inaccurate: It takes it to December 2021 when I think the more appropriate date is December 21, 2020, for projects that are grandfathered in, not future projects necessarily. So, I want to make sure I get Mr. Velasquez's comments on that.

There was an issue with some of the cost containment measures that were in the previous version that didn't seem to make it into this version. I didn't know that we were going to have further discussion about that, that that might come up in the public comments. I think those were the big ones that I had based on my notes and leaning into what Ms. Miller said as well. We are talking internally about prioritization and having those internal conversations so that we can help make good, informed decisions. So, adopting the Pools at the same time as the regs are adopted, I think that does go a long way.

Treasurer Ma: Okay. I think we're all in unanimous support of making a decision at the next meeting on December 21. That's what I'm hearing. All right. Let's go to public comment.

Robert Whitehair: Members of the Committee and Madam Chair, thank you for this opportunity to speak today. I'm Robert Whitehair, W-h-i-t-e-h-a-i-r. I'm vice chairman of Sustainable San Mateo County. We are a 300-member organization that is dedicated to the three E's: the economy, environment, and social equity. We think they're all interlinked. I am familiar with the work that the Commission has done over the years. I worked on a rehab project many years ago that was funded by you folks, and I very much appreciate it. I'm on this call because, bluntly, I'm not completely sure where you're going with the Sustainable Building Methods scorecard, but we are deeply concerned that it could get watered down, either by regulations today or the regulations you might pass at the next meeting. Sustainable Housing and Affordable Housing offers many opportunities, not only for good living, but also for labor and for other important parts of the economy. It benefits the residents of housing. State Building Codes have improved the efficiency of buildings that do not go far enough on health or de-carbonization. So, I urge you not to water down, if that's what you intend to do, any of the regulations pertaining to Sustainability Methods and Scorecard Methods as is possible. In the future, it would be very helpful if you could work with some of the organizations such as the California Energy Commission which you may have already or others to make sure that sustainability remains a vital part of the funding of Affordable Housing Projects. Thank you for your time.

Treasurer Ma: Thank you.

Mark Stivers: I'm Mark Stivers of the California Housing Partnership. First of all, I just want to start by saying that we're all very happy to be coming towards the end of this process. It's been long overdue, and we're very thankful that we are going to go into the New Year with an updated set of scoring and ranking criteria that we all need. And I want to also be very thankful of the many comments the staff accepted. I think there were a lot of things that did get taken care of in this final recommendation and then we can focus on the major policy stuff. So, a couple items I did want to bring up though. One goes back to the Tie Breaker and including State Credits and the Tie Breaker. I think we all really appreciate the idea of being efficient with the State Credits. That is a good thing. However, I think adding them to the State Credits is a cure that is worse than the disease because what will happen is that every single State Credit project, if someone applies for State Credits, will automatically have a worse Tie Breaker than everybody else because we're adding in a huge number into the Tie Breaker. Those State Credit applications will fall to the bottom of the ranking pool and then they can only get State Credits if they qualify for bonds, but they're last in line to get the bonds. And at the end of the day, we probably then won't use the State Credits. And so, this problem will probably be solved when we move to the 2022 tie-breaker that looks at public benefit and all state resources, but in the meantime just putting State Credits by themselves into the tie-breaker will just really undermine the State Credit program. It will become a very unattractive program and most people will try and avoid it if at all possible. So, I really encourage you to think about excluding that from the tie-breaker for 2021.

The second issue I wanted to talk about was with respect to sort of public benefit, right. AB-83 -- we often talk about the Cost Containment portion of it, but AB-83 actually had to two Co-equal objectives. One was Cost Containment and two was Public Benefit. And, you know, most of the structures we're putting together right now is heavily focused on Cost Containment, not so much on the Public Benefit particularly with respect to affordability, which has generally been the main benefit of affordable housing is to get affordable units. And so, a couple things that we would suggest. One is that the tie-breaker actually include a small portion from the Controller's proposal, which is the Rent Savings Benefit. And so, the idea is that we would equally weigh the cost efficiency of the project with how much affordability that project is providing. And if we weigh those things sort of equally, we get the best combination of that we are looking for. Right now, we're pretty much exclusively focused on Cost Containment. This would get us that balance of Cost Containment and Public Benefit that AB-83 was talking about. Also, in that regard, I think we support the proposal of the Working Group to add a 50% AMI threshold for the ELI/VLI set aside. And so, I think that would be sort of very helpful in that regard.

And then lastly, on the affordability in the Affordability Point category of exceeding minimum income restrictions, we now give maximum points to a project that meets the bare federal minimum of affordability. If they have an average of 60% AMI, they can still get full points. And every other program that we've run in the state of California on Affordable Housing and CDLAC in the past has always rewarded deeper affordability. And so, I think we would like the Committee to consider going at least to the historic CDLAC average, which was 57% average AMI to get maximum points. If the Committee wants to go deeper, we would be supportive of that, too, but at least to that historic CDLAC average. And I appreciate, again, the staff moving the extra Cost Containment from the Leverage Category. And I know that the staff commented that that may come up for further discussion. We think that that was the appropriate decision to exclude that. And so, by adding Cost Containment to the Leverage Category, we were really tripling our Cost Containment, where twice is probably good. And third, that leverage category is really meant to achieve alignment between bonds and other state and local funding programs. And if people then can get all those points through extra Cost Containment, that alignment goes away. We are not supporting our partners at the state level or at the local level.

And then one last thing is that I think there may be a little bit of a mistake in the definition of the "Preservation" pool, re a change made to exclude AB-1699 projects that had been syndicated previously. However, in the Preservation Point Section, they still get points. And so, I think the idea is that all AB-1699 projects should be eligible to be in the Preservation Pool, and we deal with the point category and prioritize whether they've been syndicated or not syndicated previously. We think that a project that has or hasn't been syndicated should both get the same amount of points, the 14-point level, but in any event, they should be included in the Preservation Pool.

And then with respect to Tia's comment about the HCD grandfathering date, our recommendation was, in fact, the end of 2021 because HCD will need a year to update its guidelines and regulations to reflect what TCAC does in the next week. In the meantime, any projects that gets funded by

HCD in the coming year under old guidelines still may not be in alignment with TCAC and we need to protect that pipeline as well. So, with that, I'll stop. I'll answer any questions you have, but I really thank you for your time today.

Treasurer Ma: Okay. Thank you, Mark. Next speaker.

Mee Heh Risdon: Hi, my name is Mee Heh Risdon. I'm with A Community of Friends. And I, too, wanted to thank everyone for all the work they put in. I know it's been a long journey to get here. I just wanted to comment on a few things. One, and it echoes a few things that some people have already mentioned, but one is about the schedule. I have a separate comment that I want to make on the next item about the timing of the application deadline, the January 28th one. But I guess, I don't know if there's any more opportunity to delay the implementation of these reg changes. It's not 100% clear to me whether the grandfathering currently being considered truly enables all projects that have been in the works over the last several would be able to clear the pipeline and get funded and into construction by the end of December 2021. So, I think there has to be a way for projects, especially ones that have already been entitled, where developers have spent years and hundreds of thousands of dollars advancing the projects under a certain rubric, to be able to complete the project. So, predictability is really important in the development community. So, if there's a way to adopt the regulations and give a timeline for as much advance notice as possible regarding when they would be implemented, perhaps one or two years later or something with a way so grandfathered projects would get funded and completed. That would be really important.

I'm also a little bit concerned about the tie-breaker. I haven't had a chance to fully review the tie-breaker scores based on what was just released. But what I previously saw seemed to favor projects that had larger units and supportive housing or housing for people experiencing homelessness tends to be smaller units, studios and one-bedroom units. And right now, with the homeless set aside still requiring only 25% of the units to target homeless households, that means that projects with larger units and fewer of the units targeting homeless households and smaller in size, would have an advantage over projects that are 100% supportive housing with a higher percentage of units targeting a homeless or chronic homeless population. So please keep that in mind and ensure that projects that really are focused on serving homeless and chronically homeless populations are not disadvantaged under the new regulation system, so the tie-breaker would be really important for us. And then we also do support the concept of removing the state tax credits from the tie-breaker calculation. Thank you.

Geoffrey Moen: Hi, this is Geoffrey Moen with Standard Communities, which is an Affordable Housing developer based in Los Angeles and across the state. First, I just want to thank the Committee and the Working Group for all of your work over the past year.   We have a few comments on the scoring system. I think we've made some reforms. First is relative to the Preservation in the Other Affordable Project priorities. And this really comes down to setting things up the thresholds for different scoring, which effectively turned into internal tie-breakers. Specifically, on the Preservation Projects, we have a timeframe of five years at the top level of scoring points. And we're seeing that there's a lot of projects that have seven or eight or even ten years on their contract before they're expiring, and we think that it would be a good idea to rethink that time limit because it would still be a huge win to get an affordability provision on these projects that haven't been in the tax credit or bond program and allow them to do a lot of rehab as was done in the past.

And then the other thing that we want to talk about was the leveraging of soft resources. And I know we've talked about this before, but that provision used to have a provision for a taxable tail to come into play as well as a way to offset the soft resources. We think it makes sense to allow projects that can move forward without soft resources to preserve those resources for other projects that need them. If we have this eight point threshold in here for these projects that cannot attain it, I think that we are going to see these projects not able to move forward and it may not be the most efficient use of resources. So, thanks for your time.

