



California Debt Limit Allocation Committee

CDLAC

Wednesday, September 8, 2021

10:00



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 311
Sacramento, CA 95814
p (916) 654-6340
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www.treasurer.ca.gov/cdlac

MEETING NOTICE

AGENDA

MEETING DATE:
September 8, 2021

TIME:
10:00 AM

LOCATION:
915 Capitol Mall, Room 587
Sacramento, CA 95814

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

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

1. Call to Order and Roll Call

Action Item: 2. Approval of the Minutes of the August 11, 2021 Meeting

3. Executive Director's Report

Presented by: Nancee Robles

Action Item: 4. Consideration of Appeals for Award of Allocation of State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects

Presented by: Nancee Robles

5. Public Comment

6. Adjournment

FOR ADDITIONAL INFORMATION

Nancee Robles, Interim Executive Director, CDLAC
915 Capitol Mall, Room 485, Sacramento, CA 95814
(916) 654-6340

This notice may also be found on the following Internet site:
www.treasurer.ca.gov/cdlac

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CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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AGENDA ITEM 2

**Approval of Minutes
of the August 11, 2021
Meeting**



California Debt Limit Allocation Committee

915 Capital Mall, Conf Rm 587
Sacramento, CA 95814

August 11, 2021

Committee Meeting Minutes

1. **Agenda Item: Call to Order and Roll Call**

California State Treasurer Fiona Ma, CPA, called the California Debt Limit Allocation Committee (CDLAC) to order at 11:02a.

Roll call included:

Voting Members: Fiona Ma, CPA, State Treasurer
Tony Sertich for Betty T. Yee, California State Controller
Keely Bosler for Governor Gavin Newsom
- Teresa Calvert stepped in for Bosler after vote on Item 6

Advisory Members: Gustavo Velasquez for the Department of Housing and Community
Development
Kate Ferguson for the California Housing Finance Agency

2. **Agenda Item: Approval of June 16, 2021 Minutes**

MOTION: Sertich moved to approve the June 16, 2021 minutes from the CDLAC committee meeting.
Second by Bosler.

Motion passed unanimously via roll call vote.

3. **Agenda Item: Executive Director's Report – Presented by Nancee Robles**

There are three new staff. Tracy Sullivan, an executive assistant, and two new managers, DC Navarrette and Christina Vue. DC has a decade of housing experience working with the State including having worked at the California Tax Credit Allocation Committee (CTCAC) previously. Christina has a variety of finance and lending experience including previous work with the State Treasurer's office in CPCFA.

The Executive Director reported that she used her delegated authority to approve a \$82,300 contract with Sjoberg Evashenk Consultants to assist CDLAC and CTCAC with strategic planning to better integrate the two committees where they share similar regulations, applications, and procedures.

Robles reported there were several groundbreaking and grand opening ceremonies in June and July, some virtual and others in person. Solvita Commons held a virtual grand opening of its affordable housing in the City of Clovis in Fresno County. The Treasurer and Executive Director also attended three groundbreaking ceremonies together. The Archway II in Modesto is a second phase project totaling 150 affordable housing units. ARY Place on S Street in Sacramento is an apartment with retail space on the ground floor and will provide 111 low-income housing units. Pony Express will provide 59 deeply affordable units for Seniors in Vacaville.



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Robles then reported that tomorrow (August 12, 2021) there would be a groundbreaking event in San Jose in the Bay Area. This San Jose project received over \$34 Million in bond allocation from CDLAC and about \$2.5 million in tax credits from CTCAC. Other speakers at this event will be Mayor Sam Liccardo and Councilmember Raul Peralez. This project in the Bay Area will have 87 units for low-income families with cost savings to tenants that include solar hot water, water efficiency, energy efficient heating, air conditioning and appliances.

The Housing, Economic Development, Jobs & Opportunity Zone Ad Hoc Committee created by the Treasurer had its quarterly meeting in July. There were speakers on some ongoing committee items like Dr. Angelov Farooq on Military Base Reuse, James Reynolds on Accessory Dwelling Units, and Dalila Sotelo on Public Partnership Schools and Housing Initiative. In addition, Marlene Orozco gave a summary of the 2020 State of Latino Entrepreneurship.

