

California Debt Limit Allocation Committee
Jesse Unruh Building
915 Capitol Mall, Room 110, Sacramento, CA 95814

April 28, 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 11:01 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
 Kate Ferguson - Donald Cavier, California Housing Finance Agency (CalHFA)
 Gustavo Velasquez, Department of Housing and Community Development (HCD)

Treasurer Ma: We do have a quorum.

2. Approval of the Minutes of the March 8, 2021 Meeting (Action Item)

Treasurer Ma: We have action item Approval of the Minutes of the March 8, 2021 Meeting.

Gayle Miller: Move approval.

Anthony Sertich: Second.

Treasurer Ma: We have a motion and a second, any public comments? Ok, thank you. Anthony? Please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Minutes have been approved.

3. Executive Director's Report

Treasurer Ma: Nancee?

Nancee Robles: Hi. Good morning, Committee Members. The Treasurer's Office has been working hard to have quality staff and I'd like to introduce CDLAC's newest member, Emily Burgos. She's not in the room with us today. We have limited space here but I know that Emily is on the line. Emily was hired a few weeks ago as the Senior Manager for CDLAC at the State Treasurer's Office. Emily rejoins the Treasurer's team after promoting up from the California Pollution Control Financing Authority (CPCFA) where she was the lead analyst for the CalCAP Program and became a Senior Business Development Specialist at the Governor's Office of Business and Economic Development (GoBIZ). From there, Emily joined the California Infrastructure

Bank (IBank) as their Small Business Finance Manager. She has a variety of experiences in developing new programs, fostering values, stakeholder relationships and implementing outreach opportunities on behalf of the State. Emily graduated from California State University, Sacramento where she earned her Bachelor's Degree of Arts in History and outside of her state career, Emily runs her own small business, making cold processed soaps and natural skincare products. In her free time, she enjoys sewing, joy-making and spending time with her husband and two young sons. So welcome, Emily!

Since our last meeting, I've had the opportunity to meet with many of our partner agencies and members of the working group, who've all been very welcoming and very helpful. I've also received a variety of stakeholder feedback mostly in the form of letters, urging change in the regulations prior to the second round of applications. I recognize that we've received a lot of concern from cities in the Bay Area—San Francisco, Oakland, and San Jose—after they did not receive recommendations for projects in this round. There were also numerous projects in 14 different counties that applied and did not receive a recommendation.

This is not to say that these projects aren't valuable to the State, they are very valuable and we recognize that. In our attempts to adhere to the Governor's AB 101 Legislation and after working very closely with our working group to establish a blueprint to address these issues, we did develop a mechanism for the competitive process this year. With limited resources and oversubscription in this program, the projects that score the highest focused on one-hundred percent homelessness and committed to reducing the total development cost per unit are the ones that are being recommended for this bond allocation. While some of the big cities aren't being recommended in this round, there are seven Bay Area projects that are being recommended today and that consists of 15% of the applications that are being recommended and 19% of the total allocation being recommended.

In this first competitive round of applications in about a decade, we received 121 applications for over \$3 billion. Staff will be recommending 46 of those projects today for just over \$1 billion. We received applications of projects in 31 different counties and allocation is recommended in 17 of those counties. It's our goal to help developers meet the housing challenges in California and we will continue to do so by listening to our stakeholders and making adjustments that create good policy and help achieve equitable distribution. Scarce resources made it necessary to create a scoring mechanism in the first round of applications and we do strive to improve by making additional changes that will be proposed today as well.

We also understand that putting these applications together is a very difficult process and we're taking additional steps to optimize the performance of our online application system. CDLAC, in partnership with TCAC just finished accepting bids on an RFP for a strategic planning consultant to do an evaluation of the Committee's efficiencies and a system of recommendations for improvements, particularly in the area of our joint application process. The final date was last Friday. We received three applicants which will be scored and we'll be choosing one of those consultants soon and I'll be sure to update the Committee on that progress. That concludes the Executive Director's Report.

Treasurer Ma: Thank you, Nancee. Any questions from Board Members? Tony?

Anthony Sertich: Treasurer, I just wanted to follow up on that last point on the strategic planning consultant because didn't we go through this process a couple years ago and I wanted to know what's going to be different this time than when you first came on in 2019.

Treasurer Ma: Since Nancee just got here, she's not aware of what happened. Yes, we did put out a bid when I first got elected. After the midterm product, we decided to take that process in-house and discontinue that vendor. So we are now going out again with that same mission and purpose to try to figure out how to combine

the two agencies most effectively, what we can do administratively, and what we need to do legislatively across the street. So same contract, same mission, same purpose. We're still at it but in the meantime, we've been doing as much as we can administratively over the last two years.

Anthony Sertich: If there's a timeframe, once that comes up, that would be great to see as well as you're working through that process.

Treasurer Ma: Yes, we'll give a report once we choose a new vendor and we will come back and let you know about the timeline is. Yes, Ms. Miller?

Gayle Miller: Thank you, Madam Chair and I do want to thank Ms. Robles for that great introduction to regulations and how they're being implemented. I would even go one step further, that all the goals we had in the months of work we did to implement these regulations really was to move all of us into kind of the—you know, we did a lot of work with the fair housing and we did a lot with cost and a lot with production, and we completely understand that there is just not enough fund capacity. But all of the goals we had in terms of bringing down costs, increasing production, and really creating more inclusive communities remains our goals and I would just never want to lose sight of what those goals are for the entire State. So I thought what Ms. Robles said was great. But I was also wanting to bring this up as a kind of the guiding principle that led us to regulations to begin with. I just think because we all worked so incredibly hard on this we really are in this together and it's a challenge for those of us in the State to work on it and of course, you'll see things in the May revision, but it's also just a challenge for all of us to really work together including the development community and local governments to see what we can do with cost and restrictions and regulations. So just wanted to add to that we're really grateful and we understand that we're working towards those higher goals, not just specific projects.

Treasurer Ma: Yes, thank you. I know I chaired 18 CDLAC meetings last year so—

Gayle Miller: You sure it wasn't 1,800?

Treasurer Ma: 18, yes, 18. Lots of meetings and lots of public comment, stakeholder involvement. So I thank everybody. Obviously, things aren't perfect in our system and there's always going to be winners and losers but we are going to try to figure out how to accommodate as many good quality projects as we can. We also thank the Governor for allocating his \$500 million low-income tax credit last year and this year which has made a difference in terms of providing that gap financing for many projects that have been sitting on the sidelines waiting to come back and I think that's what we see these applications are super competitive. And again, federal government could help us with our Bond cap issue. We would definitely be able to approve more projects and bring them online. So we're working with the federal government hoping that they change the cap from 15 to 25%. That would be a big boost as well as other initiatives that we're working on at the federal level. So thank you all, and yes, we are all in this together. Alright, how about public comment on the Executive Director's Report? Alright. Seeing none, moving on.

4. Carryforward Update

Treasurer Ma: Nancee?

Nancee Robles: Alright, this is an informational item regarding the carryforward. This was requested at the last board meeting that we provide an update. Since the last meeting, we sent out a survey to all of our issuers and requested that they send us their carryforward information over the last three years, so 2018, 2019, 2020. We took that data to reconcile with our CDLAC data and some lessons learned from that chart was that I didn't ask

the right questions. The questions that should have been asked were: Report of carryforward that you're *not* using on a bond that's upcoming in this year and just show me what you have as carryforward that's available for new project. So it's a little mixed bag on this chart that I provided to you but what is accurate is in the column that is listed, "Utilized in Round 1".

So what we found was there was carryforward that could be used by these issuers for projects that we're recommending which opened up the pool to a couple more applications and projects being approved that were initially not on the preliminary recommendation. We will continue to request carryforward information from our issuers and continue to reconcile that. There's also a piece in our regulations today that talks about carryforward. And I will admit that there is a \$3.00 error in the upper right hand corner of one of the figures. One of the figures should be for CalHFA on the total remaining should be \$21,559,568 rather than \$21,559,571.

Treasurer Ma: Okay, so we are trying to get a handle on our carryforward schedule and our update. I think terminology has to be adjusted a little bit since these carryforward numbers really belong to the issuers, so it is not money or bonds that are up for grabs, so to speak, but we just have to make sure that the issuers are using their carryforward first before we give them new carryforward to use. That's what we're attempting to portray with these updates and every meeting we will provide an update on carryforward schedule. Thank you for your patience, Board Members.

Alright. This wasn't an action item, right?

Nancee Robles: No.

Treasurer Ma: Okay. Any questions, Board Members? Ms. Miller?

Gayle Miller: Thank you, this is actually for Ms. Ferguson. Ms. Ferguson, I just want to make sure that—I'm really grateful that these carryover funds are going to CalHFA. I would love it if we could just, from you, also at the same time, just make sure that we're all reporting together because it does make sense for CalHFA to be the folks doing all of this. I just would appreciate any information that you can bring back to CDLAC, just in terms of how the carryforward is just so that we can keep it within the State family.

Kate Ferguson: Okay, hundred percent.

Gayle Miller: Thank you, we would really appreciate that.

Anthony Sertich: Madam Chair?

Treasurer Ma: Okay, Ms. Miller, as I understand, we voted to put the carryforward to CalHFA and prior that it was CMFA and I don't think that was the official policy. Seems like every year we vote to do something different, so I think we should, at some point, have a conversation later if we want to have a policy.

Gayle Miller: Okay. Okay, that sounds great, I just meant for this year's carryforward just because CalHFA is doing it this year, just for this one year. Just want to make sure we see. I do think that makes sense just because they are part of the State, but yes, happy to continue that conversation and appreciate just getting the information so that we have it to build on for the future, potentially.

Kate Ferguson: And we have been working closely with CDLAC on the carryforwards.

Treasurer Ma: Thank you. Mr. Sertich?

Anthony Sertich: Yes, just a follow up question. You said that a lot of the carryforward that was listed in there was already assigned to projects that were allocated in 2020, but I also noticed in the allocations—what was it, was it Item 10?—that some of that was allocated to carryforward. Is that carryforward in excess in what was already allocated to projects in 2020 or are we double counting some of that carryforward or some of the awards for the new projects that were awarded this round?

Nancee Robles: No, not double counting.

Anthony Sertich: Okay, great.

Treasurer Ma: Okay. Any members of the public? Okay, Caller?

Matt Callahan: Hello, my name is Matt Callahan. I'm with the California Mortgage Credit Certificate Alliance. I'm actually speaking to the Executive Director report comments. Since the Committee defunded the MCC program of January of last year, local MCC issuers from San Diego to Sacramento have been forced to shut down their MCC programs. This is a huge blow to local efforts to expand homeownership opportunities for hardworking, low-income families in California. In a great many cases, the value of an MCC credit makes a difference between loan approval and loan denial. I personally know low-income first-time buyers in the Los Angeles market who are losing the opportunity to purchase a home due to the cancellation of the MCC program. Further, the cancellation of the MCC program creates an imbalance of the State's affordable housing strategy. It requires local housing agencies to deploy more of their scarce affordable housing resources and make up the huge MCC funding gap. An argument is, is that the single most effective way to bridge the wealth gap in California is to expand homeownership opportunities for low-income households. For these reasons, I request that the Committee restore funding to the Mortgage Credit Certificate program. Thank you.

Treasurer Ma: Okay, thank you. Next speaker? Hello?

William Leach: Hi, William Leach. I had a technical question: Will carryforward be potentially available in all programs through the year or will it be that it's the first round that it's available?

Nancee Robles: So, available carryforward depends on the issuer and the amount of carryforward that they have from prior years. So carryforward should be handled on a first-in, first-out basis where if an issuer has a project that comes up for recommendation and they have carryforward available, they should be using that carryforward rather than the 2021 issuance.

William Leach: I appreciate that. Our organization attempts to stimulate for the industry who would receive awards if no one got disqualified and this is a variable that goes into that stimulation. I'm just curious, is it known, when the applications are submitted how much carryforward may or may not be used and if it's only a first round activity or if it may happen in multiple rounds.

Nancee Robles: It's not first round activity. It will happen throughout the three rounds and it is not known when they submit their applications. CDLAC knows in the background that a particular issuer might have carryforward but we're not using it as part of our evaluation for scoring.

William Leach: Great, thanks. Okay, perfect, you've answered my question, thank you.

Treasurer Ma: Thank you, Will. Any other callers? Okay, caller? Hello? Okay, let's move on.

5. Public Recommendation of a Resolution Approving Alternate Authority Delegation in the Event of the Absence of the Interim Executive Director

Sarah Lester: Yes, good morning Committee Members. This is Sarah Lester and I will be presenting these items today. In the event of the absence of the Interim Executive Director of the California Debt Limit Allocation Committee, in order to ensure the smooth and efficient operation of the Committee's business, this agenda item provides the necessary authority by the Committee to provide alternate authority delegation to ensure that the functions of his or her role is not delayed. Staff recommends the approval of the attached Resolution authorizing alternate delegation in the event of the absence of the Interim Executive Director.

Anthony Sertich: Move approval.

Gayle Miller: Second.

Treasurer Ma: Okay, there is a motion and a second. Any public comment? Seeing none. Anthony, can you call the roll?

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Alright, this Resolution has been approved.

6. Recommendation of a Resolution Delegating Authority to the Interim Executive Director to Execute and Enter into Contracts on behalf of the Committee

Sarah Lester: Again, this is Sarah Lester. I will be presenting Item 6 today. In order to ensure that the Interim Executive Director is able to carry out the functions of the organization, this item provides the necessary authority to allow the Interim Executive Director to execute and enter into contracts on behalf of the Committee. Staff recommends approval of the attached Resolution authorizing Nancee Robles, the Interim Executive Director, to execute and enter into contracts not to exceed \$300,000 on behalf of the California Debt Limit Allocation Committee.

Treasurer Ma: Any questions by Board Members?