Matt Franklin: Thank you, Madam Treasurer. I'm Matt Franklin. I'm the president and CEO of MidPen Housing. I want to add my thanks to Judith and the team and to you all for your hard work. This is an enormous lift that you're in the middle of and the energy and late hours the staff is bringing to this is really appreciated by us and I'm sure others. I just want to speak to a few points here. Fundamentally, I think the Committee has a really big opportunity to prioritize public benefit on the return on investment for the allocation of the Tax-Exempt Bond Authority. We're currently finding ourselves in a funny situation where you've got what is now a severely oversubscribed resource, as much as three to one this year, but the current proposed regs asks for very, very little by way of additional public benefit return in an exchange for getting access to that valuable resource. We have a long tradition of having valuable resources in California. And it's always been dealt with by asking for a significant public benefit return. I don't think this is surprising. A lot of this framework came out of the Working Group I was part of. It was 30 developers. There were no policymakers there. We did our best. We couldn't agree on the public benefit questions. Several times we would get stuck and say the policymakers are going to have to set the priorities. So, I think you're now in that place where you have that opportunity. The current system, just to give some examples, you can get matched points for just 60% average AMI and just having 10% at 30 and 10 at 50. That's an incredibly light requirement. And, in fact, the proposed regs would, for the first time ever in our state history, go up to the federal maximum for the average income requirement for eligibility in the program. We've never been in that situation. Where the Committee has sort of tipped the scales and what will be the decider is the causes of the (indiscernible) tie-breaker. That is an improvement over where we've been, but it still has very little accounting for variation across regions and very little accounting for variation across building types in terms of construction costs. So, we're still going to have a system, as currently proposed, that favors the higher income spectrum and incentivizes building in low-cost regions. And that's always been the math of Affordable Housing. But I think you have a better alternative and that is to incentivize serving those in the greatest need by generating the greatest public benefit and that's the homeless and extremely low-income. You can do that by prioritizing the funding for the homeless in ELI and VLI Pools. If you look at that population, they are clearly the most vulnerable today in COVID. In the Bay Area alone, we have 800,000 ELI and many of them are living right on the edge of homelessness. If you compare that to our homeless population of 36,000, if just 5% of that ELI population were to tip into homelessness, it will double our homeless population in the region. They're incredibly valuable right now. The greatest public benefit is to help stabilize the housing situation for the homeless in the ELI today. We have data that shows that that generates enormous public benefit, and public benefit that I would argue is much greater than serving higher AMIs that are much closer to market. So, I join many others, including the mayors of Los Angeles, Sacramento, San Francisco, Oakland and San Jose, in urging you to consider the set asides to put 50% of the funding into the homeless and the ELI and VLI Pool.

I also would like to speak briefly to the question of Geographic Apportionment. In our Working Group, we had a Subcommittee of the Working Group that tried to look at the best way to allocate for this, and the obvious thing is $1 of subsidy does not go as far in a high-cost area as it does in a low-cost area. So, if you want to have an equitable allocation, you have to account for the disproportionate construction costs across regions. And the Staff Recommendation #3 is consistent with this Subcommittee recommendation to the Working Group as the best technical means of accounting for that cost differentiation. Now, we did not come into agreement in the Working Group because there's a lot of self-interest in these regions. But when the technical Subcommittee looked at this and tried to account for that factor, it was the Staff recommendation #3 that was most accurate, and so we would urge you to consider that as well.

And then finally, I just want to speak up about the prior suggestion around an income requirement for the ELI and VLI Pool. That seems obvious to me. And I think the 50% average for projects with 10%. Minimum ELI is a level that makes sense. So, thank you very much for this opportunity.

Dana Trujillo: Good afternoon. I have a few comments, but I also want to reiterate what others have said about this revised draft; a lot of comments have been taken into account and there's a lot of improvement in it, and I know there was a lot of work put into that. The first is I want to reiterate what others have said about not including the State Credits in the tie-breaker. I think it will go against achieving the purpose of State Credits, which is to allow projects to utilize them and move forward and to increase production. So, if those projects end up getting pushed to the bottom of the ranking, the State Credits won't end up being allocated as intended. So, I think that needs to be removed.

The second is -- and I was hoping Cherene was going to go ahead of me because I think she's going to bring this up too -- but I think there's a typo in the PCWBE definition where it says that you qualify if a nonprofit has an executive director that's a person of color or a Board that is 50% persons of color. I think this was just an oversight because it doesn't really make sense if you have an executive director that’s a person of color and your Board is 100% white. So, I wanted to point out.

And then the last thing I wanted to bring up is I really appreciate that 50% of homeless projects that are in High and Highest Resource areas have been added to the Affirmatively Fair Furthering Fair Housing 20-point category and to the tie-breaker boost. I know it took a lot to add that and so I appreciate it, but I don't really think it goes far enough to aligning with state priorities in that Affirmatively Furthering Fair Housing is aimed at families and children and aligning them with resource allocation and access to resources. Only 10% of the State's homeless households are families with children, and so I think that by -- we need to expand that to go outside of the High and Highest Resource when we're talking about the 50% homeless projects and trying to promote those. As we know, the State has a huge homeless crisis and there's kind of a mismatch with those concepts. So ideally, I think that the State should include all projects that are 50% homeless in the eligibility for 20 points and the 20% boost on the tie-breaker, but I also recognize that there's a concern of concentrating PSH projects in high poverty areas. And so, I think an alternative approach to address all of these issues that aligns with data and policy priorities and avoids unintended consequences would be to include moderate resource areas for the 50% homeless projects to achieve the 20 points and the 20% boost because then you have homeless projects that can be built in more cities and communities and allows for greater acquisition opportunities for projects that are extremely difficult to get approved. It also aligns with the fact that only 10% of homeless households are families so there's not that intense need to be in the High and Highest Resource Communities for homeless projects. As Mee Heh pointed out, the projects we do are mostly studios and one bedrooms and serve one and two person mostly adult households.   By just including the moderate and excluding low and high poverty, then you're not incentivizing high percentage PSH Project in high areas of poverty. So, you kind of expand it and make a little bit easier, align with the data and the policy priorities, but not end up concentrating PSH projects in high poverty areas. So, thank you so much for letting me comment.

<u>Treasurer Ma:</u> Okay. Can you just remind us what PSH stands for?

Dana Trujillo: So, I was talking about in Section 5230, Section J, where you identify family projects in High and Highest Resource areas get the 20 points and you added 50% Special Needs Projects with 50% homeless, but they had to be in High and Highest Resource. And for those projects, I'm suggesting that you, at a minimum, include also those projects in Moderate Resource areas for both the Affirmatively Furthering Fair Housing Section and also the tie-breaker for the 20% boost.

Cherene Sandidge: Thank you, Treasurer Ma. When I saw yesterday had to be one of the happiest days of 2020 for me. In addition, I was happy to see that Treasurer Ma was appointed to the Council for Inclusive Capitalism. That is, you know, where California leads, others follow. So, it really plays into our activities that we've been doing as the Black Developer Forum to level the playing field here and allow the black communities to be more in control of development in their areas, as well as sharing in capitalism that goes with that. So, I just wanted to get that out the way. We will be sending an official letter of our support to you on that.

I'm a little bit disappointed to hear that this is only an emergency session and dah, dah, dah. We have been commenting on comments for about six months now, and we take them very seriously and we took it very to heart. So, it was disappointing that the regulations that we received the other day did not address seven of our must-have comments that we've been talking about. We have sent papers out to everybody in regards to it. And so, I want to make sure we get it on record today what some of those comments and issues are. One, we absolutely need a definition and to define the pool. And if we can't get it in this meeting, then we're going to ask that this meeting get delayed until this is resolved. We are a collective of both for profit and nonprofits, and we would like to have that pool identified. We're not talking about a pool that's a general pool with, you know, check a box on the 2020 census and you're in this pool. That's not what we are attempting to do. We are actually attempting to level the playing field and bring in the equity portion of the State's financing of Affordable Housing. So, the creation of this pool? Yes, very important. It's at the top of our and we need to have it fully address our concerns.

Second, we have been doing our research. So, we do know that you can align these type of pools. We saw that you did a dispensation in 2014 to the Native Americans set aside in the “rural” pool, and so we're looking for a set aside of our specific pool. One thing that has not been addressed in these regulations, and I do believe we had a consensus around, was the necessity to increase the developer fee for the type of related joint projects / joint ventures. I thought we had gotten your support on this in the past by it, but these regulations are silent and we don't know why. But we absolutely want to have put back in.

When we talk about management experience, we've sent over graphs and comments on how the Management Experience category would work. I will tell you it ties into what Dana says. We are not trying to create abusive pots and pools. So, it can't be that someone is an ED or they're this. They've got to be combined. They have to show true demonstration of community asset, community involvement, and be a representative of the community and aligned with their mission goals and statements. We see it. I'm not going to name call today, but if you call me afterwards, I'll tell you about projects that are in the black community and developers in the black community, that don't have a mixed Board. They're run by white organizations and that has got to stop. And so that's what we're trying to level set with the management experience category and the definition of the pot / pool. So that is very critical. I've talked to several people throughout the state. They understand where we're coming from and what we're trying to do, and they support that effort.