In mid-July staff met with the Working Group that has been collaborating to come up with solutions and recommendations to modify the CDLAC and CTCAC competitive process to create the most equitable system while keeping the states policy goals for affordable housing at the forefront. During that meeting a tentative schedule was agreed upon for drafting and publishing regulations. This group will provide recommendations by September, with publication in October, and staff will have a Recommendation for Committee Adoption in December to prepare for implementation in 2022. Staff are also developing a more robust competitive process for Exempt Facility (EXF) Bond Allocations which will follow the same schedule for implementation.

There were 129 applications, totaling \$3.6billion in allocation requests.

The online application system is up and running, so will be available to use for Round Three applications. Furthermore, the universal spreadsheet model is progressing as anticipated.

Committee Comments:

Velasquez reported there is a plan being worked on to get \$100 billion for homeless programs, with \$10 billion of that set aside for affordable housing.

Frequent updates were requested on the strategic planning consultant progress by Sertich, who also requested updates on regulation changes. Bosler reiterated the request to be updated on regulation changes to ensure there is clarity and fairness in these changes.

Ferguson asked if there was a specific work group for working on the Exempt Facilities competitive process, and Robles stated CDLAC is gathering input from CPCFA and other Exempt Facility issuers, however this is primarily a CDLAC task.

Public Comments:

There were no public comments.

4. Agenda Item: Consideration of Extension Requests for Qualified Residential Rental Projects Allocated in 2021 – Presented by Nancee Robles

The previous authority the Committee granted to the Executive Director to approve extension requests was for projects receiving allocation in 2020 and needing more time due to COVID -19 delays. Projects that were allocated in 2021 are now also requesting extensions. The CDLAC regulations only allow the Executive Director to grant a 5-day extension and all of the requests



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presented today are for longer time frames. There are three projects requesting extensions more than 5-days.

CA-21-497 803 E. 5th Street, and CA-21-537 Washington Arts Collective each requested 90-day extensions, from October 25, 2021 to January 24, 2022; and from November 8, 2021 to February 8, 2022, respectively. Andre Perry with the City of Los Angeles Housing Department stated there are still COVID-related economic impacts on the soft lenders, local agencies, and state agencies, with the lack of staff. There is also a cap of 55%, which is lower than the previous 60%. With construction costs so high, it becomes increasingly difficult to meet the 50% test. Additionally, the City of Los Angeles has been a prolific issuer of bonds, so also has a high number of projects finishing timely. The area is costly to develop and requires participation with additional sister agencies. Mr. Perry suggested the 55% cap be changed back to 60% to enable issuers to hold the volume cap for the deal and weather the storm of cost increases after closing.

CA-21-510 Vermont Manchester Senior Housing is requesting a 180-day extension from October 25, 2021 to April 29, 2022 in order to align this project with Vermont Manchester Family Housing, which are in the same building yet two separate projects. Kimberly McKay with Bridge Housing reiterated these two projects need to simultaneously close. Though Vermont Manchester Family Housing was not selected during the first two rounds for allocation this year, it is on the preliminary list to secure HCD funding. The goal is to not have to return the allocation and risk having a ripple effect. With this allocation, the senior component is fully funded, but the family component is pending funding from HCD. It was specified the 180-day extension was due to being unfamiliar with the HCD process. It is recognized streamlining the various funding sources would be beneficial. When it came to light the family component was not selected for round one allocation, the sponsor immediately reached out to CDLAC identifying the mis-alignment, and did re-apply for the family component in round two. Outside of the lack of funding for the family component, the soft-source funding is secure, as well as everything else to move forward with the projects.

Committee Comments:

Sertich asked how many extension requests have come for 2021 allocations, and Robles responded there had been no other extension requests than these three for 2021 bond allocations, though there were numerous for 2020 allocations which were all approved. The regulations specify projects need to be “shovel-ready” when they apply and have 180 days to issue the bond.

Public Comments:

There were no public comments.

NO ACTION TAKEN on Agenda Item 4.

NOTE: Agenda item 7 is being considered at this time as item 7 may impact agenda items 5 and 6.

7. Agenda Item: Consideration of Appeals for Award of Allocation of State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects (QRRP) – Presented by Nancee Robles



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There were two appeals. CA-21-593 Bascom Apartments and CA-21-641 Villa Oakland.