Anthony Sertich: Madam Treasurer, I believe last year, we approved a limit of \$250,000? Was it increased to \$300,000 or am I misremembering?

Nancee Robles: It's always been \$300,000.

Anthony Sertich: Always been \$300,000? Okay. I'll move to approve.

Gayle Miller: Second.

Treasurer Ma: Okay, we have a motion and a second. Any public comments? Thanks. Anthony?

Roll call was taken and the motion passed unanimously.

Treasurer Ma: That Resolution has been approved.

7. Recommendation to Approve a Bond Allocation Transfer for the South Bay Villas Apartments

Project (20-675)

Nancee Robles: Yes, this is Nancee Robles and I will be presenting this item. This request is from CMFA. CMFA was unable to issue their bond and they would like to transfer that application and the allocation to CalHFA. Staff recommends approval of the change of issuer and transfer of allocation to the South Bay Villas Apartments from the California Municipal Finance Authority to California Finance Agency.

Treasurer Ma: Any questions from Board Members?

Gayle Miller: Move approval.

Anthony Sertich: I have one question. So the transfer for 2020 authority can't really happen because it's been labeled as carryforward and we can't transfer carryforward, that's my only concern. I think if we called that carryforward and applied it to a CMFA project 2021 allocation to CalHFA that would work. Is that sort of the plan here?

Nancee Robles: Yes, so CMFA has a project that is being recommended and if that project is approved through the recommendation then they will use \$16,300,000 of 2020 carryforward for that project in exchange for the 2021 allocation which will then go to the CalHFA project.

Anthony Sertich: Okay, just checking.

Treasurer Ma: Thank you. Any public comments? Anthony, please call the roll?

Roll call was taken and the motion passed unanimously.

Treasurer Ma: That recommendation has been approved.

8. Recommendation for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facility (EXF) Projects and Awards of Allocation

Nancee Robles: We have Anthony Wey presenting.

Anthony Wey: Hello, my name is Anthony Wey representing CDLAC. This year we received 5 applications for exempt facilities, three of which were from CPCFA and two from CMFA. There was a request for \$9,000,000 for Amador Valley Industries; \$13,000,000 for VBWR Organics project; \$25,000,000 for Garaventa Enterprises, Inc. which consists of \$19,677,224 carryforward allocation; \$75 million for Republic Services Inc.; and \$50,660,000 for Mannco Biosolids Drying Pyrolysis with Electricity Generation. Staff recommends approval for all five projects, totaling \$167,337,224 of 2021 allocation.

Treasurer Ma: I will just say, whoever did this schedule, when you talk about the carryforward from 2018, please label it 2018 so we don't lose track, as sometimes its 2019 or 2020. That would be great.

Nancee Robles: Sure.

Treasurer Ma: Alright, any questions from Board Members? Seeing none.

Anthony Sertich: I just want to say one thing: I know that there was a concern about one of the large projects getting approval. That being said, I think that there is plenty of money left in the exempt facilities budget for that project and it's not being competitive, so I'll move to approval of these projects.

Gayle Miller: I'll second.

Treasurer Ma: Thank you. Public comments? None. Anthony?

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Staff recommendation has been approved.

Nancee Robles: Can I scoot back a second, I need to recuse myself from the Garaventa project for exempt facilities. I apologize, I should have done that prior to the vote. Garaventa was a project that while I was the Executive Director of CPCFA, I approved the application to come over to CDLAC, so I won't be signing the documentation for that project.

Treasurer Ma: Who's going to sign it?

Nancee Robles: You will.

Treasurer Ma: Got it, okay. Alright, thank you, Nancee. Let's move on to Item number 9.

9. Consideration of Appeals for Qualified Private Activity Bond Allocation for Qualified Residential Rental Projects

Gustavo Velasquez: Madam Chair?

Treasurer Ma: Yes?

Gustavo Velasquez: Oh, I was going to speak on Item 9, but someone is going to present first.

Nancee Robles: So this is an appeal, a consideration for appeal for an apartment in San Jose. This is an action item but is not something the staff is presenting. It was an appeal that was put before the Board, so the Committee must decide on this appeal. This appeal was denied by myself and the applicant had the opportunity to appeal to the Committee.

Treasurer Ma: Okay, Mr. Velasquez?

Gustavo Velasquez: Thank you, Madam Chair. I'm going to respectfully encourage the Committee to consider this appeal and there are several reasons why. First, obviously, every project must meet the 80% amount in order to be considered. This project is extremely short from that, I think about maybe \$2 million, shy of that. Obviously, in the appeal here, in the request for \$15 million, I would take this project to full allocation but that's just one reason why I was very intrigued by this project. This project is extremely competitive. When you look at the cost, we obviously know that we're facing increasing cost in the Bay Area and we're going to be talking about this in a little while with this because of the allocations and the tie-breaker. We know that the Bay Area has been affected in this round. This project is set in San Jose with its cost efficiency.

This project has two HCD awards. One for Infilled Infrastructure program and one for No Place Like Home program. What does that mean? That means that in addition to this project being very dense at 130 units, this project fits a lot of the criteria of the type of housing that, as a State, we're looking to fund. ****Inaudible**** (33:48) opportunity, proximity to jobs, proximity to amenities, this project also has a No Place Like Home award which means it has deep, deep affordability. I think it has 60 of its units are for households that are less than 30% of the area medium income (AMI), but the overwhelming majority of the project in general is for households under 50% of the area medium income in downtown San Jose, with just an area where, again, infill area where we have always been looking for opportunity to fund, especially in high cost places.

So all this to say that the project really fits a lot of the criteria and priorities that we've been looking. We have been here at HCD aggressively looking for projects to go to construction as quickly as these awards are made. We're trying to ensure that we get to construction right away. By not having allocation, this project is in jeopardy of that because of one of the HCD awards that it has. I know it's a difficult situation because it's really below the line, but in terms of the priority, it checks a lot of the boxes. It's Bay Area, which we know the complexities the Round 1 represents for the Bay Area. So I just hope that there's a way to make this allocation happen, but I understand, it's a difficult situation. I just wanted to speak about the project because of the relevance and it just being a project that really makes a lot of sense.

Treasurer Ma: Mr. Velasquez, can you talk about the project-based vouchers? Like, is there a time sensitive issue? Because my concern is, everybody wants to come and appeal their projects, right? And if we are going to grant the appeals, it should be based on some sort of urgency or losing some federal commitment. Otherwise, everyone is going to want to come to appeal.

Gustavo Velasquez: Yes, again the No Place Like Home program requires sustainability and a lot of services provided to name your units that are below the 30% of AMI. I'm going to say the answer in terms of looking for the service, this unit and this project have to be there. I don't know if in public comment, we may have a bit more of an explanation about your question. I don't have all the information in front of me, I just have more general information about the project. Maybe clarify in public comments.

Treasurer Ma: Okay, Mr. Sertich?

Anthony Sertich: I think it would be great if an appellate is on the line. It would be great to hear from them, if we can.

Kate Ferguson: Can I ask a quick question, just a process question before we do that?

Treasurer Ma: Sure, yes.

Kate Ferguson: Did this come in through the homeless—I know the homeless ELI VLI ideal. So did it go through homeless and then it dropped through ELI VLI and then dropped to Bay Area? Or, how did this one come in?

Gina Ferguson: Hi, this is Gina Ferguson. Yes, what you're describing is correct. Cascade of the consideration of the project is considered first in the Homeless Set Aside, if it's not competitive there and doesn't receive a recommendation. It drops into the ELI VLI set aside, it's considered a competitive process there and then if it's not successfully ranked, then it goes into the region. And so I believe the records earlier recommended that the next project available spending within region.

Kate Ferguson: So it was most competitive in the Bay Area region which is why we're considering it in that pool? The appeal?

Gina Ferguson: That is the way the appeal was directed was that there's \$31,000,000 left remaining in the Bay Area region. The project, as was mentioned earlier, fails the 80% test, but their request is to be considered within the region and I'll let the appellate go in more detail on that.

Kate Ferguson: Okay, thanks.

Treasurer Ma: Okay, Appellate?

Nancee Robles: Yes, is there someone from Eden Housing on the line?

Treasurer Ma: Eden Housing?

Gustavo Velasquez: I received just a text from the developer saying that they're trying to get on the line. They can't. They're having some technical difficulties.

Treasurer Ma: Okay, call-in.

inaudible, multiple people speaking at once

Treasurer Ma: What's the call-in number?

Sertan Usanmaz: The call-in number is: 888-557-8511 and the participant code is 5651115.

Anthony Sertich: And what do they press to get into the queue to speak?

Sertan Usanmaz: 1 and 0.

Treasurer Ma: Hello?

Linda Mandolini: Hello, its Linda, sorry, I had a little technical difficulty here—the 1, 0 part, is the part we did not get, so I apologize. I want to just reiterate what Gustavo said about these projects and talk a little bit about the earlier question that you asked, related to the risk of the vouchers. We actually are at risk of losing the vouchers on this project and is a significant loss for development, so we would like the Committee to consider this. We don't normally ask for this kind of appeal but for the vouchers, we are just behind the project in front of us. We're leading by \$36 on a tie breaker and we are just shy of the 80% mark for the carryforward or the full allocation for the next round. This project doesn't score 120 points because it's not in a high opportunity area, but it is in the heart of the Google expansion **inaudible** (41:43) so we actually think this is a critically important project. We don't want to lose the vouchers just because it would create a hole in the project that might take a huge effort to figure out how to redo. We really would love it if the Committee would consider this. The State has a substantial No Place Like Home grant in this project as well and half the units are homeless which is why we don't score in the homeless round because we're not 100% homeless. It's a 130 unit project, **inaudible** (42:12) city of San Jose and Santa Clara County. I'm happy to answer any other questions about this project. We'd really appreciate if you would consider adding to this list for this round. We're \$2.229 million shy of being 80% threshold.

Treasurer Ma: So, Linda, when you say in jeopardy of losing these vouchers, is there a due date or deadline?

Linda Mandolini: Yes, September 3rd. If we're not closed by September 3rd, construction closing, they're going to take our vouchers back. If we get allocated, we will just barely make that cut with the timeline. We could come back, it's just a tough one and then, problem is, Santa Clara is maxed out on the vouchers and so they've already taken away vouchers from other projects that they have made commitments to that were not as ready, those projects.

Treasurer Ma: Okay, Mr. Sertich?

Anthony Sertich: Yes, and I appreciate all the arguments, Mr. Velasquez and Ms. Mandolini. My concern is that we did set the rules through the regulations and if we adjust this, there will be losers in the sense that in the next round, there will be less in the Bay Area to go around. While I agree that there's a lot of public benefit that would come out of this project, I also think that the rules, the scoring we set at the Regulations meeting in December, no matter how much we can fix that and make it better, that is the rules that we have to live with for this first round. So with that, I would say that I don't support this appeal.

Treasurer Ma: Thank you. Ms. Miller? Any comments?

Gayle Miller: This is such a tough one. What are our options to use just the outstanding because I know one of the regulations we're supporting today or to give us a little more room? I don't want to fully fund it because I don't want us to dip into the second round, but what if we just did thirty-one out of the thirty-two. I know they would have to find that million somewhere else, but could that be—is there a tweener there for that?

Anthony Sertich: My guess is, with the 50% test, that probably, they probably need the full bond amount to make it the full bond amount that they're requesting to actually make it work.

Linda Mandolini: I don't think we could use the thirty-one. I mean, we could drop our request within the 75% by \$2.239 million. We want to be able to make that work but I don't think we can drop to thirty-one.

Treasurer Ma: Okay. Public comment? Hello?

Caleb Roope: Hi this is Caleb Roope from The Pacific Companies. In dealing with this appeal, with Linda and what she's trying to accomplish, I want to put one other thing in front of you all just so you're aware. Right now, in your regulations, you're considering meeting the possibility of moving the geographic amount around and, maybe check in with Spencer, but one possibility where you might need to table this appeal and then see if you're going to approve those regulation changes which would provide and shift resources to the Bay Area, again, which then would have enough and potentially to fund this. I just caution: everybody has to worry about their projects and regions to get an allocation now. It just opens up a lot of potential for this kind of request to come forward again, but in this particular case, you might have a way through if you indeed intent to adopt the regulations addressed by Staff. That's all I wanted to say just so you have an awareness of an option that's available to you.

Gayle Miller: I mean, I—Madam Chair, I apologize. I think the missing piece in information here and would be really helpful to know is the correlation with the vouchers from HCD. This is sort of where you work so hard and Director Velasquez have worked so hard to get to this coordination where we understand the fuller picture. Because if some of the vouchers are at risk, it may be materially different because of that, and that's where I'm struggling with. And I apologize for that because I just think the staff has done an incredible job. I agree with Mr. Roope and with Ms. Ferguson and Ms. Robles that we have to stay consistent but at the same time, you know, we can't lose out on the vouchers either. So I'm just trying to figure that piece out.

Spencer Walker: That's right. I agree with Caleb. An option would be to table it and consider the appeal at a future date.

Gayle Miller: May I make that motion, Madam Chair? Mr. Velasquez, I can't remember when you said the vouchers expired. Did you say May 3rd?

Gustavo Velasquez: No, based on the information that I have—no, actually, it would be May. Early May, next month. In addition to the award, that is, a couple of the awards are in jeopardy here: one for the end of June and one for the end of July. Very critical situation here in terms of this project.

Kate Ferguson: Can I ask a clarifying question of Mr. Walker?

Treasurer Ma: Yes.

Kate Ferguson: The regulations that are proposed for consideration later during this meeting, those regulations, the way that I read the package, it specifically refers, goes to the next round, so is the recommendation that we would postpone this later in this meeting and modify the recommendation of the regulation changes that they—I mean, that's a slippery slope because this is from this round, the regulations changes are proposed for next round, so from a process perspective, I just want to make sure that that is really an option for us to consider later during this meeting, once we've considered the reg changes.