We're also asking that under the Affordable Fair Housing, we know, based on several conversations, that everybody has a position. It remains the same. We are advocating for 60% of averaging for those projects. I've heard people go down to 50% and I get it. But, you know, this project, this this pot of money CDLAC, and you know, it's okay for us to say it's not going to be for everybody in every objective. In fact, you might want to shift some stuff over to the 9% only. But be that as it may, we advocate that we need room for our folks to grow. Everybody that's in this whole -- you know, we used to say, "poor people complex," -- this whole thing about keeping people poor and in place has got to change and stop. You may not know, but the boots on the ground are telling us that people need to grow income wise. So that's why we are advocating for 60% of average AMI for the AFFH Category.

Now, there are a couple other things we'll get back to with you on regarding some of the terminology and some of the other stuff that was put in that pot, but clearly that's the biggest thing for us. We want to stop being a victim. We want to stop being a sitting duck. We want to make sure that we don't just move up the income ladder, but develop sustainable models that show how people can move up.

So that is the next item on our list. We have said this in a couple of different ways however we want the pool that is established to be for the entire year. We don't want the pool, after the first round, if there's money that has been unencumbered to go then to a Geographical set aside for Goal set asides. Just because a smaller project is taking a little longer time should not be the penalty for how the next group of projects that are submitted; that they now are all competing for the same pot of money when they would have had the money if the money hadn't been shipped out to somewhere else. So, we're asking for both, that pool be an established pool. I will tell you we did a poll of the Black Developers Forum. We have $1 billion worth of real estate getting ready to come online in black communities. That's why we're saying we need a longer base of this because now you have opportunities to bring emerging organizations along as well as fund these other projects in the black community. And so, we're not speaking off the top of our head. We literally have more business. And I can tell you, we are going to be very vigilant on new business coming into the community because we know cities, communities are closing ranks. The cities are saying they don't have any money. We hear that all the time.

Luckily for us, maybe we'll have a little change in the White House and maybe we'll have a little bit more funds that the cities could access in their homes or CVG or whatever their categories are, but we would like to have the pot or pool be maintained for the cycle, whether you have two applications, three applications, whatever the rounds are for that year.

Next, the Service Amenity Points. Having a 10-point Service Amenity Points for the CDLAC bond and the 4% credit, to me, is excessive. If you are doing only ELI/VLI Projects, then you might have to use supersized service amenities. But if you're doing Mixed Income or at 60% average, that is not you would call combat-ready service management plan. So, we really feel that that 10-point Service Amenity requirement is misplaced. It doesn't make sense.

So, our last issue, and I brought it up last time, is the tie-breakers. California, did we just give up on senior housing? I just need to know. My churches are just chomping at the bit. Did we give up? Because in the tie-breaker, I can't see how they still get through because the points are stacked against them because most of their projects -- I don't need to tell you folks -- you guys are professionals -- are going to be the smaller units. So that is -- so I have just outlined 1, 2, 3, 4, 5, 6, and 7 items, and having said that, we are asking if we don't address this pool thing today, that this thing be pushed back until we address some of these issues. I don't care if it's an emergency or not. Everything we do is emergency because we work every day. We're still real estate practitioners. So, for six months we have been giving these comments, and it is disheartening to see that so much of what we've asked for in the past six months has not made it into the emergency regulations. That concludes my remarks right now. Thank you.

Treasurer Ma: Thank you. I agree with you regarding the senior units. As we are all getting older and living longer, we're going to want to stay in place. I think having two bedrooms where you have a caregiver or a relative or a friend be able to live in the same unit, is important and makes sense. Cherene, thank you.

Before we continue, we're going to lose quorum at two o'clock. So, if someone else has already commented on the same issue, it would be great if you please keep your comments brief. Thank you.

Pedro Galvao: Good afternoon, Madam Treasurer, members of the Committee. Again, Pedro Galvao, policy director at the Nonprofit Housing Association Northern California. So as others have said, I really want to thank you for the very thorough process you've undertaken to review these regulations and create a more workable system for funding Affordable Housing in California. In an effort to keep my comments short, I want to very strongly agree with the comments made by Mr. Mark Stivers of the California Housing Partnership, as well as Matt Franklin of MidPen Housing. We are fully aligned in their asks, particularly when it comes to the tie-breaker and removing the State Credits from that calculation because specifically when you're thinking about housing that is affordable to ELI households or permanently supportive housing, this tie-breaker will be a permanent disincentive for that housing type because that housing type takes more subsidy to be made available. So, in that sense, and if the State wishes to prioritize construction of housing affordable to people experiencing homelessness and at lower ends of the income spectrum, we really very strongly side with CHPC and MidPen in their comments. I wanted to ask you all is it appropriate to make comments on pool sizes right now or are you reserving those comments for the 21st?

Treasurer Ma: No, you should make your comments now.

Pedro Galvao: Okay. Great. So, on the pool sizes, I want to note that our members strongly support making a significant investment in the “Preservation” and “Other Rehabilitation” pools in Option 3. Though those were only targeted at 5%, and we have asked for 10% for each one of those pools, we think that that additional 10% that we're asking for can be taken from the Geographic set aside. And the reason we asked for this is because preserving existing affordability to us is just as important as building new units. And up until the very recent past, as much as 57% of the bond allocation went towards Preservation. And now we're only asking for 20%, and we think that that's a modest investment, but it will ensure that we can preserve the Affordable Housing that we do have. Going into the Geographic set aside, we strongly support having a 24% set aside for the Bay Area Region, while maintaining a 10% set aside for the Northern Region. As you know, the Bay Area has the highest construction costs in the State, and it will require more funding proportionately to create the same number of units as other cheaper areas of the State to build. We are asking for a 10% set aside for the Northern Region because it includes the counties of Sonoma, Napa, and Marin, which share the same high construction costs as the five county Bay Area for the purposes of the regions, and we think that those counties should not be disadvantaged. We strongly side with CHPC and MidPen on the EVI/LVI set aside on that income targeting and 50% of average AMI, and we also strongly stand with the cities of Los Angeles, San Francisco, Oakland, San Jose in that we recommend that the Committee use a significant portion of its bonds towards the homeless, ELI and VLI set asides.

Just to quickly get to the remaining points regarding the regulations at large, we also agree that the Exceeding Minimum Income Restrictions, that category should be changed to target households at an average of 50% of AMI, not 60% as called for in the Bay Area because so many people have been displaced. And so, to illustrate this point, a household of four at 60% of AMI in San Francisco makes $104,000 a year. We think that limited state subsidy should be targeted to households that are one paycheck away from homelessness at 30% of AMI. And to, again, illustrate that in San Francisco that would be about $38,450 for a family of four. So, we think that that should be the target.

Finally, on the Affirmatively Furthering Fair Housing, we have been coordinating with the Black Developers Forum and the BIPOC-led group that weighed in. We just want to strongly side with their letter on those regulations. And so that includes my comment. Thank you so much for your time.

<u>Rich Wallach</u>: Thank you, everyone. And I'll be very quick. I do want to just echo comments, particularly around Mark Stivers' comments related to the state tax credits. And I will not go into all the details because you've heard them, but I do want to emphasize as well the Northern Region, what MPH is asking for in terms of the Northern Region is not to increase the apportionment, but not to decrease the apportionment as the proposal was to reduce it to 8%. So, I wanted to clarify these two points. We strongly urge to save the state tax credits and its competitiveness. It's a key subsidy in lieu of other funding sources that are highly competitive. Thank you.

<u>Treasurer Ma:</u> Thank you. I'm going to try to go to people I haven't heard from yet today. Reese Jarrett. Reese.

<u>Reese Jarrett</u>: I just wanted to follow up on the set aside pool that Cherene commented about as it relates to the focus for black indigenous people of color versus the general category of people of color. It that goal is to have a set aside that's specifically for the black indigenous and that that pool can then be set aside additionally for 50% of the other category of people of color so that if it's a 5% pool, 50% of that pool would then go to the black indigenous people of color and the other 50% would be for people of color. I think this is significant. And it's not just a Set-aside. It's not just an opportunity. It's really a remedy and an equity issue. And I would hope that you would give that due consideration as you look at this particular provision in the regs. There are some other cleanup comments, but I'll provide those for you offline.

Elissa Dennis: Hi. Good afternoon. I wanted to add a couple of quick comments about a couple of items relating to the ELI/VLI. First of all, I think it's important that the 40% spread is definitely a better scenario than the average 55% of AMI, but it still has problems at both the low end and the high end of that other the folks have mentioned. So, I want to add our support for and/or add our opposition to that. We really appreciate that you took into consideration many of the points that the commenters made about not changing regs in midstream in terms of having projects that have been awarded, for example, HCD, that are going to get left behind if state credits are part of the tie-breaker. I want to make sure that you acknowledge the fact that people have been working throughout 2020, 2019, 2018… many, many years on getting city money, county money, HCD sources and other HCD sources and more HCD sources, and now we're just in line in need of state credits to be the final piece. And by putting the state credit projects behind the non-state credit projects, you're going to leave these projects stranded in high-cost serving areas for ELI and VLI homeless and special needs populations. So please take both of those comments into consideration. I'll stop there. Thank you.