Bascom Apartments was added to the preliminary approval list after some movement due to an unrelated application error and application withdraws from the list. As such, Bascom Apartments need not appeal yet retain their right to appeal should there be issues later.

CA-21-641 Villa Oakland applied in Round 2 and was not included for recommendation of allocation since there was not enough allocation left in the pool to fund a minimum of 80% of the project. The applicant made a request to lower its bond amount to meet the 80% test and be funded in this round. This request was made after the preliminary list was published. CDLAC staff did not allow this as it would give the applicant an unfair competitive advantage and would set a precedence that applicants could change their applications in a way that affects its competitiveness after submission. Bond amount aside, the project does not meet CDLAC's minimum criteria in its regulations for debt service coverage and was informed of this deficiency. Villa Oakland is asking the committee to overlook a regulatory debt service coverage deficiency and allow the applicant to reduce its original requested amount in order to meet the 50% test, then "forward fund" from the Bay Area Pool. Elizabeth Brady advocated for CA-21-641 Villa Oakland, stating they are willing to lower the bond amount requested in order to take advantage of what is available in the Bay Area pool. Brady claims they are able to conform to both the 80% and 50% tests and meet the 1.15 debt service ratio. Additionally, she claimed there are no deficiencies in the application. She stated, this project will have the ability to serve over 300 homeless youth over the next 10 years and are ready to match and secure funding by December 31, 2021.

Darin Ranelletti, the Policy Director for Housing Security for the Oakland City Mayor reiterated the need to provide shelter for those who exit the foster system, especially since as many as 50% will experience homelessness.

Elizabeth Brady specified the goal is not to create an unfair advantage and they are willing to work with what is recommended in order to secure funding, with the understanding the scoring and tiebreakers would not change, only the amount requested.

Committee Comments:

There were no committee comments.

Public Comments:

There were no public comments.

NO ACTION TAKEN on Agenda Item 7.

5. *Agenda Item: Discussion of Consideration to Re-allocate \$200M Previously Dedicated to an Intercity High Speed Rail Project Presented by Nancee Robles*

With the return of the allocation from XpressWest due to the withdraw of its application, the committee agreed in January 2021 to determine whether or not to reallocate the \$200 million, and if so, how to reallocate it. If the Committee decides to allocate to QRRP, staff recommends it be allocated to Round Three.

Committee Comments: The committee debated reallocating the funds that were returned to either



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QRRP Round Three, or to the exempt facility pool. A motion was made by Bosler with a second by Sertich for the \$200 million to be allocated to the family housing program.

Public Comments: Joyce Nguyen from the San Francisco Mayor's Office of Housing and Community Development stated it is good to reallocate these funds to QRRP. San Francisco is underfunded at 21% though they can produce a similar amount of projects near transportation, so is therefore requesting this go to the Bay Area Pool.

Dave Hackett with Valley Green Fuels, who intend to build a renewable biodiesel plant in Kern Valley, states California is clear on climate and air quality goals. They reduce pollution while creating jobs. Reallocating the funds to exempt facilities provides the potential to carry out this mission. Removing this allocation from the exempt pool will complicate the capital stack of exempt facility requests for allocation.

[undiscernible] with California Housing Partnership. In favor of reallocation to QRRP. It is fair to say Exempt Facilities is also oversubscribed, however, it is not to the extent the QRRP pool has been. It is appropriate to return the bonds to QRRP due to the changes in the budget to address the housing crisis and falls in line with what other bodies of the state have taken.

Robin Singler supports reallocation to the QRRP, and requests a set aside for projects with expiring designations of DDA.

Marina with the California Housing Consortium supported the reallocation to the QRRP.

Avi Nackage supported the allocation going toward the QRRP and specified it should not be split among all of the set asides and pools, but instead put evenly toward the ELI/VLI and homeless pools.

Brandon from the Antone Development company appreciated the allocation going toward the QRRP, but prefers it to go to Round Two applications.

There were no additional public comments.

MOTION: Bosler motioned to reallocate the funds to the QRRP. Sertich seconded the motion. Motion passed unanimously via roll call vote.

The second portion of this agenda item is to decide how to allocate these funds in the QRRP. Staff recommend allocating to the Round Three applications.