Spencer Walker: Recommends against that because any changes the Committee makes to the proposed regulations today would have to go out for public comment again.

Treasurer Ma: So you can't—

Spencer Walker: Excuse me. Treasurer?

Treasurer Ma: So Mr. Walker, you cannot go retroactive?

Spencer Walker: No.

Treasurer Ma: Alright, so Board Members, you want to just table it until the end? Let's think about it, okay, and see how the rest of this meeting goes? Is that okay for now? Alright, let's skip over it and go to the next item.

10. Recommendation for Award of Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects

Gina Ferguson: Hello again, this is Gina Ferguson. As was previously summarized, Staff is recommending 46 projects and were qualified private activity bonds in the Qualified Residential Rental Project just over \$1 billion in bonds resulting in more than 4,300 in units being built. These projects have been reviewed by staff. They meet program requirements and your ****inaudible**** (51:49) .

Treasurer Ma: Thank you for the updates on the spreadsheets where we have totals. Right?

Anthony Sertich: Yeah, I really want to thank staff for all the hard work in putting this together. I know there was an enormous amount of applications that came in and for us to get through this process, it seemed a ton

smoother than we had it last year when we had it competitive, so thank you, Gina, thanks to all the CDLAC staff, Sarah sitting there for making this happen and getting through this so smoothly.

Gustavo Velasquez: Madam Chair?

Treasurer Ma: Yes, Mr. Velasquez?

Gustavo Velasquez: I also want to say, big thanks to the staff. When we started analyzing the applications here internally, knowing as you all know about this enormous ****inaudible**** (52:43) of HCD award over \$3 billion, we were very concerned. I think that right now, the allocations look better. Just putting on my HCD hat, we're looking at a little over \$400 million in bond allocation, which is 12% of this enormous bi-plan(? 53:06). Again, it's an improvement, but aside from HCD relationship, I would say, reading some of this project, you can already tell that we're making a difference in terms of the principles and values we led on, going back to what Ms. Miller said at the beginning of the meeting. When reading this project, I think it really comes to light how this connects to those principles. I'm pleased. Again, it's only 12% of HCD but I think we're moving in the right direction. Just really good projects reflected here.

Treasurer Ma: Any other comments? Alright.

Anthony Sertich: Are we ready to approve?

Treasurer Ma: Okay, sure. I was going to open it up to public comment.

Anthony Sertich: Okay, I'll move to approve the Staff recommendations.

Gayle Miller: I'm happy to second, Madam Chair.

Treasurer Ma: Thank you. Okay, public comment? Okay, first Speaker?

Linda Mandolini: Sorry, I'm Linda Mandolini, I was on for the last one, and I'm not speaking on this one. I apologize.

Treasurer Ma: Okay, thank you, Linda. Hello?

Speaker: Yeah, this is Rick ****inaudible**** (54:52). I'm actually in line for a future item. I'll speak in a second.

Treasurer Ma: Okay. Hello, Speaker?

Jim Silverwood: Hi this is Jim Silverwood at Affirm Housing and I have a question for Staff in regards to the All Other allocation. It has to do with everyone knows that if the Committee made a decision to set aside a certain allocation for preservation projects, and it appears that there might be a technicality whereby preservation projects can apply to the All Other projects and that pool has now been reduced to only 2-3% of all total allocation. We don't think it's fair that preservation projects should compete in All Other pool. That's our comment and we'd like Staff to take a look at that for future rounds. That's my comment on that, thank you very much.

Treasurer Ma: Hello, Speaker?

Cherene Sandidge: Yes, hi, good afternoon, Treasurer Ma and the Committee. This is Cherene Sandidge, Chair of Black Developers Forum. We'd just like to thank you and the Committee and most definitely the hardworking staff who put together the BIPOC pool. My question is: I noticed that we have a red deficit and I just wanted to make sure it's clear to the membership and our body that this is money that will be reducing the next round of BIPOC money. I will be speaking on the regulations as well.

Treasurer Ma: Gina, can you explain the remaining column as well?

Gina Ferguson: Yes, that is correct, I can confirm what was said that a deficit in the first round is taken from the second round.

Treasurer Ma: Is that what we decided?

Cherene Sandidge: Great, thank you very much.

Gina Ferguson: ****inaudible**** (57:10)

Treasurer Ma: Alright, anyone public comment?

Treasurer Ma: Alright, we have a motion and a second. Anthony, please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Okay, Staff recommendation has been approved.

11. Recommendation for Adoption of the Qualified Residential Rental Program (QRRP) Minimum Point Threshold for the 2021 Program Year

For the record, this is Nancee Robles. The minimum point threshold for the 2021 program year is a requirement of the CDLAC regulation. So we're proposing what that point minimum proposal should be and for all projects except for the BIPOC projects, we're recommending 105 points minimum point threshold and for BIPOC 80 points.

Anthony Sertich: Move to approve.

Gayle Miller: Second.

Treasurer Ma: We have a motion and a second. Public comment?

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

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Okay, Staff recommendation for minimum point thresholds has been approved.

12. Recommendation for Adjustment of Allocation Round Amounts

Gina Ferguson: This is Gina Ferguson. At the January 15th meeting, the currently adopted 2021 State Ceiling Pools and the Committee also has the authority to reallocate extra means if the circumstances warrant. The

amount of the adjustment is dependent on ****inaudible**** (59:12) as it relates to proposed regulation change for the geographic reapportionments. That will Action Item number 13. The changes to the allocation rounds require Committee approval and Staff is requesting the approval that Executive Director be authorized by the Committee to adjust and update the allocation round chart accordingly depending on any future decision that is made by the Committee to be consistent with those ****inaudible**** (59:39) . Staff recommends providing authority to the Executive Director to amend and update the reapportionments of the 2020 State Ceiling Pools based on the Committee's decisions.

Treasurer Ma: Okay, any questions from Board Members? Or comments?

Anthony Sertich: I move to approve Staff recommendations.

Gayle Miller: I'll second.

Treasurer Ma: We have a motion and a second. Public comment? Okay, seeing none. Anthony? Please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Alright, Staff recommendation has been approved.

13. Recommendation for Changes to the Regulations

Gina Ferguson: So Isaac Clark will be presenting.

Isaac Clark: Good afternoon, Treasurer Ma, the Committee, and all people that are on the line. My name is Isaac Clark III, I am the Compliance Analyst for CDLAC. As CDLAC has presented to you a series of regulation changes today, many of those changes are technical in nature and provide an improved clarity to the application process. The most significant changes in what we submitted today to the Tie Breaker and how it's calculated which represents a more equitable and level playing field for all applications in the State of California. The hardworking Staff of CDLAC recommends the approval of the regulations.

Treasurer Ma: Alright, thank you. Board Members? Any questions or comments? Before I turn it over to public comment? Mr. Sertich?

Anthony Sertich: Yes, I want to thank Staff for putting this all together. I have a couple concerns about process more than the outcome. I think the policy, including increasing the Bay Area allocation is good. I also think that the changes to the Tie Breaker is headed in the right direction. However, I am concerned about all the technical cleanups that we have and I think that we need to make sure that we start reg process earlier this year so we can catch those before we finalize the regs. Also while I'm supportive from a policy standpoint, I am concerned from a process standpoint that we're changing these allocations in the middle of the year. Anytime we're giving someone money, we're taking it away from someone else and we are sort of changing the rules. I do want to hear public comment on that and see where people fall out because I have some concerns. The one other substantive change that I have some concerns about is the change to the ways that the funds will roll over the cap in each pool every period so that we can skip large projects and fund smaller projects, lower scoring smaller projects. I worry that this will incentivize smaller projects over larger projects which is the opposite of a lot of the policies we've taken in the past and larger projects may never get to be funded because the money isn't rolling over and increasing in the next round. So I have some concerns about that skipping provision in the reg changes and I'd like to hear public comment on that as well.

Treasurer Ma: Okay, why don't we turn to public comment? Mark, want to go first?

Mark Stivers: Sure. Mark Stivers of California Housing Partnerships. The Committee last time spent a lot of time working on the regulations and we are very thankful that you all have decided to take a step back and evaluate the performance of those regulations in the first round and make some of what we think are very helpful adjustments. We're here to support the Staff recommended changes.

We would also urge the Committee to consider two additional points at the earliest possible times: one, we do think that the Committee should look at grant and leverage points recycled bonds. The data is showing that those projects that use recycled bonds are not requesting any last percentage of bonds in any other projects which was the rationale for giving them points. On the other hand, the projects that are using the recycled bonds have an average AMI of 15% higher than the project for that recycled bond. We're getting less public benefit there without any off setting public rationale.

The second item is depending on how the state budget works out this year. We have that whole queue of HCD projects. They're needing bonds and tax credits and we're just very hopeful that if it's not addressed in the budget that we can find a way to make sure we get more of the HCD projects in the queue. Thank you for your consideration and again, we're very thankful that you took the step back and made some much needed adjustments. We very much appreciate it, thank you.

Treasurer Ma: Thank you, Mark. Okay, other public comments? Okay, first speaker?

Jim Silverwood: Hi, Jim Silverwood from Affirm Housing. I think it's a little premature for the Committee to make adjustments to the allocation. I understand it's only 4% of the total allocation but our position is that we should at least have a second round and at that time take a look again and see if the Bay Area community are in fact negatively impacted. Thank you for your consideration.

Treasurer Ma: Thank you. Next speaker? Hello, Speaker?

Ener Chiu: Hi, this is Ener Chiu from East Bay Asian Local Development Corporation or EBALDC in Oakland. I want to thank the Committee for the changes so far, specifically, increasing the Bay Area regional bond allocation to 21% and with the adjustments to the tie-breaker. Even with those changes, we really want to push the Committee to go further in 2021 to attract the Bay Area's affordable housing needs. We really agree strongly with the point by the State Legislature Caucus and the Mayor San Jose Oakland and San Francisco and we're asking for the Committee to make two specific changes.

First, we're asking that CDLAC prioritize affordable housing projects that all that receive funding from HCD and that can start construction in the year. One of our projects in the last application pool was in West Oakland and less than half a mile from downtown which would deliver 59 units of housing, half of which were for homeless folks at 15% AMI and half of which would provide working families that are 70% AMI. We had money committed from the City, County, the Housing Authority and also from state HCD but is now on hold because of changes to CDLAC's scoring methodology.

Our second ask was to ensure that California's urban neighborhood can still build new affordable homes. We really want a more nuanced approach to affirmatively further housing that doesn't redline urban neighborhoods. For instance, that same West Oakland project was located less than half a mile from downtown Oakland and Oakland has experienced one of the highest rates of job growth California in the last five years prior to COVID so it's weird that we would label a low-opportunity area just because we have a lot of people of

color in the community. The current ASFH ****inaudible**** (1:07:17) methodology really excludes gentrifying neighborhoods like the ones that we're talking about. So thank you so much for the changes you have made so far and we're looking forward to working together to really further those changes in 2021. Thank you.

Treasurer Ma: Thank you. Next Speaker, hello?

Colin Miller: Good afternoon, this is Colin Miller from the San Diego Housing Commission. I was calling in regards to the geographic reapportionment and our CEO, Richard Gentry sent a letter to CDLAC on April 14th and it includes all of our comments and a few key points for your consideration. We would ask that CDLAC scoring awards local actions taken towards cost containment. We believe that more resources should not be directed to ****inaudible**** (1:08:08) geographic regions simply because they have higher costs. San Diego is a high cost area. It has no leader in adopting cost measures for the production of affordable housing. Some of these includes streamlining processes, providing more prior approvals, decreasing parking requirements, eliminating development impact fees for affordable housing, and providing incentives for higher density development. The City of San Diego and Housing Authority remain committed to reducing the total development cost per unit and we would ask that the Committee take that into consideration when approving these changes. Thank you.

Treasurer Ma: Thank you. Next Speaker?

Speaker: Hi this is Raya Shaw from PMBC. I would like to thank the Committee Members for making the changes that have been proposed specifically to the Bay Area regional bond allocation to 21%. Even with these welcomed changes, we really need to go further in 2021 and address the Bay Area's affordable housing needs. I would just like to point out that the latter item includes major cities, San Jose, Oakland and San Francisco. We would really like to echo the comments in there. I think it's really important that affordable housing involvements that obviously receive funding from the State Department of Housing and Community Development be boosted here and be given an extra point if possible and we would also like to ensure that gentrifying neighborhoods can still build affordable homes because that is where the highest need is. And I would echo the EBALDC comment that CDLAC take on a more nuanced approach to affirmatively furthering fair housing and not shut out the gentrifying community from having involvement. One of our projects have been stalled because we've benefited from exchanges ****inaudible**** (1:10:02) in San Francisco and would provide housing for 17 units for exchanging low income individual 15% set aside for homeless individuals as well. There's several projects with it which are in our pipeline within the City of San Francisco which are severely disadvantaged with the current regulations, but I would really like to work with CDLAC on making these critical changes. Thank you again for all your time and for taking a step back and looking at the policy changes one more time and we look forward to working with you.

Treasurer Ma: Thank you. Next Speaker?

Rick Gosalvez: Hi, my name is Rick Gosalvez with Silicon Valley At Home. We're the voice of affordable housing in Santa Clara County. I too will echo a lot of the comments that were made already and I'd like to start by thanking the Committee for the proposed changes to increase the Bay Area's regional bond allocation to 21%. We certainly think that, that will help out as well as with the changes to the Tie-Breaker. With these changes, we still strongly urge the Committee to further address the Bay Area's affordable housing aid. We agree with the points that were raised by the Bay Area State Legislature Caucus, the Mayors of San Jose, Oakland, and San Francisco, specifically with the point asking for CDLAC to commit to developing a benefits based tiebreaker. To go a little bit further and in line with 425 Auzarais which is fantastic project just in my neighborhood, we believe and recognize awarding local affordable housing funding and funding consideration

will help shovel ready projects like 425 Auzarais, the County Station, Dupont family Apartments proceed to bring 610 new homes and very needed services to San Jose's community a lot of which include the homeless community. So as you know, there is significant housing shortages in Santa Clara County and these are critically needed changes to help make a dent in California's housing crisis. Right now, when I fly into San Jose, I look down and I see a growing homeless encampment and these people that live there really do need a helping hand. A project like 425 Auzarais is trying to do just that. So I thank you for your time and I appreciate your support and I look forward to helping you guys tackle the homeless problem.