Rachel VanderVeen: Good afternoon, Madam Chair and Committee. My name is Rachel VanderVeen. I'm the Deputy Director of the Housing Department with the City of San Jose, and I just wanted to echo a lot of comments from different housing agencies across the State. But I wanted to share a little bit about our concerns locally here in San Jose. So, the City of San Jose, the County of Santa Clara, and Santa Clara County Housing Authority have all aligned very closely to provide permanent supportive housing here in our county. We're concerned that the guidelines are misaligned with that very local priority. First of all, we would like to request an exemption for projects from the Low Resource Area Designation if they have local funding commitments. In the case of San Jose, the majority of our entire city is in a Low Resource Area, and we are cautious where we invest, and we think about those things. But when we do find sites, we really want to make the Affordable Housing happen, and we are going to be really challenged by that new rule.

Second, we would really like to see some change in the tie-breaker to reflect Permanent Supportive Housing and Extremely Low-income Housing costs. It just costs more to develop that type of housing but also have a great public benefit and is our strongest priority here in San Jose. So as stated in the letter from Mayor Liccardo here in San Jose and also the mayors from LA, San Francisco, Oakland, and Sacramento, it's really critical that this valuable state resource is aligned with our local priorities.

We're also concerned that these proposed guidelines will really grind our production of Affordable Housing to a halt. We have 280 new affordable housing units sitting on the unfunded list right now, and we have over a thousand units just in San Jose that are right behind that in our pipeline. And so, we have so many partners who are excited and willing to do Affordable Housing. We just need to make sure that our energy and resources are lining up with the goals for these funds as well. Thank you very much. That concludes my comments.

Capri Roth: Hi, everyone. This is Capri Roth again. I'm an Associate Director at EBALDC. I will make my comments brief and not repeat what others have previously stated. So first, I really just wanted to say we appreciate the Committee's commitment to incorporating public comment into the revised regulations. I don't want to go into too much detail regarding the pools and set asides however we really align with the comments you've heard today from CHPC, MHP, and MidPen, especially regarding the importance of funding the ELI/VLI and Homeless Housing pools. We also, again, are very well-aligned on the importance of funding Preservation and Other Rehab. And we're also here in support of the Black Developer Forum's recommendations regarding the PCWEBB equal.

We also support the inclusion of the Comptroller's Rent Benefit Efficiency Measure into the tie-breaker for 2021, and we are in support of CHPC's comments regarding the inclusion of state tax credits and exceeding minimum income restrictions to reduce the average income needed to achieve the four points in that category.

I also want to speak about the Affirmatively Furthering Fair Housing categories, which are really important to EBALDC and really core to our mission. We fully support deconcentrating poverty and to affirmatively provide low-income people with access to neighborhoods from which they have been historically excluded. However, as an organization that is fundamentally committed to improving the lives of longtime residents of Oakland, we're concerned that the current proposed regulations inadvertently result in the gradual disinvestment in Affordable Housing within our existing low-income communities. We ask that the Affirmatively Furthering Fair Housing scoring be a change to achieve the Balanced Approach to fair housing that we have discussed with HCD and the Controller's office. The Balanced Approach that we've proposed in our letter prioritizes family housing and high resource areas, but also supports the efforts of black indigenous and people-of-color-led developers to increase resources, economic opportunity, and stability in the neighborhoods where low-income people of color are already living. I'll conclude my comments there and thank you for your time.

Malcolm Yeung: Thank you. Good afternoon. My name is Malcolm Yeung. I'm the executive director at Chinatown Community Development Center in San Francisco. I'm here on behalf of CCDC, but I'm also here on behalf of nine organizations who have come together representing places in Northern California, primarily Oakland and San Francisco and also downtown Los Angeles. The downtown LA groups from those parts haven't been able to make it so I'll name them off: Little Tokyo Services Center Committee for Responsible Community Development, which serves South LA and ELAC, which serves at East LA and is Latino-led and Latino-serving. We're here just to, one, call attention to the letter that we sent in which proposes a number of different things. I won't go through them in detail, just quickly state off a couple of things. One, for sure we support the Black Developers Forum for the proposal on the PCWEB pool, just like EBALDC and Capri mentioned. Number two, we also support the Black Developer Forum’s comments on raising the threshold for qualifying as a PCWEB organization. Like others, we support a 10% allocation of the overall bond pool to the Preservation pool and 10% to the Other Rehab pool because so many of these Preservation projects are in the communities that need them the most. We also support the tie-breaker proposal from the Controller's office around the Benefit Efficiency Measure.
I would like to spend one additional minute on the Affirmatively Furthering Fair Housing component. We definitely support a Balanced Approach, and that's why our letter proposes two pathways to the full 20 points. One is the existing scoring system, but the other, again, is a recognition and full scoring for investing in low resource income, low resource communities that have existing CDC's that have invested deeply in these communities already and therefore can pull together a comprehensive strategy to lift up people, not only through housing but a number of the

other investments. So, thank you for your time and looking forward to seeing how this plays out on the 21st.

Darren Bobrowsky: Treasurer Ma, members of the Committee, Ms. Blackwell, thank you for the opportunity to comment. This is Darren Bobrowsky with USA Properties Fund. I'll be brief and comment on a couple items. The first item is regarding Section 523H, which is a leverage point section. And we strongly recommend adding back the last sentence that was stricken from the final draft that allows projects to obtain up to additional eight points for the Cost Containment scoring. As you know AB-83 requires CDLAC and TCAC to align the programs of both Committees with the objectives of increasing production and containing costs, which would include a scoring system that maximizes the efficient use of public subsidy. The leverage section that's currently proposed does not achieve the AB-83 objective of containing costs, as leverage is a substitution of different funding sources and not a Cost Containment mechanism. In many cases, these leverage funding sources actually increase project costs or reduce other leveraged sources. The Cost Containment point section does achieve the AB-83 objective of contained costs and therefore we strongly recommend that the Committee allow these eight points in the leverage section to be obtained through additional Cost Containment. A project should not have to have subsidy funds to be competitive in obtaining an allocation of tax-exempt bond cap. USA Properties has developed projects in the recent years and has one before the Committee currently that is able to develop high-quality affordable housing without the use of private or public subsidies. We strongly recommend that you restore this last sentence in Section 5230H that was stricken in the final draft of proposed regulations.

The second item I'd like to comment on is that we support staff's recommendation, that the tie-breaker should include the state tax credits to incentivize the use of this limited resource in the most efficient manner and leverage other resources to the maximum extent possible. Thank you. I'll conclude my comments there.

Allie Cannington: Hi, everyone. Thank you so much for all of your work, and Madam Treasurer and members of the Committee, for the opportunity to share my public comment. My name is Allie Cannington, and I work for Kelsey, and we pioneer disability forward housing solutions that open doors to more affordable homes and opportunities for everyone. To aid in the effort of promoting Affirmatively Furthering Fair Housing with CDLAC's regulatory changes. We would like to further offer these comments to ensure a disability inclusive lens is incorporated into the implementation of AFFH. People with disabilities experience disproportionate rates of poverty, and it's important to note that there are higher rates of disability amongst communities of color, black indigenous, and folks of color. Before COVID-19, and now exasperated by the pandemic, people with disabilities, particularly black indigenous people of color with disabilities, continue to be disproportionately impacted by our state's housing crisis and clearly, as we all know, do not have access to the housing they need. People with disabilities are the most likely population to experience homelessness, be rent burdened, unable to afford housing and face the highest rates of housing discrimination. In 2020, based on HCD's analysis of fair housing complaint data, disability is the most common and race the second most common fair housing discrimination complaints. And the most recent National Fair Housing report noted that 55% of complaints of housing discrimination were on the basis of disability, along with 19.6% of the basis of racial discrimination. So, the proposed CDLAC scoring changes include important changes intended to address racial disparities, promote inclusive growth, and prevent gentrification and displacement. And we support all of this. However, nowhere in these changes is there a reflection of the role of AFFH in advancing housing opportunities for people with disabilities, the intersection of racial equity and disability access, and the necessary role of State Housing Finance and advancing disability inclusive housing infrastructure.

Our overall recommendation is that the CDLAC scoring include points that reflect intentions of AFFH to support community-based housing for people with disabilities. In addition to, and never in lieu of, changes to advance racial equity. We have a series of specific recommendations that we laid out in a letter sent in October and some of them include adding an additional point section for disability-specific site amenities, for example, accessible transit, specific specialty, health service providers, vocational programs, day programs, etcetera, in the surrounding area or accessible by transit, if the project will include, for example, 20 to 30% of its units for people with disabilities. Additionally, we would like the possibility of giving additional basis points in the Cost Containment scoring section when a building goes beyond minimum accessibility. So, for instance, if a project has 100% of its units with accessibility for mobility and visual impairments, the developer could get a 10% basis boost for Cost Containment. So, this ensures excessively designed buildings will still be competitive if they contain costs within other areas outside of accessibility.

I want to, again, thank you for the opportunity to share my public comment today, and we also welcome the opportunity to connect with you further on these recommendations as well as connect with people with disabilities, particularly black indigenous and people of color with disabilities who are impacted by our state's housing crisis or host-focus groups on this topic as would be helpful. Thank you.

Treasurer Ma: I'm going limit public comment to two minutes because we're hearing a lot of same comments and we're trying to get through both CDLAC and TCAC so we can get these awards out before we lose quorum. So, Robin?