Committee Comments:

Velasquez noted the ELI/VLI pool is the most oversubscribed with 60 applications, however, only 8 were funded.

Ferguson reiterated the homeless pool tends to roll into the ELI/VLI pool once those funds are exhausted. To allow time to adequately review applications, it was recommended to allocate these additional allocations to Round Three.

Chair Ma noted there are other considerations to put on the table, such as expiring DDAs.

Additionally, there are returned bonds from the denied extension requests which would go back into those pools and potentially benefit the bumped projects. Unused allocations from the BIPOC pool will also roll over. This totals approximately \$37.3 million. For the projects that were bumped, this may be a consideration for the next meeting.

It was considered to divide the funds between DDA and ELI/VLI, however, Robles specified there



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was a recent ruling providing another extension to DDA projects.

The committee determined the allocation should go to the ELI/VLI pools since it is the most oversubscribed and there are projects in those pools that cascade into other set asides and pools.

Public Comments:

Leann Thomas from Anton requested the funds be allocated more evenly as there were only two of twenty homeless and ELI/VLI projects allocated in Northern California, which is much less than half. Additionally, since there are escrow and other issues that arise while waiting for funding, there is a request to extend the reallocation from 180 days to 190 days.

Betsy from Self Help Enterprises requested the funds be reallocated to the projects that were bumped. Specifically, Sante Fe Commons that is shovel ready since they were anticipating being funded.

Caleb Roope with the Pacific Company stated CDLAC and CTCAC are capable to do the sorting of the applications, it is common to have the list change, and appeals happen. He further stated there is a need for a standardized process with a further need to follow that process and not deviate from the rules. He reiterated that until the committee votes it is possible to get bumped.

Elizabeth Brady of Oakland Housing requested this money be reallocated to Round Two, and is requesting the unspent money be combined for redistribution among the pools.

Todd Coddle with CA-21-615 Orange Corporate Yard requests the funds be allocated to fund the bumped projects.

MOTION: Bosler motioned to allocate the funds to the ELI/VLI pool in Round Three. Sertich seconded the motion.

Motion passed unanimously via roll call vote.

NOTE: Bosler left the meeting, and Teresa Calvert entered the meeting in her place.

6. Agenda Item: Recommendation for Allocation of State Ceiling on Qualified Private Activity Bonds for Exempt Facility (EXF) Projects Presented by Nancee Robles

Robles reported there were three applicants totaling \$418 million and only \$199M available to allocate. All of the applications are Tier 1, as small businesses, and therefore scored equally.

Robles recommended project CA-21-012 CalPlant for the requested \$18 million and CA-21-011 Camston Wrather for its request of \$75 million.

CA-21-010 Valley Green Fuels requested \$325 million. In order to have been able to recommend Valley Green Fuels, the high-speed rail bond would have needed to be allocated to the exempt facility projects, which it was not, Robles stated she could not recommend this project.

Committee Comments:

Sertich requested information on the scoring system used for exempt facilities. Robles clarified CDLAC is looking at ways to create a competitive scoring process for applications since there presently is only one way to score exempt facilities. This is the first time there are equally scoring applications, making it necessary to look for other ways to determine how to best allocate the



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funds. As such, CDLAC staff looked to state policy and mandates when reviewing these applications.

Public Comments:

Ben Parker with CMFA for CA-21-011 Camston Wrather thanks the board for the opportunity to apply and welcomes additional questions they may have.

Dave Hackett with CA-21-010 Valley Green Fuels expressed disappointment at not getting funded, but is willing to accept reduced funding as its product will help create a transition to the next generation of fuel on the path to the state's goal of having zero emission vehicles on the road in 2035.

Robles stated, in light of Valley Green Fuels willingness to accept reduced funding there is approximately \$106,940,000 remaining in the exempt facility pool that is available to allocate. John Spaulding of Kern County Building and Construction Trades Council supports the reduced funding since this will provide job opportunities, help with reducing the reliance on fossil fuels, and reduce smog.

Ron Blake with California Ethanol and Power stated he submitted an application for the next round and is looking for any and all allocations. It would be extremely helpful for the community which is very much needing economic activity. It is a green project, it will be a green research campus as well, for low carbon footprint energy projects.