Treasurer Ma: Thank you. Next Speaker?

Alan Greenlee: Hello, this is Alan Greenlee Executive Director of the Southern California Association of Non Profit Housing. We are a regional organization that represents affordable housing developers involved in affordable housing developments and operations in the Southern California counties of Ventura, Los Angeles, Riverside, Orange, and San Bernardino. While I express my appreciation of the Committee for its terrific work to make the CDLAC system work in these extraordinary times for competitive applications, on behalf of our members in the region, we want to express our concerns about the proposals to reallocate geographic reapportionments by cutting the amounts to the regions that include the five counties that we represent, specifically the 1% percent cuts reapportionments to the coastal regions impacts in Ventura and Orange, the inland region impacts to San Bernardino and Riverside and to all Los Angeles City and Los Angeles County apportionments of 1% each. Either of these represent regions of the State that need affordable and while we certainly don't diminish the needs and the details associated with the Bay Area deals, we do think that under addressing the palpable one-time issue of the awards of the Bay Area, the proposal misses what should be the policy of the State which is to allocate its limited resources to areas of the status with the most need. We believe the proposal is inconsistent with long-standing TCAC policies that will determine regional allocations based on needs. The thinking system, whether proposed by the statewide working group—CDLAC/TCAC working group's recommendations. Once again, thank you so much for the Committee for good work and we appreciate the opportunity share our perspective.

Treasurer Ma: Thank you. Next Speaker? Hello?

Stephen Russell: Hello. Good afternoon, Madam Chair, Members of the Committee. My name is Stephen Russell, I'm the President and CEO of the San Diego Housing Federation. On behalf of our members, I want to echo the process concerns that were identified by Tony Sertich, especially with regards to the geographic allocation. We would like to ask the CDLAC Committee to reject the proposed changes at this time especially with regards to the geographic allocation and the tiebreaker. We understand CDLAC/TCAC working group was not consulted on these proposed changes. The program as it stands right now fell through very extensive, deliberate process. So we would ask you let these exhaustively reviewed regulations play out this year. Even as we echo the comments made by others about the dynamic tension between affirmatively fair housing and our gentrifying urban communities, these are things that take some time and deliberation to make exchanges so we ask you to take that pause and appropriate public process to proposing these changes and I thank you for your consideration today.

Treasurer Ma: Thank you. Next Speaker? Hello?

Pedro Galvao: Hi, good afternoon. Hi, good afternoon, Madam Treasurer, Members of the Committee. My name is Pedro Galvao and I'm the Policy Director at the Nonprofit Housing Association of Northern California. As others have said, I want to thank you for the work that you have done and for the changes that you are proposing, specifically to increase the Bay Area's regional bond allocation to 21% and to the adjustment to the tie breaker. We do recognize the fact that our region has the highest construction cost across the state. Even

with these welcomed changes, because our region has the highest construction cost across the state and in accordance with the options that were set forth by the CDLAC working group, we request that the Bay Area allocation be increased to 24% because we believe that, that is what will allow our region to build affordable housing proportionate to a population size and construction cost. We also want to ensure that the investment that the State has already made through funding projects all across the State with HCD, that those projects be given an additional point. There are 140 stalled HCD homeless projects all across California. 33 of them are located in the Bay Area. They are typically targeting the deepest affordable needs and we think that they ought to move forward as quickly as possible. So we urge you to consider adding an additional point to those projects as well. I also want to say that we are strongly aligned with the Mayors of San Francisco, Oakland, and San Jose as well as the Bay Area State Legislature Caucus which sent in a letter sharing these concerns as well. Thank you so much for your consideration and thank you for the proposed changes you have made so far. Looking forward to working along with you.

Treasurer Ma: Thank you. Next Speaker? Hello?

Adrian Granda: Hi this is Adrian Granda, Director of Government Affairs for the City of San Diego on behalf of Office of Mayor Todd Gloria. Unfortunately, I'm calling you today to urge the opposition to this item—particularly because of the issues of Mr. Miller from San Diego Housing Commission and Mr. Russel from Housing San Diego Federation regarding geographic apportionments. I think we can all agree our State really needs to take the housing crisis head on but if it's a zero sum game on resources who would have a lot of heart burn around issues which may be fresh resources available for our developers here and the San Diego region. So I really urge you to please not move that action forward today and rather engage with us and other active parties so we can better understand the rationale for the change and have a broader discussion about how we can have all regions needs to be identified for California. Thank you very much for your consideration.

Treasurer Ma: Thank you. Next speaker. Hello, Speaker?

Speaker: Hello, Madam Treasurer, Members of the Committee. Can you hear me?

Treasurer Ma: Yes, we can.

Debbie Chen: Great. Thank you for time. This is Debbie Chen with Little Tokyo Service Center. We're a Community Development Corporation in Los Angeles. I have two questions today on the regulation changes. The first concerns the 100% homeless priority for homeless set aside and the second was the HCD scoring. Last time Little Tokyo submitted a CDLAC/TCAC joint application for Santa Monica and Vermont Apartments, this is a large-scale 187 unit, 100% deeply affordable project with 94 Section 8 project-based voucher provides permanent supportive housing for homeless households. To respond to an earlier question, yes, the changes to the statewide basis dealt amongst other things to penalize and disincentivize large projects like ours that need bond allocation. This project is a generational opportunity to co-locate housing, transit—it's on top of a metro station, jobs, economic development, healthcare, and other services and amenities all on site. It's also scaled to address the urgent and escalating homeless crisis in the City of Los Angeles as well as the neighborhood that we represent which has not seen the scale of community and economic development or reassessment for all these years. Last round, regardless of the tie breaker going several projects, far fewer were ranked and awarded ahead of ours because of TCAC/CDLAC policy prioritizing 100% homeless projects in the homeless set aside pool. Our project does provide nearly 200 units and for that reason, it's 50% homeless so we also easily provide double and triple number of homeless units compared to any one of the homeless priority projects that were vaulted ahead of us. So my question is: would CDLAC consider prioritizing projects with fewer homeless projects in order to help address the scale and urgency of the statewide homelessness crisis for which Los Angeles shares a disproportionate burden?

The other thing I'll quickly say is, I would support CDLAC/TCAC considering adding an extra point to the scoring HCD projects in order to move forward the many-ready shovel-ready State of California HCD projects that will otherwise sit on the sideline and accumulate hundreds of thousands in holdings costs. Thank you.

Treasurer Ma: Thank you. Next speaker. Hello?

Rachel Horst: Hi, good afternoon, my name is Rachel Horst and I'm with the City of East Palo Alto here with the San Mateo County in the Bay Area. As many have said, I really appreciate the proposed changes to the regulations to increase the bond allocations in the Bay Area to 21% and to make the adjustments to the Tie Breaker, so thank you for that consideration. I just want to share thoughts from the City of East Palo Alto, a small city that's incredibly low on resources but are strongly committed to building affordable housing to work alongside our development partners. We put all of our available resources to make this project happen. Just as an example, we have multiple projects in the pipeline, including one long awaited project, bringing over 120 affordable homes to the city. But given the current conditions and the existing tie breaker, and we acknowledge those, are unlikely to compete in the system and that means no projects. So we really appreciate the efforts but I also want to echo those earlier comments, especially some of the Bay Area cities and suggestions of furthering the tie breaker for 2021 and considering increasing the Bay Area allocation to 24% because we want projects here in our city. We are also experiencing white gentrification in an area where historically low income in the Bay Area, so we encourage CDLAC to work with us to help make our project happen. Thank you.

Treasurer Ma: Thank you. Next speaker. Hello?

Speaker: Hello, this is ****inaudible**** (1:23:31) from the Housing Leadership Council of San Mateo County. We work with communities and their leaders to create and conserve affordable homes. I want to echo everything the previous caller from East Palo Alto said and say thanks for the changes to the regulations but we also support the increased amount of resources to the Bay Area and also to amend the tie breaker. Thank you for the opportunity to comment.

Treasurer Ma: Thank you. Next speaker. Hello?

Rochelle Mills: Hi, this is Rochelle Mills from Innovative Housing Opportunities. I've got two points. Number one, I also want to agree with what Little Tokyo Service Center said about prioritizing 100% homeless projects. A lot of the projects that we are doing have large numbers. The projects that I will be bringing onto the pipeline have 160 units. More than half of the units will be homeless, but I am concerned by something that Mark Stivers said about disincentivizing projects that add another 15% higher AMI. The reason is because we are starting to be inundated with phone calls and requests from our communities that are concerned that we are programming out the middle class. By incentivizing solely 100% homeless projects, we're making it difficult if not impossible for elders to want to downsize or young people who have gone to college and want to come back to have a place in their community because they are, by definition, over income for the units that we are providing. I think it's really important that when we look at the totality of the projects that are coming online, we look at the number of homeless units but the opportunity for us to uplift the community and attract and retain people who are already neighbors there.

The second thing I wanted to talk about, and I don't know if this is the appropriate time, but since we're talking about addressing some of the regulation changes, I'd like to be able to discuss the BIPOC set aside and how that is being implemented. Is this the right time, or should bring that up later?

Treasurer Ma: Now is good.

Rochelle Mills: Okay. So then, there's a couple things that I'm concerned about. When we advocated for a set aside, the goal was to incentivize or provide opportunities for BIPOC developers to be able to compete and be considered in this round. My understanding was that the goal that we were looking at is to increase the number of projects that were being delivered by the boots-on-the-ground BIPOC developers. What I am seeing that we are giving the entire set aside to a single developer which does not allow for that. I'm not arguing that it is not appropriate or that, that's the wrong thing to do in this round, I just want that to be reconsidered in future rounds. I think that we should be able to offer multiple projects and opportunities to benefit and share that wealth. That is what I was advocating for, is that more dollars get distributed in communities.. When I look and see that \$40 million went and we've got projects that might have a \$5 million gap, I see that we could have brought on eight projects, rather than one. I'm also concerned about having a diversity of projects that compete so that we don't have—I'm just not sure how we came up with or if this is the best use of that BIPOC set aside, define one project that could have competed especially in a general pool. My understanding and our advocacy efforts is that we were supposed to be trying to give an opportunity for projects that did not compete well in the pool. Their tiebreaker scores, the project description, would have competed well in the general pool and I feel like that was money that could have been used for other projects. So I just would like you to revisit how that money is being allocated. I'd love to offer that the Black Developers Forum and other organizations that have an ethnically diverse body could help you tweak how those dollars are being defined in future projects in future rounds. Thanks.

Treasurer Ma: Thank you. Thank you, Rochelle. Next speaker. Hello?

Katherine Van Horn: Hi there, my name is Katherine Van Horn Senior Legislative Assistant for Assemblymember Phil Ting, who represents assembly district 19 West San Francisco. He's also the Chair of the Bay Area Caucus and I'm calling on his behalf in accordance to numerous comments already shared. Amr. Ting is hoping to comment on item 12 and 13 and is asking that the Committee increase the Bay Area's regional bond allocation to 24% to achieve more clarity between the Bay Area and other regions of the State, in terms of Committee resources. He's also asking to prioritize projects with committed funding to the Department of Housing and Community Development as those are facing waits for up to three years to commence construction. We want to ensure that gentrifying neighborhoods can still build affordable homes and that local affordable housing funding be recognized and awarded by the State and not penalized. Thank you so much for your time and consideration today on behalf of Amr. Phil Ting. Thank you.

Treasurer Ma: Thank you. Next Speaker? Hello?

Claudia Monterrosa: Hello. Good afternoon. My name is Claudia Monterrosa and I am the Chief Housing Officer for Mayor Garcetti's Office City Homeless Initiative. Thank you for the opportunity to provide public comment on this item. The City of Los Angeles is very concerned with the recently proposed reallocation changes outlined in Section 5022, changing the existing geographic apportionment ****inaudible**** (01:31:05) guidelines. That change would decrease allocation from 18% to 17%. The City of Los Angeles and the County of Los Angeles have a greater overall population and a greater population of people experiencing homelessness than any area in our State. Further, our city has a greater proportion of people experiencing deep rent cost burdens, equated 57% of our renters that are cost burden and nearly 32% are severely cost burden. This is on top of a population that is nearly 4 million people. Decreasing the allocation of credits and bonds available to Los Angeles will have a direct negative impact on our ability to provide homes to our vulnerable. In this time, our foremost need is an intervention to create permanent housing and more affordable housing and for residents in need and try ****inaudible**** (1:31:58) for homeless individuals, it is untimely. Further, given the lack of data as a result of our inability to conduct a point-in-time count back year, and the COVID pandemic, any decisions now on this item will be nil after more current data on point-in-time. Furthermore, the City of Los

Angeles itself will need to address the reallocation for the City of Los Angeles ****inaudible**** (1:32:21) allocation which is over 455 units over the next eight years. Given this context and the extreme need in our City, we would like to have a better understanding of how these specific recommendations were arrived and we would appreciate the opportunity to address our concerns before any recommendations are for the reallocation of the apportionment for the City of Los Angeles. We look forward to having the discussion with you and Staff. Thank you very much.

Treasurer Ma: Thank you. Next speaker please? Hello?

Daniel Huynh: Good afternoon, Madam Chair and Members of the Committee. Hi, my name is Daniel Huynh. I'm the Assistant General Manager of the City of Los Angeles, Housing and Community Development Department. I want to comment on the proposed geographic allocation change. CDLAC has made major changes to the regulations after a year-long process in January 2021 when we feel it is prudent to wait. The geographic allocation were fairly deliberated, decided upon by statewide taskforce. The CDLAC geographic allocation formula was tied to a time needs based on income and poverty level and it was similar to TCAC's geographic allocation formula. We recommend to the Committee to explore any allocation next year. Thank you for your consideration.