Robin Zimbler: Hi, I have two points that have not been raised, and I'll be brief.

Treasurer Ma: Okay. Thank you.

Robin Zimbler: So, the first one is on the PCWBE set aside, which I really applaud for being there. Freebird is a WBE. It's 51% owned and controlled by me. I got the idea for Freebird when I was accepting an award on behalf of my former employer of the 20-plus awardees that night, that there was zero WBEs and only one PCWBE being honored that night.

My comment is that I would like PCBEs and WBEs to be treated equally with respect to the eligibility criteria. Right now, the regulations require a third-party certification process for WBEs, and there is not that same requirement for PCBEs even though they are third-party certification programs. The WOSB certification, which is now required in the regs for WBES, comes with a time and a cost and there are requirements beyond just ownership.

So again, I would ask the same standards and process apply for both WBEs and PCWBEs. And if that's not the case than at least allow self-certification under WOSB as that will at least remove the time and the cost factors from getting that certification.

My second comment is about the tie-breaker calculation. We request that the tie-breaker calculation be discounted by 50% of the acquisition price. The reason for this is that the amount of bonds requested is a function of the 50% test. And while acquisition costs are not included in the eligible basis, it isn't included in the aggregate basis as a part of the 50% test, which artificially drives up the bond request. It penalizes projects with an acquisition price, which really discourages developers like myself, from purchasing sites on the private market. I've been approached by several landowners wanting to sell their land for Affordable Housing, and I've simply said, “No, thanks,” because I know I won't be competitive under these regulations with an acquisition price, even if it's below the appraised value of the site. So, thank you very much for your consideration and for letting me get that in. I promise not to speak again today.

Doug Shoemaker: Treasurer Ma, thanks very much. This is Doug Shoemaker from Mercy Housing. I'll be brief. I really wanted to focus on two things. One is a general agreement with many of the comments made by CHDC and our Working Group, obviously, as well, especially as it relates to the appreciation for where the regulations are at this moment. But it's a more specific comment. The one comment I would make around AFFH and the 40% range being too broad for certain areas. I actually would just try to make the point that I think 40% AMI range is just too broad a range to begin with. I don't think there is much to suggest in the research that there is reason for pushing this to 70% versus 60% in the AFFH focused areas. As an example, you're talking about the difference between a family earning $70,000 and earning $80,000. Or in the case of the Bay Area sometimes between 80 and 90. So I would just offer that I think that the suggestion on the range for AFFH should be 30% for all projects, rather than 30% for certain specific projects adjacent to higher and higher opportunity areas.

The only other point I want to make is, again, the staff asked whether or not there was further consideration of including cost efficiency points in the leverage category, and actually Mercy is very supportive of the changes that's been made to exclude those, as others have noted. Cost efficiency appears over and over again in these regulations and it just seems too much to keep adding it to every other category. So, I appreciate all the work that's been done. And last but not least, I guess I'll just say that I think the importance of having a cost adjusted regional framework for the Geographic Apportionments is critical. I don't have a strong feeling on where that should land other than that it needs to be cost adjusted. Thank you very much.

<u>Pat Sabelhaus</u>: Hi, Treasurer Ma. This is Pat Sabelhaus with the California Council for Affordable Housing. I just want to be brief and say that I thought that the framework laid out by the Committee over the last several months is reflected in great detail by the way Judith Blackwell and the staff drafted the first set of regulations that were put out in October. I think it perfectly reflected all of the issues that were debated by the Committee and complies with all that was required by AB83; and that Cost Containment was built in purposely the way it was to reflect what the Committee discussed at length with regard to cost efficiency, including the item that Darren Bobrowsky mentioned that the cost efficiency should be allowed the 20 points to make up the eight points if you don't have leverage because it has proven already, with regard to the Mixed Income Program that the California Housing Finance Agency put together, that you can have cost efficiency and you can lower your costs on projects, if people are forced to pay attention to cost.

A couple of other items that aren't on this agenda is that I would ask the Committee to consider a grace period when it issues the tax-exempt bond cap for this next round of applications that are suggested as being on the approval list; that you have a grace period of 30 days or so just like you do on the 9% program when you issue a reservation letter and you give them 20 days or so to make a decision on whether they accept the bond cap or not. And secondly, that you build into the current CDLAC regulations a provision that would allow for a 90-day extension. It's currently in the regs, but it conflicts with the other provision that says if you accept bond cap and you don't close within 180 days, then it automatically causes your cap to be rescinded. And I would ask that you bring those together and reconcile those, and allow for a 90-day extension at the discretion of the executive director for good cause. And I say that primarily because we continue to see problems with what is going on with planning and building departments not having the staffing to process applications in an expeditious manner as we've seen in the past. So, thank you for considering my comments, and I look forward to the final regulations. Thank you.

<u>Tomiquia Moss</u>: Good afternoon. This is Tomiquia Moss from All Home California. Thank you so much for allowing me to make public comment on this item. I concur with a lot of the

comments that have already been made, but I just wanted to make two very specific points. All Home is a Bay Area organization that focuses on disrupting the cycles of poverty for people who are most at risk of experiencing homelessness or ELI communities, as well as those who are currently experiencing homelessness. So many of the comments that have been mentioned already in terms of really focusing on these resources for our ELI and very low-income households are critical. I think that you all are already making adjustments to thinking about the percentage of AMI levels are really focusing on that 30% and below that not only provide opportunities for black, brown and indigenous folks who are disproportionately impacted by homelessness and poverty, but it also allows for those very communities to stabilize so that they can have housing ladders as the AFFH priorities are trying to target. But we also have to look at the other interventions that provide economic and social prosperity for black and brown and indigenous households. And so, I really want to encourage the Committee to really consider those as priorities both at the local level and the state level, and that we aren't in a false choice around making sure that there is prosperity for our most vulnerable communities at all income levels, but we are prioritizing those who really need these credits to be focused on zero to 30% AMI. Thank you so much for allowing me to comment today.

Frank Martinez: Hello. My name is Frank Martinez, policy director of the Southern California Association of Nonprofit Housing, and I want to thank leadership for turning these regs in and carefully considering comments. I'm just going to make two quick points. One, we asked for an AMI definition for the ELI. The ELI set asides on many projects land on average of about 50% AMI with minimum 10% of 30% of AMI. A definition is needed because the set aside also includes projects with local funds, not just HCD projects, and many local jurisdictions don't have the portability as a requirement. The second point I want to make echoes something that our colleague commented on earlier. We want to point out in Section 5230J (indiscernible) housing, that we're happy that special needs have been added in the category of 50% homeless projects for 20 points. And we support Dana's suggestion, considering the low percentage of homeless, households or families. We would like to include the middle resource area as well. That's all I have and thank you so much for listening.

William Leach: Good afternoon, Madam Chairman, and Committee members. My name is William Leach, and I'll be as brief as possible. When talking about regional allocations and apportionments, I'd like to point out the fact that the 9% methodology takes multiple factors into account, not simply population. It takes out how affordable a specific area is, how high cost the area is. And so, I would warn you before you do modifications to those percentages that you first look at how that methodology has already modified the calculation that was based on population. I'm going to echo the comments about the current tie-breaker and the way that the bedrooms are calculated on Disadvantaged Senior and Permanent Supportive Housing projects. There are ways to fix that, but I won't go into those right this moment.

I'd also like to point out that the tie-breakers doesn't specify that only Affordable Units count for their bedrooms and you may want to add a word so it's clear that only Affordable Units count in that measurement. There's a couple of places in the regulations where it talks about there being 10% of the units at 30 AMI and 10% at 50 AMI. It's unclear to me, and I think it might be helpful if it was clarified in the regulation, if it's acceptable to have 10% at 30 and another 10% at or below 50%. 10% at 30 and 10% at 40 in most minds is as good as 10% at 30 and 10% at 50. And so, the at-or-below-50% might be clearer, if you're comfortable with that, as an equivalent. I'd like to throw my vote towards keeping the 60 AMI opportunity possible in the rent averaging. The (indiscernible) AMI is helpful in leveraging the State's resources with private funding and while I know other people have commented that the programming in the past has always averaged 59 or less, I think in promoting production that would be the reason to go to a 60 AMI average possibility for certain projects.

Treasurer Ma: Thank you, Will.

William Leach: I am particularly opposed to the other parts prescribed in All Projects, and I do agree that the cost efficiency alternative is useful. And then the last comment is that I agree that the state tax credits in the tie-breaker, being one of very few factors, will disadvantage those types of projects, and I would recommend that the tie-breaker be written to say that if there is a tie between two projects requesting state tax credits, that that measure will be added to the calculation. That way only projects that are asking for state credits will have that additional measure be considered, and when a state credit project is being considered versus a non-state tax credits project, it'll get measured like the other projects. Thank you.

Shreya Shah: Hi, this is Shreya with EAH Housing. Thank you so much for allowing me to comment. I'll be really quick. I just wanted to add whatever people have already said that it would include other (indiscernible) modifying the type of calculations for 2021 to exclude the tax credits from that calculation. And we will also support setting aside more funds for the homeless ELI/VLI pools and something like an income average at or below 50% in your mind. And I'll leave it at that. Thank you so much.