Ian Parker of RBC in San Francisco, a huge advocate for housing, commends the committee for looking at better ways to score exempt facility applications as the state's priorities move forward, and with the federal government adding categories to exempt facilities.

Staff Comments:

Robles identified there is an additional \$10 million in the Industrial Development Bond (IDB) pool that could be reallocated since there are no deals in the pipeline. She suggested this amount could be added to the exempt facility pool for a total of approximately \$116,940,000 to be allocated to the Valley Green Fuels project. Robles recommended there be a shortened deadline to issue the Valley Green Fuels bond in order to avoid carryforward to the next year.

MOTION: Sertich motioned to approve the CA-21-012 and CA-21-011 as they are requested and on the typical 180 day timeline for issuance. Sertich included in this motion a reduction in the requested amount for CA-21-010 to \$116,940,000, which will include the allocation from IDB to Valley Green Fuels, with an issuance deadline of November 24, 2021. Calvert seconds the motion. Motion passed unanimously via roll call vote.

8. Agenda Item: Recommendation for Award of Allocation of State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects – Presented by Emily Burgos

There was movement on the list after the final report was posted which created a domino effect. CA-21-620 (BIPOC pool) and CA-21-605 (Rural New Construction pool) withdrew their applications. CA-21-620 was the only application for the BIPOC pool.

The withdraw of CA-21-605 allowed CA-21-634 to be added to the Rural New Construction pool. CA-21-648 identified an issue with the application, so was moved out of the ELI/VLI set-aside into the Coastal region, which bumped CA-21-647, CA-21-579, and CA-21-615.



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CA-21-593 was added and CA-21-621 moved from the Inland Region pool to the ELI/VLI set aside. CA-21-619 was added to the Inland Region pool, and bumped CA-21-651. Staff have not been able to review CA-21-634, so are recommending approving the applications contingent upon staff review.

Committee Comments:

Sertich requested clarity on why the changes were so last minute. Burgos stated there are factors to determine which projects are selected. Aside from the withdraws causing a domino effect, there is also a skipping process, which allows the skipping to a smaller project if there are not enough funds. There is also a deficiency process, which causes a project to be removed if the deficiencies have not been cured. The largest change was due to the applicant informing CDLAC of an error in its application, which caused it to switch pools. Sertich sought further clarification regarding CA-21-576 requesting over \$80 million. Robles replied that the 2021 state ceiling request was only \$63,440,432 and the remainder was carryforward from 2020.

Public Comments:

There were no public comments.

MOTION: Sertich motions to approve staff recommendations, contingent upon staff review of CA-21-634 to ensure the accuracy and competitiveness of the application. Calvert seconds the motion.

Motion passed unanimously via roll call vote.

9. Agenda Item: Public Comment

Sean Spear of Community Housing Works noted the project sponsors who were bumped did not receive notification from the issuers and were not afforded the ability or opportunity to file appeals. Appeals are not permitted after the committee meetings, only before.

Spencer Walker of the State Treasurer's Office recommends the motion from agenda item 8 be rescinded via vote, then reopen the agenda item for further discussion and vote.

MOTION: Sertich motioned to rescind previous vote on agenda item 8 and reopen the agenda item. Calvert seconded the motion.

Motion passed unanimously via roll call vote.

8.1 Agenda Item: Recommendation for Award of Allocation of State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects – Presented by Emily Burgos

Due to the lack of time allowed for appeals for projects that were bumped from the final recommendation list, an additional committee meeting will be held within the next three weeks so the projects that were bumped can have an opportunity to appeal. If the projects appeal and are approved, they would still be considered part of Round 2, funded by what remains from Round 2, and forward funded from Round 3 from the pools they were bumped from. The rest of the final recommendation list does not need to be affected by the appeals process for the bumped projects.



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Public Comments:

There were no public comments.

MOTION: Sertich motioned to approve the final updated staff recommended list, contingent upon staff review of application CA-21-634. Calvert seconded the motion.

Motion passed unanimously via roll call vote.

MOTION: Sertich motioned to hold a special meeting within the next 3 weeks, as soon as conveniently possible. Calvert seconded the motion.

Motion passed unanimously via roll call vote.