Treasurer Ma: Thank you. Next speaker. Hello?

Speaker: Hi Madam Treasurer. It's ****inaudible**** (1:34:15) Housing and Homelessness from the City of San Jose, Mayor Sam Liccardo. Thank you for the proposed changes there are upcoming forward increasing the Bay Area allocation to 21%. Working for our public leader right now are hard making decisions and priorities. There are, however, ****inaudible**** (1:34:31) no projects in San Jose, San Francisco, and Oakland, the major cities in the Bay Area were not awarded. Mayor Liccardo, Mayor Schaaf and I believe you have our letter that have submitted earlier this month. ****inaudible**** (1:32:45) with four projects totaling more than 500 affordable and homeless housing units, and we have another three projects with 300 units anticipated to apply in future rounds. In total, the Bay Area major cities has 16 total projects that were not awarded, totaling 1600 units. We support increasing the allocation to 24% for the Bay Area to align with the project demand which was 29% of applications in this round. We also join in with the efforts to also recommend that with the tie breaker be increased to the 50% cap to recognize the high cost the Bay Area high costs are from, from the economic growth, the job generator that our Bay Area contributes to our State set aside. Committee to support the recommendation proposals to prioritize shovel-ready HCD projects ****inaudible**** (1:35:40) . Lastly, I also want to mention that we are actively engaging in federal advocacy to widen the pie and to increase the bar and cap of the infrastructure build and many on this call are already doing that and we invite all others to join in on this federal advocacy. Our cities are definitely moving forward in affordable housing and homeless housing projects and we can't afford to miss out on another round. Apologies I have kept earlier for the previous two items ****inaudible**** (1:36:07) which Mayor Liccardo and the council and the City strongly support. We support the comments made by ****inaudible**** (1:36:24) earlier in this call and HCD Director, that this project has more than \$18 million from No Place Like Home and IID program. This project is in the area of Downtown Station area which will be the largest multi-modal of and high-speed rail connect for downtown and where Google has one of the largest mixed-use transit-oriented projects in our downtown. We shared the very real concerns of how we sought after project-based vouchers that are at risk for this project. We thank you for your consideration and hope that we can partner together form moving affordable and homeless housing forward. Thank you.

Treasurer Ma: Thank you. Next Speaker?

Paul Patierno: Yes, hi, this is Paul Patierno with Highland Property Development. I wanted to echo an earlier comment made by Jim Silverwood of Affirm Housing and that is that the preservation projects must apply in the preservation pool and not the permitted to apply in the other affordable pool. Jim and I are each members of the working group and I believe this is unintended for our regulations. It's a very simple fix to regulations 5230B. I'd be happy to discuss with Staff. Thank you.

Treasurer Ma: Okay. Next Speaker? Thank you. Hello?

Regina Celestine Williams: Hello. Hi, good afternoon, everyone. My name is Regina Celestine Williams and I'm the Director of Housing Development at First Community Housing. We are a nonprofit, affordable housing developer in San Jose and we work to build sustainable communities in the Silicon Valley. I just want to thank everyone on the Committee for considering these changes that the Staff has proposed, in particular, increasing the allocation to 21% for the Bay Area and while these changes are great, especially the adjustments to the Tie Breaker as well, which takes into account the additional cost of building in the Bay Area. I want to emphasize that there needs to be more done.

In particular, I want to advocate for an additional point for projects that have HCD funding that have applied for those competitive state funds and also really investigating the tie breaker further. Make sure that we take into account the benefits of projects that are being built in low income communities. It's challenging, especially the goal and the charge of affirmatively furthering fair housing but I want to emphasize that prioritizing funds for high opportunity areas is similar to programs that we've seen in the past that have disincentivize investing in low-income communities. One of our projects that did not get funded in the last round, which had a commitment of HCD funding from the ****inaudible**** (1:40:15) Program because of its location near high quality transit, it's location in downtown San Jose, walking distance to San Jose State, its serving the population that 100% affordable with 50% percent if they need it for folks who have previously experienced homelessness and another 25% of the units for transitioning and another 25% for those who may have intellectual developments and disabilities did not get funded and is well outside of the funding range because of the tie breaker and the limit to really taking into consideration the benefits of the housing versus where the geographical of where the project is located is very challenging for me as a Black woman to see whole geographical areas be labeled low-resource opportunity areas and know that just looking into invest in communities of color is a challenge through affordable housing because of the new scoring in TCAC and CDLAC and so I really wanted ask the Committee to consider what this modern day redlining really is doing for the ability for us to invest in low-income communities and communities of color. Thank you.

Treasurer Ma: Thank you. Next Speaker, please? Hello?

Joanna Ladd: Hi, I'm Joanna Ladd, the Associate Director at Chinatown Community Development Center in San Francisco. I wanted again, like many others to thank the Committee for the proposal to increase the Bay Area bond allocation to 21% and the adjustments to the tie breaker. Again, like many others, I would like to advocate for increasing the amount of bond resources going to the Bay Area to 24%.

I'm sensitive to the comments made by someone who called from San Diego about San Diego's efforts to decrease the cost of housing. San Francisco has made all those exact same changes that were ****inaudible**** (1:42:58) requirements. We made major streamlining efforts and as other callers have mentioned, the Bay Area's high costs have a lot to do with extreme high opportunity and high cost living here for construction workers and many others. So it's not due to lack of great effort on the part of the government to streamline affordable housing. Then I also want to echo from Regina Williams of First Community Housing. It's really devastating as a developer that is based in a community of color to see the regulations prioritize investments outside community of color. Communities of colors do need affordable housing investment. We

would like to continue to partner with the community to make critically needed changes to the regulations to ensure that communities of color are not shut out of the State's investment of affordable housing.

And then I just wanted to mention our projects, the ****inaudible**** (1:44:17) was not funded at the end of the last year, due to the size of the affordable pool as well as these changes. There's no path forward that project. We are essentially recreating the disinvestment that plagues public housing if we do not find a way for projects with critical life safety repairs that's there in exchange for low-income households to be funded through CDLAC. I appreciate the many competing priorities and I hope that its concerns could be heard through this process. Thank you very much for your work.

Treasurer Ma: Thank you. Next Speaker? Hello?

Speaker: Hello, my name is ****inaudible**** (1:45:12) I'm speaking on behalf of Destination: Home of Silicon Valley. Thank you. I want to add my thanks to the Committee Members for hearing our concerns, specifically from the Bay Area. This challenges the changes that are upcoming rounds of funding, increasing the Bay Area's regional bond allocation and tie breaker adjustments. As you heard here today, I do want to echo the desire and the need to go further to practically address the Bay Area's homelessness and housing crisis. We also want to recite the Bay Area's State Legislative Caucus and the Mayors, the City's representatives in our region and are specifically asking CDLAC to increase the bond allocation resource to the Bay Area to 24% so our region can build as many affordable homes as the other parts of the State proportionate to our population size and construction up here. We also ask and you recognize local affordable housing funding consideration by eliminating the leveraging advantage for recycled bonds, for projects in San Jose are old and others throughout Santa Clara County which are leveraging local and affordable housing bonds are at risk at a time we should be doubling down on our efforts to build these desperately needed homes. Thank you very much, we look forward to working with you as you continue to work on these critically needed changes.

Treasurer Ma: Thank you. Next Speaker. Hello?

Lydia Eli: Good afternoon, this is Lydia Eli. I'm the Deputy Director for Housing for the San Francisco Mayor's Office of Housing and Community Development. I want to thank you all again, and I know I'm probably the tenth person to do so. Thank you for being responsive and while the regs were developed in good faith through an iterative process, they have indeed dissolved in an inexplicable outcome across the state, and specifically as many have pointed out, in the high cost Bay Area cities. So I thank you for acknowledging that and taking great action to address it. Like many others on the call were calling to support the increase of the regional allocation, we appreciate the increase to 21%. We feel that 24% is more appropriate. We also support a benefits based tie breaker. We find that its critical to the success of our projects which are in the highest construction cost market in the world.

While we support cost containment, I think it's this concept that if you're not containing cost to the degree that the smaller California communities are doing, you're not trying. Well, we have implemented a number of containment measures and it is in our interest to do so, and is for the voters who supported our last \$600 million housing bond, but at the end of the day, our construction costs remain the highest in the state and all the cost containment in the world is not going to change that. So, the benefits based tie breaker will help address that problem for us. Lastly, again, supporting other folks on the call, who are calling for greater alignments between your sisters agency, HCD and CDLAC, recognizing that this other part of the state make multimillion dollar investments in our projects that they can't under CDLAC. So really hoping to align those two funding entities and set the goals. Again, thank you again for pivoting under the short timeline and under duress to make the changes that you suggested today. We do urge a further and more aggressive and more equitable approach. Thank you.

Treasurer Ma: Okay, thank you. Next Speaker. Hello?

Leslie Rodriguez: Hi, yes, good afternoon, Treasurer and Members of the Committee. This is Leslie Rodriguez. I'm calling on behalf of ****inaudible**** (1:49:49) Silicon Valley. Our CEO, ****inaudible**** (1:49:52) submitted a letter yesterday and in keeping with that letter and also many comments made by our colleagues in the Bay Area appreciate that you are looking at the right regulations again and to reiterate the geographic allocation and consideration of the benefits based tie breaker are both very important to our projects. Furthermore, the alignment with HCD funding priority is absolutely tantamount as well. Just to give a quick example, we have a project in the Silicon Valley, Bell Street Gardens in the City of Fremont, it would be funding bond approved funding from ****inaudible**** (1:50:41) in addition to a \$20 million investment of state and ****inaudible**** (1:50:46) funding, but because we're not able to secure funding through CDLAC, it's drawing out the project which is ready to go right now and adding to the already very expensive construction cost that makes it an even more difficult build. We very much appreciate your consideration and understand that you're balancing the whole needs across the State, but seeing that the Bay Area was completely shut out of funding this round, I think that is the question of how to make the allocation more accessible, so thanks in advance for your consideration and we are ready to work with you if needed. Thank you.

Treasurer Ma: Thank you, Leslie. Next Speaker? Hello?

Eloisa Murrillo-Garcia: Hi, good afternoon, Madam Treasurer, Members of the Committee. My name is Eloisa Murrillo-Garcia and I am with the County of Santa Clara Office of Supportive Housing. I'd like to thank Committee Members for the changes that they have proposed and echoing what others have already said, specifically, increasing the Bay Area's regional allocation bond allocation to 21% and for the adjustment for the tie breaker. Santa Clara County ****inaudible**** (1:52:11) committed to ending homelessness. In 2016, voter approved a \$950 million affordable housing bond that will create an estimated 4,800 affordable housing opportunities for our county. Developers, local government, local advocates and organizations have successfully collaborated and leveraged local resources like Measure A, tax credits and bond allocation to build affordable and supportive housing projects online. Today, these partnerships and combined resources have a lot of work but they have put 34 developments with over 3,500 new and renovated housing in 7 different cities across the county. Unfortunately, as some of these projects did not secure bond allocation, many of these affordable housing will not be able to be developed. The County's April 23rd comment went out to the Committee echoes many of the comments you've already heard here today and although we continue to advocate for all of the changes in the apportionment of the current 17% to 24%, I know that by being state-wide basis don't count in the tie breaker at 15% of the downward adjusted would enable projects that our Counties to be competitive for bond allocation and leverage local. The County of Santa Clara thanks you for considering our comments and we look forward to working with CDLAC on these changes. Thank you for your time.

Treasurer Ma: Okay, thank you. Next Speaker. Hello?

William Leach: Hello, Madam Treasurer, Members of the Committee. My name is William Leach, President and Founder of Kingdom Development, Nonprofit Affordable Housing and Financial Advisor. I want to, number 1, express concerns about the process, making mid-year changes to the tie-breaker, to the allocation percentages is somewhat unprecedented and is really hard for developers to react to in the cycle. If you adopt changes today and they need to decide how to change their application that are due in two weeks, it is extremely difficult for consistency to start making mid-year changes. The other reason I'd like to point out that having a reallocation of the resources. I don't think that that's the right answer. If the presented problem is Bay Area projects are more costly and therefore did poor in the competition, I think the more appropriate thing to look at is, how to do we improve the tie breaker overall? I know there has been tons of wonderful work done last year on the tie breaker and even excitement and commitment about making it even better this year for the future.

Folks before me have used the terms benefits-based tie breaker. I want to echo my support for that concept. The current tie breaker has an extreme emphasis on bond allocation. While I'm a huge fan of efficiency measurements, bond allocation need not be the most premiere component of efficiency measurements where the benefits of the project can take a larger role in the tie breaker. I believe that will solve the problem.

The benefits based tie breaker concept—I would really like to advocate that we do not have bonus points for high opportunity areas and that we do not have bonus points for HCD projects, even though I believe that HCD projects need to get through the pipeline. What I believe the tie-breaker should do is give small advantages to those characteristics inside of the tie-breaker. The high-opportunity areas getting a 20% increase, the 50% homeless getting a certain percentage increase in the tie breaker, those are wonderful tweaks to someone's score that show the benefit that's being achieved and have it not be an overarching point, or overarching priority, but rather it shows the benefits in the score. I believe we really have to do that more than bonus points. I do see the problem with HCD projects and I do think they should get someone advantages in some way because HCD selected them because they are doing some ancillary public benefit that they value: is it reaching deep poverty—high quantities of 30 AMI units? Is it transit-oriented development or insular infrastructure? OR veterans? Or homeless? HCD is showing you that there was a public benefit there that should reflect in the tie breaker. So I'm a huge supporter of that. I know the Controller's Office has put in a ton of work and I know lots of people are focused on that benefits tie breaker. I just want to offer my support for that idea as we work towards the future.