Mara Blitzer: Hi there. This is Mara Blitzer, and I'm the Director of Housing Development at the San Francisco Mayor's Office of Housing and Community Development. And I just want to thank everyone so much for all of your hard work on this. It's a really important decision. Thank you for delaying the vote until the 21st so that we all have a chance to fully review all of the changes and how they are interconnected. And we hope that the Committee and staff will adopt base limit reforms before the applications are due in January or February, and that you'll consider adopting the set asides Allocations and Geographic Regions before you adopt the revised regulations booking. So highly important. And lastly, regarding the schedule, we're also hoping that you will consider pushing out the deadline for the first-round application or provide some flexibility on part of the application that are time sensitive, as it's now less than 60 days from when the proposed regulations have been posted and when the first application in next year is due. So, thank you all so much for listening to all of us today, and the new proposal is much improved from the previous, and I appreciate being heard. Thank you.

Jim Schmid: Hello, this is Jim Schmid. I'm CEO of Chelsea Investments. We're partnering with Weingart Center Associates Develop a two phase 275-unit project in Skid Row. I do support Mr. Sabelhaus' request that the Committee modify the regulations to include a one-time 90-day extension at the discretion of the executive director. And because of the size and complexity of the project and the financing markets, we think it's just going to be challenging to get things done at the closing table. We also support his notion of a grace period similar to the one that TCAC affords. Thank you very much.

Richard Schindler: My name is Richard Schindler, and I'm a developer and a syndicator. And I put in the chat box what I want to briefly talk about. Basically, the returned bonds should be allocated in pools according to the percentage key established at the beginning of the year. It's not equitable to award to just one or just in the New Construction pool. The regulations require not only establishing the amount for the year, but also the percentage for each pool. The key is supposed to be established without reference to any application. Please allocate the returned bonds into the various polls, not just New Construction. And thank you for allowing me this time.

Treasurer Ma: Ms. Miller.

Gayle Miller: Thank you, Madam Chair. I just wanted to make the point that you just made.

Treasurer Ma: All right. So, no action item today. We will vote at the next meeting on December 21st. So, let's move on to Item #6. Consideration and Approval of the 2021 Meeting Schedule. And I know that the first meeting is going to be January 15, and we can still stick with it if we can finalize the vote on December 21. Right?

6. Consideration and Approval of 2021 Meeting Schedule (Action Item)

Gayle Miller: Madam Chair, I do think the point from San Francisco about pushing some of the applications back which will also give staff more time as well. I mean if you wanted to wait, I'd be happy to approve the meeting schedule on the 21st, too, since you have time to put that on the agenda again. It may make sense to give a 15-day window because we are pushing the vote on these regs back.

Treasurer Ma: Okay. Sounds good. All right. Let's move that.

Gayle Miller: Okay. We already have a window.

Treasurer Ma: Let's just put it back. Okay.

All right. I guess it's an action item. So, can I have a motion and a second?

Gayle Miller: For the calendar?

Treasurer Ma: Yeah, to move it to the next meeting.

Female Speaker: Oh sure. I move putting it on the agenda for the meeting on 21st.

Anthony Sertich: Second that.

Treasurer Ma: The motion is second. Any public comment on that?

Conference Speaker Voice: You have zero questions remaining.

Treasurer Ma: Please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Hi. All right. We'll move it back to December 21st. Item #7, Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation.

7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation. (Action item)

Judith Blackwell: I just want to mention that in this group we have three projects that are above $50 million dollars, and based on our rules, we have always mentioned that in the group. The first one is 20-668 Midway Village Phase I in Daly City. The second is 20-703 Gateway Family in Menlo Park in the New Construction Pool. The third one is in the Preservation Pool and its 20-660

Ambassador Ritz. It's in San Francisco. After that we basically have our projects that have all been awarded by our staff, Madam Chair.

Gayle Miller: I move approval, Madam Chair.

Treasurer Ma: Do we have a motion in the second, Mr. Sertich?

Anthony Sertich: I have a really quick question. Was there an appeal that we were supposed to hear before we move this or is that --

Judith Blackwell: I have been informed that there was going to be an appeal by Mr. Witte. I'm not hearing from him at this time.

Anthony Sertich: With no appeal, I will second.

Treasurer Ma: Any public comment on the allocations?

Conference phone voice: You have one question remaining.

Treasurer Ma: Speaker?

Male Speaker: Hi. I'm (indiscernible), counsel to the applicant on the Rosehill Court matter. I know that there was an intent to raise that appeal on this call. I don't know if Mr. Witte or the representative for the applicant is on the line. But before we move on, I wanted to try again to see if they were available to speak on that appeal.

Treasurer Ma: Okay.

Jenny Scanlon: Hello, Jenny Scanlon. Hi, I've been trying to get a word in. I apologize. Jenny Scanlon. I'm chief development officer with the Housing Authority for the City of Los Angeles.

And yes, we still have an active appeal in front of the Committee members and so we did want to speak on that. If now isn't an appropriate time, I do want to submit some comments.

Gayle Miller: Madam Chair, isn't this something that had to be submitted in writing though? Am I misunderstanding that? So, would this be appropriate for the 21st as well?

Treasurer Ma: Yes. So, if you wouldn't mind, please submit your comments in writing, and we'll hear you on the 21st.

Jenny Scanlon: We did submit a letter to the Committee on December 2nd.

Judith Blackwell: Okay. All right. I'm not aware of it.

Jenny Scanlon: Yeah, it was submitted to the Committee through Judith Blackwell.

Judith Blackwell: All right. Well, can you please go ahead and speak to what you're --

Anthony Sertich: I recommend that since the Committee members have not seen the letter and the reasons for appeal, I recommend that it be heard on the 21st.

Jenny Scanlon: We would be okay with that as long as we do get a chance to have that appeal heard.

Anthony Sertich: Yes.

Treasurer Ma: We'll be hearing more appeals on December 21. All right. Do I have a motion and a second on the Allocation, Pools and Recommendations? Any other public comment on the list?

(Conference phone voice: You have one question remaining.)

Treasure Ma: Hello.

Bill Witte: Treasurer Ma, this is Bill Witte. I've been trying to dial in, and I guess you've decided to hear the appeal on the 21st.

Treasure Ma: Yes, if you wouldn't mind because we don't have the documents in front of us.

Bill Witte: Okay. We did send the letter some time ago, but as long as we can hear the appeal.

Treasurer Ma: Yes.

Gayle Miller: Madam Chair, may I just clarify this motion, please. It's just a motion to approve the allocations, right?

Treasurer Ma: Correct. Can we also add an extension period since we are again in lockdown/ shutdown mode and that we take into consideration, that if applicants cannot close then we'll give like a 60 or 90-day extension period?

Gayle Miller: I'll be happy to amend the motion to include a 90-day extension period. Do you want that to be upon approval of the executive director or an automatic extension?

Treasurer Ma: To return the allocation.

Gayle Miller: Right.

Treasurer Ma: No penalty.

Gayle Miller: Right.

Treasure Ma: So, 90 days, if we award this list, they have 90 days to return the allocation without penalty or holding their performance deposit.

Gayle Miller: Right. I agree with that. I would actually further amend this motion to grant the executive director the authority to, as Mr. Sabelhaus actually stated, the authority to extend time periods for unforeseen circumstances, especially related to COVID.

Anthony Sertich: So, I'm in support of this generally. I think we just need to be careful when we're crossing over calendar year periods because the money is returned to the issuer, and not to us. I did look at the issuers that are out there, and I think they're all large issuers that are being awarded. So, I don't think it would be a big problem, but I do think we need to be aware that if it's going to issuer that does a deal every three years or so… that money may never be used and maybe lost. Subject to that, I will support that motion.

Gayle Miller: Second.

Treasurer Ma: All right. So, we've motioned the second.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: All right. So, the applicants have been approved, and we've got a 90-day extension to return the allocation if the applicant cannot use it, and we will give some discretion to the executive director. All right. Thank you all.

General public comment. Any members wishing to comment on anything not on the agenda?

(Conference phone voice: You have zero questions remaining.)

Treasurer Ma: All right. Then we will adjourn. Thank you all.

DRAFT

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.

Paul Patierno: 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.

David Allen: 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.

<u>Treasurer Ma</u>: Great to hear!

<u>Ray Pearl</u>: 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.

Sherri Franklin: 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.

Allie Cannington: 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

Treasurer Ma: No, we're on CDLAC, Allie.

Allie Cannington: 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.

Jim Silverwood: 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.

Charmaine Curtis: 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.

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

January 15, 2021

Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

State Treasurer Fiona Ma called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:00 a.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 (CalHFA)
Gustavo Velasquez, Department of Housing and Community Development (HCD)

2. Approval of the Minutes of the December 21, 2020 Meeting (Action Item)

Treasurer Ma stated that the minutes from the December 21, 2020 meeting were not available at this time. They were received late from the transcriber and are under staff's review.

3. Executive Director's Report (Informational Item)

Executive Director Judith Blackwell thanked all the parties involved in revising CDLAC's regulations over this past summer, and stated that the regulations are on the CDLAC website. She stated that next Tuesday, CDLAC staff will continue the process, working with the Office of Administrative Law (OAL). Once OAL posts the regulations on their website, the public will have up to five days to provide their comments. OAL has up to 10 calendar days to review and decide on the revised rules.