10. Agenda Item: Adjournment

Meeting Adjourned at 1:58pm

AGENDA ITEM 3
Executive Directors Report
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AGENDA ITEM 4

**Consideration of Appeals for Award of
Allocation of State Ceiling on Qualified
Private Activity Bonds for Qualified
Residential Rental Projects**



August 31, 2021

Ms. Nancee Robles
Executive Director
California Debt Limit Allocation Committee (CDLAC)
915 Capitol Mall, Room 307
Sacramento, California 95814

**RE: For Committee Consideration:
CA-21-647 Portola Seniors (Lake Forest, CA) - Coastal Region Allocation 2nd Round 2021**

Dear Ms. Robles:

Thank you for the consideration of our request for bond allocation for Portola Seniors, referenced above, in the CDLAC 2nd Round of 2021. Community HousingWorks (CHW) is the sponsor of such, with California Municipal Finance Authority (CMFA) as the applicant / issuer. As provided in Item 8 of the published Agenda and meeting materials for the meeting of August 11, 2021, Portola Seniors was included for allocation in the Coastal Region pursuant to the table of Final Staff Recommendations. Due to the ripple effect of a last-minute change in the ELI Set-Aside, i.e., which moved the project from the ELI Set-Aside to the Coastal Geographic Region, at Committee our project was thus not recommended for allocation since it and two other projects had lower scores than the project that was moved into the Coastal Region.

We had no prior notice of such, nor did CMFA. We along with three other projects (two others in the Coastal Region and one in the Inland Region, with three having CMFA as issuer and one with CHFA), therefore had expectation of allocation but did not receive such at the August 11th meeting.

Rather than require the competitive reapplication of the affected projects, we respectfully request your consideration of allocation for this project for several reasons, noted below. Among the options available, the Committee can:

- 1) Forward award these projects from the 3rd 2021 Allocation Round to prevent any further delay of these shovel-ready projects. This is preferred by CHW and two of the three affected projects;
- 2) Reconsider the usage of a portion of the \$200 million from the Exempt Facilities Pool that was transferred to the ELI Set-Aside for the 3rd Round. With the reclassification of the Somis Ranch Farmworker Housing Community ("Somis") application from the ELI Set-Aside to the Coastal Region, the Committee was able to approve an additional \$48 million in allocation for other ELI Set-Aside applications in the 2nd Round. Therefore, by Committee actions at the August 11th meeting, the ELI Set-Aside will actually have a net \$248 million in projects. Reallocating that \$48 million difference from the transferred Exempt Facilities allocation would still be alignment with the Committee's voiced desire to have (a net) \$200 million in additional allocation be made available to the ELI Set-Aside projects. The sponsor of one of the four affected projects supports this option; or,
- 3) If there is any unused current year or carryforward allocation already awarded to CMFA, consider reallocating such allocation to the affected projects for which CMFA is the issuer.

In any of these cases, the allocation of tax credits from CTCAC would need to be noticed for the September 29, 2021 meeting.

In considering any of the recommended options identified above, we ask that the Committee note:

- **Precedent for Forward Funding**
As noted in the appeal letter by Affirmed Housing for the Bascom project (see CDLAC Agenda Item 7 materials found in the meeting package for August 11, 2021), there is precedent for the Committee to forward allocate to adjust for last minute, but justifiable, changes in an allocation group. As detailed above, the moving of the very large Somis project from the ELI Set-Aside to the Coastal Region pool displaced Portola Seniors and two other shovel-ready projects in the Coastal Region.
- **Allocation Recommendations Changed Literally Last Minute**
Typically, the working precedent in CDLAC history is that the Final Staff recommendations published with the meeting materials are indeed final and sponsors can begin preparation for the immediate usage of their allocation. The change made on August 11th was made minutes before the hearing, and we as one of the project sponsors only heard of it during the meeting itself, without any ability to review the situation nor prepare comments prior.
- **Project is Shovel Ready**
The project is, and has been, shovel ready and was recommended for approval by the Committee staff. There is no need to delay jobs and the construction of needed affordable housing by requiring the project to wait another round. Permits are in-hand and we are ready to commence construction before the end of 2021.
- **Affordable Housing Needed in Orange County**
Thus far in 2021, there have been no allocations awarded to projects in the Coastal Region from Orange County, and it's imperative that we work to provide affordable housing in all high-need counties in California. Low income seniors struggle to continue living with dignity and health and this project will provide much needed homes for those residents 62 and older. The city has planned to meet their affordable housing provision obligations by including this project within their Housing Element.
- **Project Has Applied for Bond Allocation Four Times**
CHW has applied for bond allocation 4 times—twice in 2020 and twice in 2021. The City of Lake Forest was excited to see that this project was finally being recommended for approval in the last round. To have a last-minute reshuffle of other projects, bumping this one out of the list of recommended awards, was discouraging.