Lastly, I would like to share my idea. Rochelle Mills mentioned the BIPOC set aside potentially not doing the most good that it could be doing and I want to float this idea at you. Instead of the BIPOC set aside being a set aside in and of itself to fully fund a project or two, what if the BIPOC applicant receive the tie-breaker benefit—let's pretend they receive the 20% tie breaker benefit and gave them a better chance of success to win but if they were awarded, 20% of their bond allocation would be taken from the BIPOC supplemental pool. So it's not a pool in itself where people compete for that one project, but rather you know the benefits to society, that we're increasing equity amongst our developers of color and that benefit be calculated in the tie breaker and then when that developer wins because of that benefit, it gets deducted from the BIPOC supplement. That way you might incentivize five or six BIPOC projects that get awarded not because they competed in that pool, but because they got a little bit of an advantage for identifying the public benefit that came with increased equity. Just an idea, but thank you for listening to my comments.

Treasurer Ma: Okay, thank you. Next Speaker. Hello?

Speaker: Hello. This is ****inaudible**** (1:59:01) San Diego, San Manuel. Hello, Members of the Committee. Thank you for your efforts in keeping the balance of the affordable housing against the scarce and limited resources. The reallocation of the regional pool before you is a process that does not embrace and respect all the work that was done in the yearlong process of regulatory changes that engage the working group, community groups, constituent input. This is not the way we should regulate by lobbying. If that's the case, then we might as well allocate 24% to the Bay Area. If this is not about the Bay Area, it's about the process. I advocate that we table this matter until next year because you let this out of the bottle or that we just noticed regulatory changes now and start the process over. Thank you.

Treasurer Ma: Thank you. Next Speaker. Hello?

Rachel Vander Veen: Hello this is Rachel Vander Veen and I'm the Deputy Director of the San Jose Housing Department. I just want to echo the comments of many of the callers today. I want to extend my thanks for increasing the Bay Area set aside to 21% but at the same time, we just need to do more. We need to find ways

to make a path forward for our shovel- ready projects. San Jose has four shovel-ready projects just sitting, waiting to get started and this is a serious challenge when, in our region, and also here specifically in San Jose, we are completely united on the goal of creating affordable housing in our community. We have political leadership, nonprofit leadership, developers, county and city housing authorities. Everyone is on board and aligned and ready to go in order to meet a great need. Our community needs this affordable housing and we want to work with you to find a way to make this happen here in this area, which is just growing in desperate need for this housing. Again, we thank you for listening, but we also look forward to working with you to find solution to make this housing happen. Thank you.

Treasurer Ma: Thank you. Next Speaker. Hello?

Carolyn Bookhart: Hi, good afternoon, thank you for the opportunity to comment here. My name is Carolyn Bookhart, Director of Real Estate Development, Resources for Community Development or RCD. We are an affordable housing developer in the Bay Area and we have two projects with significant HCD funding and also significant local funding, both of which have been shovel-ready since last summer and they are continuing to be stalled. We have two more projects also with state and local voter-approved funding awards that are ready to apply in Round 2. All of these developments will meet the most vulnerable in our community including extremely low-income, homeless, and unstable households. Thank you for the changes of the proposal so far. In the current regulation, we do understand how challenging all of this is, however, we would really like to urge you to consider going further to increase the Bay Area distribution to at least 24%.

Also, what we really think is important, is to provide one extra point for projects that have been really carefully structured in the past few years to align with state policy goals that are articulated through the State's HCD program. These HCD funded projects represents what has been the State's top funding priorities for the past several years and those priorities are validated by the billions of dollars of HCD funding that has been committed to them. The majority of the Bay Area deals in the CDLAC queue have HCD funding committed and really reflect the priority of the voters that pass these statewide housing bonds. They also reflect the priorities of the voters that pass significant funding initiative in local jurisdiction here in the Bay Area such as Santa Clara, San Jose, Oakland, Berkeley and Alameda County. This timely execution of these priorities is imperative so that we can demonstrate that we as an industry can actually perform when the voters put their faith in us to use their tax dollars effectively and efficiently.

The Bay Area's very high cost features—a number of people have talked about that and it's definitely not for lack of trying. Our projects are all ****inaudible**** (2:04:41) . We're doing modular construction, we're value engineering everywhere we can, but it's a very high-cost region, high-cost land, and high-cost construction and there's only so far you can go with those costs. We have a homeless population that has grown over 35% in just two years and we have a huge low-income population that's rapidly being displaced from communities where they've thrived for generations. So given all that, the bond allocation from the Bay Area represents 30% statewide in the last round so feel it critical that the bond apportionment to the Bay Area that reflect these realities by increasing the allocation up to 24%. It is also really critical that CDLAC aligns its priorities and goals with HCD and the local bond initiative that still has yet to be fulfilled. I'm asking to do this for Round 2 because all of these projects that are stalled are incurring acquisition costs, property tax costs, and construction inflation. We're all working really hard to contain costs so it's important that we make these changes as quickly as we can. Thank you very much for your consideration.

Treasurer Ma: Thank you. Next Speaker. Hello?

Cherene Sandidge: Hi, this is Cherene Sandidge, Black Developer Forum's Chair. I want to thank you, Treasurer Ma and the Committee for working very diligently with staff to put together the regulations. I'm in a

difficult position because, as you know, Black Developers Forums is about 70-80 members strong, state-wide, so I am not going to address the issue on allocation increases for Northern California. I think you've heard enough of that. What I'd like to address are a couple things: One is I want to give acknowledgement to Rochelle Mills's comment. She was speaking on a project that was before you, before ****inaudible**** (2:07:09) and just want to reiterate that we are very pleased that a true BIPOC project is recommended and was going to be funded with ****inaudible**** (2:07:18), but she did touch on exactly a couple of the things that we are talking about at the Forum and one is: the potential to limit the number of BIPOC projects over the lifetime of the pool and we have not made formal recommendation yet because we actually meet on Friday and we were prepared to put back to recommendation. That being a concern of ours as to how many people can get through a lifetime of the pool is one of our issues. The second is, and I just want to make this statement and restate this for clarity for Black Developer Forum members who are on, in order to enter the BIPOC pool, you need a minimum of 80 points and you can't score more than 105 points, otherwise, you are moving down into the ****inaudible**** (2:08:25) set-aside.

Having said that, if a BIPOC were to get 105 points, and because they're authorized to go ahead and move automatically into the ****inaudible**** (2:08:38), we would not be competitive. You can't take 105 points into the bottom pool when everyone else is scoring 120, 119. So the solution is either going to have to be increase the amount of money that goes into the BIPOC pool, or in the BIPOC forum which discusses again on Friday, that there is some limitation on how much funding a project could achieve through the pool. So though I appreciate the previous speaker talking about the tie breakers, I said this since last June, everybody's going to get to the tie breaker. You've got so many people at 119, 120. The tie breaker, yes, needs to be addressed. I'm going to leave that up to Pedro and Caleb Roope to put forward those issues, but we are still recommending changes to these regulations. They're not deep. We're there.

We've come a long way since last May and we are so appreciative of Staff and especially Gayle, thank her, praise her tenacity working with us, Jennifer Seeger from HCD, great staff who never really get mentioned, but we want to bring that up now and we want to say that the regulation have just two critical errors in them. I think these are going to refer to—and I'll use an example, Mike Johnson in UrbanCore, where it says under Section 5170 definition of a BIPOC. It says that—and we appreciate this because we're starting to see this playing a little the game of the system because I have a lot of members tell me, Cherene, they're asking me to join their boards, you know, so I've got people trying to beef up their boards with Black folk so they can get into the BIPOC, but the reality is, in this section, you have ownership interest as one of the disqualifications and for people who are longtime developers and this industry like UrbanCore, who have ownership interest, they should not be disqualified if somehow they're numbered or principal expires and their allocation recalled. So I just wanted to take another look at that language. I appreciate whoever found it because now we see it. We didn't see this language happening before, but now we see. And we're all getting these calls about being on boards or do we know anybody who would want to be executive director. First of all, I think it's disingenuous that that's the only reason why you would look for someone to be Executive Director of your organization. No, it is not quality, it is not because they will do an excellent job. It's not fair to the candidate. That's my side bar note, but for that reason, I thought it was important for us to bring it up. We are monitoring. Black Developers Forums, we are monitoring this. We know the games that should be played. We didn't wake up yesterday to come to this game. A lot of us have been in this industry 35, 40 years, we understand this. We are practitioners. And we're very proud that this the very first time that really, we have been back to partner with the State and we'd like that to continue for sure.

In any case, those are the issues, those three issues and items that I mentioned are the items that are going to be coming back, hopefully next week in terms of comments on the regulations. To that end, thank you everyone, thank you, Staff, who caught this little error because we didn't catch it, we had to go through it and understand that the Black Developers Forum is open for comments and editorials for suggestions which we do

get when you comment from everybody, but if we are going to be limited to one pool, we need more money. Now I'd be happy to go advocate in Washington DC for that bond to be 50%, but to make it limited to this kind of pool, this kind of money, it's not going to benefit a lot. We want to be able to reach out and touch both Black communities that have been disenfranchised and been gentrified by State of California because we've been left off—Black Developers have been left off the table. We want to be able to make sure that we're putting in the proper caveat restrictions and we stay vigilant on all of the applications that are coming through the BIPOC pool. Okay, thank you very much, that concludes my comments.

Treasurer Ma: Thank you, Cherene. Next Speaker. Hello?

Anne Wilson: Hello, this is Anne Wilson, I am the Chief Real Estate Officer with Linc Housing. Linc has a strong base project in Los Angeles City and County but we also have projects as far up as Eureka and San Mateo so we are not single-focused. I'd like to echo a lot of other people's concerns, including Tony Sertich's and Daniel Huynh's. We went through a very long process to come up with the set of reg changes. This is very inappropriate, this change done yet again before we really see them play out on the course of the year. I think the Bay Area is getting quite a lot of allocation and I would be very upset if I was the Mayor of San Jose and San Francisco and Oakland that we did not get a project this year. As someone said from San Diego, I have seen when we've not received any allocations from some of the other funding sources up state and it is distressing but we've got to let this set of regulations play out. We've got to look towards perhaps discussing the tie breaker and the benefits-based tie breaker for the next year. So I'm going to oppose the changes and I urge Members of the Committee to not change the rules of the game two weeks before the next round and in the middle of the year when we took so much time and so many ****inaudible**** (2:15:50) that you have participated in to come up with the regulations as they are today. I'll keep my comments short. Thank you.

Treasurer Ma: Thank you, Anne. Next Speaker. Hello?

Speaker: Good afternoon, Treasurer Ma and Members of the Committee. Thank you for the opportunity to comment. I am very much appreciative of the work that CDLAC is doing and your continued support in building affordable housing according to public funding. My name is ****inaudible**** (2:16:26) I'm the Development Manager with Allied Housing Abode Services. ****inaudible**** (2:16:38) Our organization focuses on building permanent supportive housing with the deepest affordability in the San Francisco Bay Area for the most vulnerable populations. This is our 100% affordable, new 125 units permanent supportive housing in Hayward, called Depot Community Apartments, which is in close partnership with City of Hayward and the County of Alameda that have received both County, Hayward, and state HCD funding and was part of the CDLAC's Round 1's recommendation. I appreciate CDLAC and the State in actively addressing the statewide affordable housing needs for the most vulnerable homeless populations. Thank you for increasing the Bay Area's regional bond allocation to 21% and for the adjustment to the tie breaker, and, while we're fortunate to move forward in providing for the needs of affordable housing for the homeless population, I too want to mention the following two points. Even with these welcomed changes, we need to go further in our collective effort to address the Bay Area's affordable housing needs. With the high construction cost in the Bay Area, land and public resource constraints, and the increasing demand for more affordable supportive permanent housing to house our regional community members, I'd like to request an increase of the amount of bond resource going to the Bay Area to 24% so that our region can build as many permanent supportive housing for homeless individuals as possible. I would also like to request that we ensure that the gentrifying neighborhoods in the Bay Area that don't have as many resources can still build affordable and permanent supportive housing for the homeless and regional community members. I request that CDLAC review and take a more supportive affirmative view furthering housing that does not shut out gentrifying communities in the Bay Area without as much resources from the Cities and to enhance building equitable communities and develop and preserve the continuing housing developments. Last, I want to make one additional point, is to help increase the resources

and the bond allocation. It'd be great if CDLAC can encourage bond insurers to use a carryforward amount from previous bond allocation rounds that can result in creating resources for future bond allocation rounds and can potentially benefit additional number of projects. Thank you very much for your support and for your partnership. I look forward to continuing partnering with CDLAC and help the state and local community members in addressing the critical homeless needs of the affordable housing crisis. Thank you very much.

Treasurer Ma: Thank you. Next Speaker. Hello?

Elizabeth Brady: Hi, this is Elizabeth Brady with Oakbrook, a homeless housing project sponsor. I'm speaking today regarding the homeless set aside currently prioritizing projects that are 100% homeless. We are specifically requesting that the priority be revised to 50% instead of 100%. We request this on behalf of transitional-aged youth. Oakbrook services homeless youth, ages 18-25 with an excellent case management of permanent house California. Our goal is that youth rise out of low-income into moderate income and we are working so hard on their workforce development and economic growth. We need to be able to provide a gradation of AMI within a project, otherwise, we're not fully solving their housing problem. If there is not the ability of AMI gradation, then the youth will either artificially depress their growth so that they don't lose income qualification to the permanent supportive housing or continue to face the housing cliff during their economic growth. Simply put, a project that is only permanent supportive housing will stunt the growth of our youth. By creating housing that is 50% homeless, and 50% graduated, we can holistically serve the needs of homeless transitional-aged youth. Thank you for your consideration.

Treasurer Ma: Thank you. Next Speaker. Hello?