Yvonne Martinez Watson with the Sierra Club delivered a public comment on Agenda Item 7, opposing the funds that will be used for the desalination project and noted those funds would be better used elsewhere.

Lydia Ponset from the public called in to express her position on the bond application from Poseidon, noting it should be denied. She stated the $1.1 billion requested would be better spent directly on affordable housing. She also mentioned water issues and encouraged the state to work with tribal leaders to fix these issues.

4. Determination and Adoption of the 2021 State Ceiling on Qualified Private Activity Bonds (Action Item)

Program Manager Sarah Lester introduced Agenda Item 4 and stated that there was an increase to $110 per capita in the adjusted for inflation volume limit on private activity bonds for calendar year 2021. This is an increase from 2020's $105 per capita. The US Census Bureau estimated the state's 2020 population as 39,368,078. The estimate for 2021 population will be released later. The volume cap based on these numbers is $4,330,488,580, an increase of $181,705,165.

Treasurer Ma stated these were preliminary numbers and will be adjusted based on new data they will receive in the coming months from the Internal Revenue Service (IRS).

MOTION: Mr. Sertich moved to approve the volume cap, adopting the 2021 state ceiling. Ms. Miller seconded and the motion passed unanimously via a roll call vote.

5. Regulations Update (Informational Item)

Ms. Lester stated staff was in the process of finalizing the documents being filed with OAL. The regulation document for OAL will be posted to the CDLAC website later today. Technical edits to the regulations have been made to the document voted on in December, and these. OAL will determine whether to proceed with the regulations in 10 days.

Mr. Sertich was concerned about CTCAC threshold basis limit changes and how they have affected the scoring in the new CDLAC regulations. He requested that staff keep an eye on it. Higher cost counties may be more at a disadvantage than with the old basis limits.

6. Carryforward Update (Informational Item)

Program Manager Richard Fischer provided a chart on the largest carry forward issuers for the 2020 cap in Committee materials (E-Binder). By law, the allocation must be carried forward by the issuer by filing of an IRS Form 8328 the earlier of February 15, 2021 or the date of the first issuance of private activity bonds by the issuer in 2021. In addition to the bond amounts allocated to specific projects, $79,385 of 2020 private activity bond volume cap remained unallocated as of December 21, 2020. CDLAC awarded this previously unallocated lump sum to CalHFA to be combined with 2020 volume cap awarded to CalHFA for specific projects. CalHFA is expected to add the lump sum amount to its carryforward amount for 2021. The $79,385 lump sum is the only allocation that was not designated for specific projects.

Treasurer Ma stated that the carryforward amounts will be updated once the 8328 forms are filed with IRS.

Mr. Fischer stated that was correct.

7. Consideration and Adoption of the Apportionment of the 2021 State Ceiling among the State Ceiling Pools (Action Item)

Ms. Lester stated that based on California's population and the per capita multiplier, the state ceiling is $4.3 billion. At the December 21, 2020 meeting staff was directed to create a pool called Black Indigenous and Other People of Color (BIPOC). The apportionment for the $4.3 billion are as follows:

Qualified Residential Rental Pool (QRRP) for New Construction - $3,170,915,293
Rural New Construction Pool - $111,914,657
Preservation Pool - $313,361,041
Other Rehabilitation Pool - $22,382,931
BIPOC Pool - $111,914,657

Staff was also instructed to create set-asides for the New Construction Pool. The New Construction Pool will be further sub allocated to the following:

$559,573,287 for the Homeless Set-Aside

$671,487,944 for the Extremely Low Income/Very Low Income (ELI/VLI) Set-Aside
$447,658,630 for the State-Funded Mixed Income Set-Aside
$1,492,195,432 for the Geographic Regions

For the Industrial Development Financing Authorities (IDBs), there is a set-aside of $10,000,000, and for the Exempt Facilities Pool the set-aside is $590,000,000. Staff also expects to allocate $200,000,000 to the XpressWest Train project. If the Committee does not approve the Train project, the funds will be returned to the Committee for re-allocation.

Staff recommended apportionment of these 2021 state ceiling pools, and referenced charts in the E-Binder that further included apportionment by allocation round. Ms. Lester stated that any further changes to the 2021 state volume cap due to changes in the state's population will be adjusted in the Exempt Facilities Pool.

Mr. Sertich stated staff should focus on allocating the 4% bonds as much as possible and keep the allocation for the XpressWest Train on the table, noting that Brightline XpressWest Train has been a great partner. He appreciated their request to reduce the allocation from $600,000,000 to $200,000,000 and recommended that the rest of the $4.1 billion funds go to the QRRP Pool. The Governor's budget allocated an extra $100 million to CAEATFA for its sales and use tax exemption program, which is a more efficient use of funding for those projects rather than through the bonds. A huge federal subsidy is lost when bonds are allocated to a non-tax credit project.

Treasurer Ma opposed the change put forth by Mr. Sertich, stating that CPCFA uses the CDLAC bond allocation for utility projects like garbage, wastewater, recycling that are also needed in the state. These kinds of infrastructure projects are linked to housing. If there isn't the infrastructure in place for the housing, that slows down housing production.

Mr. Sertich agreed that utility projects are also very critical to the state but believed that the Committee should leverage as many resources as possible while freeing up scarce state resources like bonds to build housing.

Ms. Miller stated that state money is more complicated than this discussion. She pointed out that the state's General Fund commitment to housing this year is unlike anything that has ever been seen before, putting more money into housing and infrastructure. She stated the Committee would continue to monitor whether there is more volume cap available and if there is, it will go back to housing. Her second point was regarding where the allocations go throughout the year. Currently staff recommends [three] funding rounds with percentages of 40/40/20, and the administration recommends percentages of 30/35/35 for reasons related to the updated basis limits. Ms. Miller requested that Mr. Velasquez speak to the pausing of HCD's programs to better align with CDLAC.

Mr. Velasquez agreed with Ms. Miller's 30/35/35 allocation request and expressed, as noted by the State Auditor, the need to have a system that is more coordinated and harmonized. As a result, HCD will be reviewing the regulatory changes that were made to CDLAC and CTCAC over the next few months to update their programs accordingly.

Ms. Boatman Patterson stated 40/40/20 is too high and somewhere between 30 and 40 would be a better way to distribute the funds. She wanted to ensure the priority is given to shovel ready projects, and not have shovel ready projects waiting until the later rounds.

Mr. Sertich stated he agrees with the 30/35/35 balanced approach, and having a shovel ready approach. He noted the need to define how to allocate unused funds in each round. Mr. Sertich suggested a waterfall option within a round between different pools such as the Preservation and other Rehabilitation Pools, or unused funds flowing into the geographic regions.

Treasurer Ma stated she wanted to hear from the program's stakeholders on their opinions regarding the proposed changes.

Mark Stivers with the California Housing Partnership stated that the Governor's Budget augmentations for housing are appreciated, and the $3.7 billion allocated to rental housing. Mr. Stivers noted that housing generates tax credits and he encouraged Treasurer Ma to work with the State Legislature over time to find other ways to support those beneficial non-housing projects. His staff calculated that each billion dollars in bonds reduces interest rates by about one-quarter percent for non-housing uses, and $10.7 million would buy down that rate in the same way. This results in $700 million tax credits. The more the state spends on state funded housing production, the greater federal tax credits they get in return. Concerning the issue of how the allocations are split amongst rounds, he was in support of the 30/35/35 distribution. This distribution accommodates HCD's pause.

Caleb Roope with The Pacific Companies stated the working group worked directly with Gina Ferguson from CTCAC to amend the basis limits, the basis limits are in better shape as a result of their collaboration. There were a few consequences in terms of CDLAC's regulations on the tie breaker, but he noted they were minor and can be remedied with regulation changes at future Committee meetings. On the cost containment scoring category, the working group will examine whether a minor change is needed to reflect a boost in the scoring for the various pools. Mr. Roope stated there was more work to be done but the results from the current changes were satisfactory. He anticipates money spilling into future CDLAC funding rounds, coming from rounds with unspent funds. He stated CTCAC has used this feature with their 9% program for some time and it works quite effectively. This will mitigate the front loading issue that was brought up earlier.

Charming Evelyn with Sierra Club Water Committee was opposed to the allocation of any funds to Poseidon benefiting at the cost of ratepayers. She raised water contamination issues and stated the funds should be redirected towards affordable housing.

Mr. Sertich and Treasurer Ma both agreed that the Poseidon project is not a priority this year.

Mr. Fischer confirmed that CPCFA did not receive an application from Poseidon this year.

Andrea Clements with the Environmental Justice organization stated that CDLAC should not be awarding funds to a polluter, especially one that will privatize water. She stated that the Poseidon project will impact water rates and affect vulnerable communities disproportionately. She emphasized the need to redirect the funding towards affordable housing.

Susan Jordan with the California Coastal Protection Network expressed opposition to the Poseidon project, stating it was a very financially risky project and it has not been able to secure any buyer interest letter. The project would not bring any additional water to Orange County but in fact replace affordable drinking water in the metropolitan district. She stated that the funds should be redirected towards affordable housing projects or other exempt facilities that provide a strong and undisputed public benefit. She noted that company has many assets around the globe and would have no issues building the project using their own money.

Treasurer Ma thanked everyone for their comments and noted that CPCFA staff will be keeping a close eye on the progress of this project moving forward.

Michelle Fowle with the Indivisible Los Angeles Coalition expressed opposition to the Poseidon project accusing them of capitalistic greed and stated that these taxpayer funded dollars should be redirected towards affordable housing.

Tony Acion, a member of an action network and business owner in the Los Angeles area, expressed opposition to the Poseidon project due to its negative environmental impacts and due to humanitarian rights issues.

Mark Littman with the Culver City Committee on Homelessness expressed outrage that the Poseidon project was considered for any sort of funding through 2022 and stated that the funding needs to be redirected towards building affordable public housing. He notes that over 60,000 people were homeless on the streets on Los Angeles. He requested the Committee make the funding available to building affordable housing.

Alice Talcott with MidPen Housing expressed support for the Committee's proposal on the 30/35/35 allocation plan, she believes it will better control the flow of tax credits into the equity markets. Regarding the basis limits, she believes the new limits are going to disadvantage the tie breaker score for projects in coastal communities but is something that can be addressed at future meetings.

Eugenia from Los Angeles demanded the Poseidon project be taken off any future agenda and stated the funding should go towards building affordable housing to house homeless people like her brother. She also expressed concern over humanitarian issues related to the project.

Doug Shoemaker with Mercy Housing thanked Ms. Ferguson and the working group for their hard work and expressed the need to correct the issue related to the basis limits. He expressed opposition against putting too much money into the first round of funding.

Michelle Otta, a business owner, expressed concern over funds not being allocated to the mortgage certificate program in both 2020 and 2021. She has been working with the program since 1996 and notes the funds were being utilized every year and does not understand why the program is not being funded.

Andre Perry with the City of Los Angeles expressed support for a more even allocation to the QRRP over the three rounds. He was in support of the recommendation for the 30/35/35 allocation.

Mr. Sertich addressed some of the concerns over the Mortgage Certificate Program and noted that in order to maximize housing in the state, it requires a much more comprehensive approach to solving the problem. He agreed that there needs to be a more equitable distribution and will look into the issue going forward.

Mr. Velasquez stated that the Committee has committed nearly $560 million to the Homeless Set-Aside. Governor Newsom has also proposed $750 million in funds for HCD's pivotal Homekey program that has already created nearly 6,000 permanent units of housing for homeless individuals. The additional funding will allow them to double the production this coming year. The investments being made are clear on what the Committee's goals are.

Ms. Miller thanked the CDLAC and CTCAC staff for their basis limit work.

Treasurer Ma recommended going a little higher for the purposes of front loading; her preferred distribution is 35/35/30.

Mr. Sertich recommended splitting the allocations into thirds for the purposes of a fair and equitable distribution amongst all three round.

Ms. Miller and Treasurer Ma agreed on the compromise presented by Mr. Sertich.

Ms. Boatman Patterson asked if this change would preclude them from being able to do any changes in the second round of funding if they wanted to reallocate funds from the third round.

Treasurer Ma stated that the Committee ran into a similar situation last year due to COVID so being flexible to changing circumstances would be beneficial.

Mr. Sertich stated the Committee should be cautious about changing the allocation within rounds because it could throw off developers who have shovel ready projects.

Mr. Roope stated that according to the new regulations, whatever is not spent in the current round would spill over into the next round. If there is still unspent money in the last round, a waiting list is then established, which will fund the projects down the list in order of highest scores. Unapproved projects from the first and second rounds must reapply in the third round in order to be considered for the waiting list. The waiting list is only for the final round of the year. Mr. Roope also mentioned some protections in the round that are similar to CTCAC's 9% program – 80% of the funding a project requests must be available in the pool or set-aside. If the money is not there, the funding will spill into the next round. The waiting list will take care of any remaining funds at the end of the year.

The Committee thanked Mr. Roope for providing the additional clarity.

MOTION: Ms. Miller moved to approve staff's recommendation of the changes to the pools and recommended moving the allocation limits for the next three rounds to 33.3% each throughout the year. She wanted to place this as a discussion item on the next Committee Meeting so they can further discuss. Mr. Sertich seconded and the motion passed unanimously via a roll call vote.

8. Determination and Adoption of the 2021 State Ceiling on Qualified Public Educational Facility Bonds (Action Item)

Ms. Lester stated that similar to the state ceiling, the Qualified Public Educational Facility Bonds (QPEFB) also has a volume cap limit each year and is calculated similar to the state ceiling but with a multiplier of $10, which equates to $393,680,780 for the 2021 program year. These funds can be used for K-12 schools both public and charter, and cannot be used for community college. It is not a "use it or lose it" pool; the funds are carried forward for up to three years. However, the funds can only be used for QPEFB projects. Ms. Lester stated that staff recommends to adopt the volume cap for QPEFBs as $393,680,780 for the 2021 calendar year.

Treasurer Ma stated that the California School Finance Authority is looking at ways to use the QPEFB funding since staff has not been taking advantage of it.

MOTION: Mr. Sertich moved staff's recommendation adopting the volume cap for QPEFBs as $393,680,780. Ms. Miller seconded and the motion passed unanimously via roll call vote.

9. Consideration and Adoption of the Revised 2021 Calendar

Treasurer Ma stated that although the Committee already adopted a calendar in December, after relooking at it with stakeholder input they realized there were several issue outstanding that were not anticipated. Staff released a more detailed calendar, clarifying meeting dates and application due dates. There are extra application dates for non-QRRP projects due to tax-exempt projects like CPCFA who need application deadlines in their regulations. Committee meeting will be held on Wednesdays and application dates will be held on Thursdays.

MOTION: Ms. Miller moved to approve the updated CDLAC calendar, Mr. Sertich seconded and the motion passed unanimously via a roll call vote.

10. Consideration of Appeals

Ms. Blackwell stated there were no appeals on the agenda.

11. Public Comment

Mr. Sertich stated it is unclear as to when allocations made can use the 4% credit rate, and when bonds had to be issued to use the 4% floor. There needs to be a better management approach from the staff side in order to pull more equity into projects. There is no guidance issues on this yet but Mr. Sertich wanted to make sure staff stays on top of it.

Ms. Blackwell stated staff is on top of the issue and has convened a meeting with the National Council of State Housing Agencies (NCSHA) to discuss. With regard to any applications that came in this year and forward, these will be using the 4% credit rate floor.

Mr. Roope gave a statement on the two different issues, one regarding the 4% credit floor, noting that the IRS's position has not yet been determined. The other issue to be considered at a future committee meeting is supplemental allocation in general. He provided some historical context on the topic and noted the working group will pick up the issue and make a recommendation on it – same with the 4% floor issue.

Treasurer Ma asked the working group to take up the supplemental issue as well.

Mr. Roope stated they would pick it up and come up with a recommendation.

Ms. Boatman Patterson raised an issue regarding the revised definitions of both new construction and preservation. There may be a group of projects that are market rate and unregulated that could be converted into affordable housing. Staff will need to determine where these projects fit in. They may fit into the Other Rehabilitation Pool but the Committee should consider having a policy conversation surrounding whether to encourage affordable housing by acquiring market rate housing, rehabilitating it and then regulating it, and whether they want to use the bond program to help accomplish it. Currently the CDLAC regulations do not allow it but it may be something to consider in the future.

Mr. Roope stated they could take up this policy issue as well. He mentioned it is an opportunistic way to turn market rate housing into affordable housing and is cheaper than building ground up construction.

12. Adjournment

Treasurer Ma adjourned the meeting at 12:25 p.m.

AGENDA ITEM 3

Discussion and Consideration of a Resolution Appointing the Interim Executive Director of the California Debt Limit Allocation Committee

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
RESOLUTION NO. 20/21-02
March 8, 2021

RESOLUTION CONFIRMING THE APPOINTMENT OF THE INTERIM EXECUTIVE DIRECTOR

WHEREAS, the California Debt Limit Allocation Committee ("Committee") is responsible for administering the federal private activity bond programs in California; and,

WHEREAS, the Committee is empowered by Government Code Section 8869.83 to employ an Executive Director to assist it in carrying out the duties imposed upon it by law; and

WHEREAS, Nancee Robles has been selected by the State Treasurer to serve as Interim Executive Director of the Committee; and

WHEREAS, Nancee Robles has been appointed by the State Treasurer to serve as Interim Executive Director of the Committee; and

WHEREAS, the Committee must approve the appointment of Nancee Robles in that capacity.

NOW, THEREFORE BE IT RESOLVED BY the Committee as follows:

<u>Section 1</u> The proposal to designate Nancee Robles as Interim Executive Director is hereby approved and she is hereby designated with such power and authority as is necessary to carry out the duties imposed by law upon the Committee.

<u>Section 2</u> The Officers of the Committee and the Treasurer are hereby authorized and requested, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to effectuate the purpose of this Resolution,

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon its adoption.

Attest: ______________________________
Chairperson

Date of Adoption: March 8, 2021

AGENDA ITEM 4

Carryforward Update

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 8, 2021

Carryforward Update

CDLAC staff is currently doing a final review of the 2020 bond cap allocation and carryforward data. This will be presented at the next Committee meeting, and Agenda Items 5-7 are being removed from this meeting pending finalization of that review.

AGENDA ITEM 8

Public Comment

AGENDA ITEM 9

Adjournment