Robin Zimble: Hi, sorry, there was a little bit of a delay there. This is Robin Zimble with Freebird Development. I'll just make my comments really brief. I just wanted to remind everyone that when the tie breaker language was approved last year with the cost-adjustment factor printed by threshold basis limit, the 2021 threshold basis limit hadn't been released yet. Had they been released, I think the tie breaker language probably would have been very different in the 2021 regs. I found a lot of comments today has been around the 21% increase for the Bay Area. I just want to say that last year, there was no adjustment for cost and because of that, it created a very big backlog of projects. This last round did not go as people thought it would go when the tie breaker language was approved before the 2021 to be also released. So going up to 21% helps to make up for the fact that Bay area projects have been dinged over the last year plus. I would actually advocate for 24% but 21% seems like a fair compromise.

Treasurer Ma: Okay, thank you. Any other speakers? Okay, so I'd like to ask Caleb—

Gustavo Velasquez: Madam Chair?

Treasurer Ma: Hold on—one more speaker, since he and Doug spent a lot of time last year with the stakeholder working group and we really did look to the guidance and advice from the working group. I'd like to ask Caleb to come back on and give us your thoughts on this discussion item. Caleb?

Caleb Roope: Hi Treasurer Ma and Committee Members and other listeners. Thanks for having the working group give a brief talk. I co-chair the working group along with several of my colleagues and on these regulations, I just want to focus in on a couple things to orient the Committee on things we discussed, the tie breaker being one of them. What Staff has recommended before you is a consensus addition as is written by Staff and on the tie breaker. Really, that was, as the previous caller mentioned it, designed to fix the disparity created when the basis limits were screwed up and that process happened after the regulations were adopted last

year. So this is a not a vague adjustment for the Bay Area. It really is just a neutralizing the effects of the basis limits changing and I just want to point that out.

On your issues of geographic apportionment, you'll recall that the working group did not develop a consensus position on that and still don't have a consensus position on that issue, that's a Committee call as it has been before.

And finally, as to the BIPOC pool, we've always advocated strongly recognizing the Black Developers as the voice of this matter so we're going to continue to stand behind the idea that we really want to hear what the Black Developers have to say about, how their Forum understands it, and make recommendations as needed. So those are our positions on the issues.

I think all the other regulation changes, I know, it seems like there might be a lot, but in reality, there's a lot of technical clean ups, administrative type changes that are going to make Staff's jobs easier and make process work better, and that really is the majority of that fact that I don't think you heard many comments on anything else, other than the tie breaker and the geographic issue. So that's it on the regulations.

We as the working group are actively meeting. We have regularly scheduled monthly meetings. We have 31 members now. We'll probably be adding a few more over the next month or two and we're really focusing our attention on state benefit and efficiency measure. We're looking at the Controller's proposal from previously and studying that and working that particular provision to start measuring public benefit and figuring that out which is consistent with many of the comments that have already been said today. That's my brief update. Thank you Committee Members and everybody for your hard work on everything. We appreciate it. We're here to serve and will continue to do so.

Treasurer Ma: Thank you, thank you for recap. Okay.

Gustavo Velasquez: Madam Chair?

Treasurer Ma: Yes, Mr. Velasquez?

Gustavo Velasquez: Yes, thank you very much. I just want to react briefly on some of the comments. First of all, great wealth of very productive comments. I appreciate all the people that participated. Let me just reflect briefly on the issue of process because a lot of people made a point about process. I believe that the two most important things are integrity and credibility and in order to stay credible, we have to make decisions and stick to them and I really appreciate all of those comments about process and just soon after the regulations were approved by the Committee. I do want to state that on the issue of high cost problems in the Bay Area, there was probably a mis-estimation of the gravity of this issue and for that reason, I think the Committee should recalibrate that tie breaker that break down that percentage of the Bay Area and I encourage that.

A quick comment on AFFH and the homeless incentive. First, speaking of decisions you stick to, they all have to be founded on evidence. We know the evidence is conclusive that government subsidy for affordable housing for many, many years, decades, perhaps, has been geared towards low income communities and that has further concentrated and further inequality and exacerbated residential segregation. The AFFH principle is based on a balance that you have to continue investing in your distressed and disinvested communities but you also have to strike a balance with creating more housing opportunities in those higher resources areas. With that balance, there's a question here whether that balance has been in place in California for many years. I argue, no, again, based on the evidence of what the data shows. Here in the Committee, the adjustment here was to attempt to strike that balance and I think that is the right policy call. Now, does that mean I've been meeting with

groups from places like LA and San Francisco, talking about this issue that they are still categorized as low resource areas, why they have high risks areas nearby? I think we can fix that without reverting the principle of affirmatively affordable housing. That's why I call on my staff and the Staff of the Committee to continue to work this year to just continue to make adjustments to the opportunity maps that are driving this decision. I think that is where we need to put our energies and our work, not on disincentivizing our efforts to further our affirmatively fair housing. So that's my comment on AFFH.

On the homeless incentive, the 100% homeless, we just saw the data, at least by the US Department of Housing and Urban Development, the federal department. The number of homeless persons in California increased by 10,000, pre-COVID. Now the Homeless Coordinating and Financing Council, the state, which I'm a part of, just released a comprehensive, integrated, statewide data system of homelessness. We're very proud of that effort, the council, and the council's staff. That is giving us a better sense about the extent of one of the most critical social problems the State of California confronting, homelessness and especially unsheltered people. The problem is humongous. So we have to look at the data, we have to look at this evidence in order to further the policy work of this Committee just to match reality with the subsidy, with the incentives that we provide. I was concerned, thinking about the HCD projects, when we did 100% homeless units because I thought it would have a very negative impact of HCD awards. We simulated, we modeled removing that incentive and putting the incentive only 50% of homeless units and we didn't see any difference between one incentive and the other. Putting HCD issues aside, I just want to say, this is what the data is showing. This is one of the most critical issues that we have to address through the resources that we have as the State at our disposal. I continue to believe that those policy calls on AFFH and on the homeless units are the right calls. Just wanted to weigh in on that, thank you.

Treasurer Ma: Thank you. Thank you, Gustavo. Okay, any other board members? Okay, Mr. Sertich.

Anthony Sertich: I'll defer to Ms. Miller for now.

Treasurer Ma: Okay, Ms. Miller.

Gayle Miller: I was going to say, I defer to you, Mr. Sertich.

Anthony Sertich: Okay, thank you. Hopefully, you will have plenty of nice comments after I'm done. A couple things, as Mr. Velasquez says, I really appreciate all the public comment and that I think ultimately, on decisions like this, they're difficult. The public comments are very important in helping us frame our thoughts on these things. I think one of the key things that we were missing when we were developing these regulations was a clear methodology of how we were coming up with the geographic apportionments. We pulled them from 9% geographic apportionments that were done over ten years ago and just sort of left them there. I think we need to have a more thoughtful approach on this, in terms of some populations. Are we going to weight it for homeless, like Mr. Velasquez was discussing? Or are we going to weight it for the cost of building? However we're going to weigh it, we need to think about that a lot more as we go through the process this year in adjusting these geographic apportionment.

The other thing I'm concerned about, especially with the tie breaker adjustment, I'm not concerned about increasing or changing the adjustment to be the lowest to the medium county. I'm supportive of that. What I am concerned about is we're still doing it on a county basis and I don't think that's going to solve the problem in some of these larger counties where the costs of housing and the benefits of housing are very different within the county. Take Santa Clara for example, or San Diego, or other counties like these where the costs are very different. We're still incentivizing development in the lower cost areas of the county and we're still leaving behind the places where housing can be most beneficial based on other state policies. That is

something we need to continue to work on as well and I think the changes we make today won't solve that whether we move forward or not.

One other thing Mr. Velazquez brought up was the opportunity maps. We need to think strongly about what we're measuring in those opportunity maps. The opportunity maps were designed to be regional in effect, but now that we have half of the bonds here being competed on statewide, we need to think about how that integrates with our scoring mechanisms and make sure that's equitable and getting the outcomes that we want, not on a round-by-round basis, but driving the outcomes we want for this. Those are the three things I'm most focused on. With that being said, I would like to hear what Ms. Miller has to say.

Treasurer Ma: Okay, Ms. Miller.

Gayle Miller: Thank you so much, Madam Chair and thank you for patience for this. I do want to go back to what we spoke in the beginning. I want us to understand the three major goals that we started with and how these regulations are consistent. I completely agree with the process that any other midterm corrections need to wait. I want to explain where we are: one was to break down segregation by financing more diverse income ranges in lower-income communities, and building more deeply affordable units in high opportunity areas. I think that term, *high opportunity areas*, is really important because I think we worked so hard to ensure that we don't make the segregation mistakes of the 70s and 80s. Two was to prioritize cost containment. And three was to remove barriers to entry for Black and Brown developers. We started with those priorities in September of 2020 when Secretary Castro Ramirez came to testify and I think that's what really driving us. I think these regulations really do stick with that. I think, 1, on the basis limits and I cannot thank your team enough for putting those together. It was a request from the Board. They did it over Christmas, worked tirelessly to make sure that we had those and because we sort of adopted an old set of regulations about average, that once we chewed up those limits, medium became a more reasonable proxy for the actual limits that we were considering. That was a true misunderstanding and Ms. Boatman-Patterson, at the time, had suggestion medium, so I think that's a correction.

In terms of the pool, I do agree with Mr. Sertich. There's never going to be a perfect answer on that, but I think this is an acceptance that the cost of the Bay Area is expensive, but it doesn't go as far as to go to the 24% and I really want to be really precise here, that the challenges remains to really include those cost containment. That's a challenge to every community there, not just to look at a number of unit, but how to bring down those costs. We absolutely understand as we put together the State's budget how incredibly challenging that is. I do think that that's all of the challenges to all the developers on the phone is this twin cycle of inclusive, supportive, *and* cost-contained housing. There's no "or's" in this, and I really do think that that's what we're really working towards.

I completely respect where folks are and really want to keep bringing you back to our priorities. I know that this was a huge heavy life for your team to get these regulations together. It would be nice to have a cadence of how we'll consider the tie breaker for 2022. That can be, as I know you've done, the 18 meetings last year, just to make sure we have a process for that so that it's really inclusive and everyone can be invited. With that, Mr. Sertich, I don't know if that was a motion, but I'd be happy to second if you're—

Anthony Sertich: My only concern on the proposed reg changes is, again, skipping the larger projects to fund the lower scoring, smaller projects. Other than that, I'm fine moving forward if that's the Committee's wish. I don't know if you have any thoughts on that or anyone else.

Gayle Miller: You know, I do. I think the idea of leaving allocation, and Madam Chair, I'd like to defer to you as well, leaving allocation on the table, I thought was a really creative suggestion by the team to make sure that

we fully use each round. I completely understand where they're coming from because I think what we don't want to do is, is keep pushing projects back since they take so long to build, but I'd be interested in hearing the Chair's thoughts on that.

Anthony Sertich: Yes. Not to cut you off, but I'd be more comfortable moving that 80% more down to a lower number so that we get more projects built, rather than skipping projects that we're not disadvantaging the lower projects to come to the Committee.

Treasurer Ma: Yes, so on the question of using up all of the bond allocation. I think we made a decision last year to go further down the line because it impacted other rounds and that we were really going to try to stick with the amount. I think it was a third, a third, a third for each round. So I don't know how you would fairly—we don't use every bond allocation in every category, how we're going to use them in an equitable manner. Because there are always going to be winners and losers, as we can see just in today's meeting. We didn't really discuss it, but now that we're here, we do see that there is capacity in some of the categories. I'd like to hear what you all think as well.

Kate Ferguson: Madam Chair? I wanted to address that issue specifically. I think given the proposed regulation changes by staff is creative and I understand what they're trying to get to. I would like to say that I don't think it necessarily penalizes projects. What it does, I mean, from pool to pool, if there's left over and we can move one more project forward, I'm a proponent of doing that. I think we at CalHFA are a proponent of getting as many projects under construction as we can. If bond cap is not available for larger deals, I don't think it's going to necessarily penalize the larger org or negate the incentive for larger projects to do that skipping process. I also just wanted to recognize the comments of all the Board Members related to process and the consternation of making process changes at this point in the cycle. There was a lot of comments about that I think that it is something to consider, but we are in support of the regulation changes as proposed by Staff.

Treasurer Ma: Ms. Ferguson, are you suggesting that you score in a category, you score up until a limit and then, if there is excess, because it's smaller, you just skip until you can go and fill the whole bucket. If the next one is too big, then the next one and next one until we try to completely allocate the entire bucket for that round. Is that what you're suggesting?

Kate Ferguson: Yes, to the extent that there are projects that are high ranking projects that you can skip down to. But I think what Staff has come up with is a good idea for that, so, yes, I do support that.

Treasurer Ma: Okay, hold on. Nancee? What is your Staff proposal?

Nancee Robles: Right, perhaps you would like Gina to explain it.

Gina Ferguson: The proposal is in line with what Ms. Ferguson is saying, with the exception that there is not a mechanism to stop if a score dips below a certain level. So it will go down until it finds an allocation that's small enough regardless of the score or tie breaker. So it sounds like CalHFA is suggesting that maybe a mechanism to stop if the scores get too low—

Kate Ferguson: I guess I was thinking that you are putting minimum score—are minimum score in the recommendations as well?

Gina Ferguson: Yes, and I think that was the thinking, that you're comfortable down to the minimum point score. Thank you.

Kate Ferguson: That—yes, yes. Because those reg changes would go in at the same time and one would affect the other and so in my mind I don't think that I understood Mr. Sertich was saying and the concern but I think the magnitude of that impact would be nominal.

Gina Ferguson: I think that the concern was that the largest bond request would have to have the highest scores in order to be relative competitor, is that correct, Mr. Sertich?

Anthony Sertich: Yes, and there's a concern that large—I mean, for example, the smaller pools, larger bonds, if they don't get awarded in a round, I know at this point, I've heard the term *blocking*, they can sort of block smaller projects from getting awarded but the idea is that left over amount would roll over to the next round and those larger projects would have a bigger pool to compete with and have a better chance of winning, whereas if in this case, we're skipping them and awarding smaller projects, there's no amount that rolls forward so they would be in the same boat, next round where the smaller amounts are available to them in those pools. So I do worry that some of the larger projects are at a disadvantage in the bigger picture which if we're allowed to skip them for lower scoring projects because that amount never accumulates for them being available.

Gayle Miller: Madam Chair?

Treasurer Ma: Yes, Ms. Miller?

Gayle Miller: It is an interesting trade off, one we've faced in this Committee often, right?

Treasurer Ma: Yes.

Gayle Miller: Speed versus how we meet all our goals with such high demand and capacity. What we did last year is we kept rolling it over and then we had the Train money. I just think, in some ways, fully utilizing the allocation during every round would put us on a more consistent cadence in terms of building these projects and have a lot more clarity for folks because the flipside of what you're saying, Mr. Sertich, is on this round, for example, we left \$200 million on the table, and I think—and I completely agree with you, I think every one of these decisions, which is why we shouldn't change them again, ends up having trade-offs.

Anthony Sertich: And I agree. My point was, I think there are other ways to get more of it used. Right now, we say there has to be 80% of the bond request available in the pool in order for it to be allocated. We can lower that to 50-60% so that more of that excess would be used and we would get it that way and that way we wouldn't be skipping a larger projects. Instead, we would be able to fund more, larger projects that are next in line. Again, there would still be less remaining in the next round. We would allocate more this round. And I'll be honest, I haven't looked at how that would change this round allocation. I know skipping, we would be able to fill more of it up and I know, on the margins, for example, the one appeal we heard, if we did that, they did not get awarded because they only had 70% of their bond allocation still remaining in the pool. If it was 50%, they would have gotten that award and again, there would be less in the next round available for the Bay Area because it would have eaten that next round's. I'm still—

Gayle Miller: That makes sense.

Anthony Sertich: There's always winners and losers. I just think I would rather award the higher scoring project as we've set up this way, rather than skipping the higher scoring project and awarding lower scoring projects.

Gayle Miller: I see what you're saying. Would that even be in order today, Mr. Walker, since it wasn't out for Review? To change the percentage?

Spencer Walker: Sorry about that, having problems getting in today. You can make the change today. Is that all?

Gayle Miller: Madam Chair? Yes, that's all what I was asking. Madam Chair? Is your team able to comment on that? It's just something we've never considered and asked.

Treasurer Ma: Yes, that's what I was discussing with Nancee, when we were able to do it. I explained to her last year, we would just go down the line, right? I mean when we made a decision during COVID that we would know deeper down the line and went down. We didn't have everyone reapply. We don't want people to reapply, that's not efficient and adoptive. But what was your question again? I'm sorry.

Gayle Miller: Well the question is how much—well, the requirement right now is that of the bonding authority, that they have to receive in order to get a bond from us—if we were to decrease that amount to say, between 50 and 80%, some number in there, it would allow us a little more flexibility to give a little less to an applicant of the bond amount they're asking for. So it would provide more flexibility to your team but it's just something we haven't considered in the past but it would allow you to fully utilize the allocation in every round and in addition, allow you to take some qualitative calls more holistically on which projects to choose. So it seems to me that it may just provide more flexibility to your team, but again, I'm not familiar with this so I'm interested in the experience of your team as to what they think. And Mr. Sertich, I don't even know if I explained that correctly.

Anthony Sertich: Yes, and I just want to clarify a little bit. It's not about giving them less than their full request, it's just about giving them their full request if there is enough remaining in the pool, rather than 80% remaining in the pool. So what we would be doing is—I mean, in some cases, we are pulling from, as I think was mentioned earlier, the BIPOC pool, for example, we're pulling forward from Round 2 allocation to fund up a small amount of the project that was awarded. So it would be pulling more from next ones in certain pools but if we set the number right, there's going to be some still remaining that gets rolled forward and some that gets pulled forward. We would be able to award more quickly if we lowered that number but there would still be pulled forward in any given pool. Why it was easier last year as well was because we didn't have as many pools. We got a huge new construction pool and we didn't have geographic pools, so weren't able to say, we can fit these projects in this number, whereas now, we have all these little pools and so we have a lot more remaining in these little pools going forward. It's just a different structure than what we had last year.

Kate Ferguson: Just one last comment on this, in looking at the deals that are below the line, if you will, generally, everything is rated very high, they've scored very high, they've scored 119 or 120 and so, from my perspective, you're not really reaching down to do deals that are lower quality or score lower or whatever. If you look at the number of deals that we have now, I just hate to postpone getting deals out of the ground that could potentially could go now.

Gayle Miller: Madam Chair, I don't know if your team has any thoughts on how to implement this change.

Nancee Robles: Ms. Miller, what I think you're proposing is offering a lesser amount than what they're requested in order to utilize all that is remaining in the pool and I don't know if that works because it changes all the scoring mechanisms within the project as well.

Gayle Miller: That's helpful, but I think I unfortunately misunderstood Mr. Sertich. I was trying to summarize what he was asking for. I don't think we should consider that. Mr. Sertich, I think I remain a little bit confused. I'm so sorry.

Anthony Sertich: Yes, all I was saying was right now, and in this round, Staff understands because they had to put this thing together, was if there was a project that came up requesting \$50 million in bonds and there was only \$35 million in the pool remaining, they would not be awarded because there has to be 80% of the requested bonds remaining in the pool for them to get awarded and that has to be at least \$40 million. What I'm saying is that if we lower that ratio to say, 50%, there would have to be \$25 million in that pool remaining so that \$50 million request would get awarded. We would pull that \$25 million from the next round, and, in some cases, again there's going to be more pulled forward in the next round in this case, which means we're awarding more this round, but there would still be plenty of cases where there is remaining for the total amount in any given pool where it is underused and that would get pushed forward to the next round. All I'm saying is, we get to the same place where we get to where we are funding more projects going forward, we're funding the highest scoring projects, but we're funding more projects earlier, I should say, but we aren't skipping projects under the mechanisms we set up which is the tie breaker and the scoring, we wouldn't be skipping projects under the scoring system we set up by doing that.

Gustavo Velasquez: Madam Chair? I think, Mr. Sertich, where the confusion is, by you calling it a reduction to 50%, it sounds like the projects would get less than what they're asking for. I understand the notion of if there is any allocation remaining, you just pull forward, right? So last year with the Committee, everything got going to the next round, to the next round all the way until the end of the year, and that's when it was used and here, the idea is to use it, whatever is remaining, to use it before. It's where how much a project gets is where, I think the confusion is.

Anthony Sertich: Yes, and I don't think we ever want to get into a situation where we're allocating less bonds than was requested to a project like Ms. Robles said earlier. That screws up the scoring, the projects with 50% less—it could really get screwed up. All I'm saying is that right now in the regulations we've adopted for the allocation process, there's a 80% number that says, if 80% of the bonds requested are available in the pool, the full amount of that request will be awarded to that project. I'm saying we reduce that 80% to 50-60%, so that we are able to award more projects, we're sitting on less money, but that 100% of that request is still awarded, there just has to be 50% or so or whatever the right number is available in that pool that we can then bring the excess amount forward in the next round.

Gustavo Velasquez: Yes, that makes sense.

Nancee Robles: The result of that would be that the majority of the projects are going to be allocated within the 2nd Round and then the 3rd Round would be cut very short.

Anthony Sertich: Why is that? If the 50% number, I think mathematically it should come out fairly equal. I'm not saying that it will or it won't but mathematically, there should be some under and some over, still.

Gina Ferguson: I think it depends on the bond request and the size of the pool. So it could be a very large pool.

Anthony Sertich: For sure, it does.

Gina Ferguson: But if it's a small pool, then you could really eat into that last pool.

Treasurer Ma: Yes, which is what happened last year. So we can't . **inaudible** (2:54:40) Okay, so alright, did I hear a motion and a second?

Gayle Miller: I move approval of Staff recommendation.

Treasurer Ma: Okay, all of it, right?

Anthony Sertich: I will second that with the caveat that we really need to get these issues settled as we're working through the process next year, all of the issues that were brought up today so that we can really have a cleaner operation next year without—I mean, there's always going to be fixes with all peoples. So I'll second.

Treasurer Ma: So with the Motion seconded, we had extensive public comment. So, Anthony, please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Okay, Staff recommendation have been approved. Thank you for your hard work. But there's more.

14. Recommendation for Adjustment to Meeting Schedule

Gayle Miller: I move approval. Is that an action item?

Anthony Sertich: Second.

Anthony Wey: Correct. This is Anthony Wey representing CDLAC. The changes requested will move the May 13th deadline for the Competitive QRRP allocation applications to May 25th, 2021 for the August 11th meeting. This amendment will also remove reference to round amounts of 40% dedicated to specific allocation rounds. In addition, the July 29th, 2021 deadline for Non-QRRP applications due for the September 29th meeting incorrectly listed as September 30th on schedule. Staff recommends approval to the amendments the 2021 Committee meetings scheduled and application due dates.

Treasurer Ma: Okay, so just a couple of the adjustments to the meeting schedule.

Gayle Miller: I move approval, Madam Chair.

Anthony Sertich: And I'll second.

Treasurer Ma: Thank you. Motion was seconded. Any public comment? Hello? On the meeting schedule?

Speaker: I did not have a comment, thank you.

Treasurer Ma: Okay, thank you. Alright, Anthony, please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Alright, the adjusted meeting schedule has been approved. Let's go back item number 9, the appeal. Is that number 9?

Gayle Miller: Madam Chair?

Treasurer Ma: Yes?

Gayle Miller: I consulted with your amazing attorney who is very patient with this Board and I do have a contingent motion that I think may work. Because we just approved these regulation changes, I would move approval of the Eden project contingent upon a true up, if in fact, there is enough room then if within the Bay Area pool for the project. So it's a contingent approval of the appeal only if, upon the true up, when now this change in the Bay Area awards has been approved to allow for this project to be funded. So that's the idea of my motion that would then allow this Eden property to be constructed. I will say, I completely agree with the Staff that appeals, generally, we would not actually approve this appeal but I do have to say that having the information about the expiring vouchers is just really important material because those vouchers are so precious and that's the only reason we're doing it. It's actually with a fair amount of contrition that I'm moving approval of this item.

Anthony Sertich: The regulations we approved are not retroactive, right? They're only applying to the next round—

Gayle Miller: They're not, but now that we've approved it, you have to true up the pools. We're always trueing up the pools, so I'm not suggesting that they are retroactive, I'm just suggesting that once these pools are trueed up and there is enough room, that then this project could be funded.

Anthony Sertich: Out of the Round 2 amount? Or—I'm a little confused as to what—

Treasurer Ma: Yes, me too, because I thought we have to go prospective. So I think if you—the Board—wants to approve it, we just approve it and it just takes from the next round. I don't think—

Gayle Miller: But it takes from that Bay Area pool, right? Not in another pool?

Treasurer Ma: Right.

Gayle Miller: That's fine. Okay. Then I'll move approval. I was just trying to really respect the process. So then in that case, I would move approval, understanding that it would mean nobody else got kicked out, that it would be from the Bay Area pool. The HCD kindly ran the numbers to make sure that there would be enough room in the next round that there may be one project that doesn't make it but generally the rest of the pool will be kept full.

Spencer Walker: Do you want to add that piece to your motion, Ms. Miller?

Gayle Miller: Is it easier, Mr. Walker, to simply move approval of the appeal with the caveat that we don't want to see a lot of appeals in the future? I completely understand the precedent nature of this and that's what I'm trying to avoid. I'm trying to make a motion that avoids the precedence-setting nature of these appeals in the future.

Spencer Walker: Right, thank you.

Gayle Miller: So if I've made that clear, Madam Chair, I'm happy to make a motion to approve the appeal.

Treasurer Ma: I think there's always going to be emergency situations.

Gayle Miller: Right, I know. Your team has worked so extraordinarily hard, I just—

Treasurer Ma: We just take it on as a case by case basis.

Gayle Miller: Got it, thank you for that.

Treasurer Ma: I think in this case, because we are going to true up or reallocate for the next round, there will be more in that Bay Area round. So I'm OK on this one, even though there's going to be lots of appeal, I think, each round. But we definitely aren't going to want to give up vouchers that are going to expire or DDAs that are going to expire because they all add to the viability of the project. I get that. I appreciate Mr. Velasquez weighing in on these important projects that's taken a long time to come to fruition. Mr. Sertich?

Anthony Sertich: I appreciate that there are a number of projects. There's always great projects out there that aren't getting funded and on this one, I think we just need to stick with the process that was there with the application. I leave it at that.

Treasurer Ma: Okay. So, Ms. Miller makes a motion. Public comments? Oh, we didn't need to do public comments, right? Did we do public comment on this?

Gina Ferguson: Yes, we did.

Treasurer Ma: Yes, we did. Okay. Anthony, please call the roll.

Roll call was taken and the motion passed.

Gayle Miller: Aye.

Anthony Sertich: No.

Treasurer Ma: Aye.

Treasurer Ma: Okay, that appeal has been approved.

Gina Ferguson: Could I just make a statement from Staff's perspective?

Treasurer Ma: Yes.

Gina Ferguson: Staff did thoroughly review this project and so it does comply with program requirements. I would just state, in the future, if this comes up, a project may not have been reviewed by Staff and so would actually ****inaudible**** (03:02:50) .

Treasurer Ma: Got it. Okay. Thank you. Thank you for that caveat. Alright.

15. Public Comment

Treasurer Ma: Any members of the public wishing to comment on anything that wasn't on the Agenda today? Seeing none.

16. Adjournment

Treasurer Ma: We are adjourned. Thank you, Board. Thank you, Members.

Anthony Sertich: Thank you.