Thank you for consideration of this request and our recommendations. We sincerely appreciate your attention to this. If you have any questions, please contact me or Mary Jane Jagodzinski, Senior Vice President (mjjag@chworks.org) (619) 450-8710).

Sincerely,

Sean Spear

Sean L. Spear
President and CEO

Cc: Mr. Anthony Sertich, California State Controller's Office
Ms. Gayle Miller, California Department of Finance
Mr. Ben Barker, California Municipal Finance Authority (CMFA)
Ms. Diep Do, California Housing Partnership Corporation (CHPC)



A Nonprofit Housing and Community Development Organization

August 31, 2021

Nancee Robles
Interim Executive Director
California Debt Limit Allocation Committee
Via E-Mail

RE: Santa Fe Commons I (CA-21-651) – Appeal for Award of Allocation of QRRP Bonds

Dear Ms. Robles,

Thank you for the opportunity to allow Self-Help Enterprises to appeal the lack of award of allocation of Qualified Residential Rental Project Bonds for Santa Fe Commons I (CA-21-651). We believe the summary of the appeal below will support reconsideration by CDLAC to award bonds to Santa Fe Commons I:

1. The funding recommendation list was not posted in accordance with CDLAC regulations to allow applicants the ability to make informed decisions, including the potential withdrawal of funding applications for consideration and/or the ability to appeal;
2. Had adequate notice been provided to the applicants regarding funding recommendations, there may have been applications withdrawn prior to the August 11th committee action;
3. The lack of advance notice resulted in Santa Fe Commons I being unfairly excluded from the funding recommendation list;
4. Santa Fe Commons I should be awarded tax exempt bonds at the special meeting on September 8th.

Background and Summary of Appeal: Santa Fe Commons I was on the final recommendations list sent out on 7/30/21, which complied with CDLAC regulations section 5039. Due to a change in the ELI/VLI designation of the Somis Ranch project the day prior to the August 11th CDLAC committee meeting, Santa Fe Commons I was removed from the final recommendations list and the Entrada project by Wakeland Housing replaced it. This redesignation of the Somis Ranch project the day prior to the CDLAC committee meeting was in violation of CDLAC regulations 5035, 5036, 5037, 5038, and 5039. Self-Help Enterprises was not notified of this change to the funding recommendation list prior to the meeting nor was the list posted in advance of the meeting.

Entrada apartments was included on the award list August 11th, and we understand the applicant has since withdrawn their application for tax exempt bonds and will not be accepting the award. As a result of the short notice and CDLAC action to add them to the list the day before the meeting, Entrada apartments was not given adequate notice in advance of the funding decision, which would have allowed them to withdraw their application with sufficient time. The withdrawal ahead of final CDLAC awards on the 11th would have resulted in Santa Fe Commons I remaining on the final list to be awarded bonds remaining in the Inland Region. Instead, the lack of appropriate due process has resulted in Santa Fe Commons I being unfairly denied a Round 2 CDLAC Bond award.

1. CDLAC Regulation Section 5035

Section 5035 states that “within thirty (30) calendar days after the application due date, CDLAC shall notify Applicants and the developers/sponsors of their preliminary score and the reasons for any modifications from the Applicant’s Self-Scoring Worksheet”. The regulation goes on to state, “Applicants will have five (5) calendar days to appeal their scores and/or completeness/feasibility defects”. This preliminary score letter includes a CDLAC staff determination of ‘Pool and Set-Aside’. It was at this point that CDLAC should have identified the Somis project as not eligible for ELI/VLI set-aside, and not the day prior to the August 11 CDLAC Committee meeting to approve final Round 2 awards. That the Somis project wasn’t eligible for this set-aside seems self-evident since the preliminary self-score list e-mailed by CDLAC on 5/27/21 shows the project with an average affordability of 51.9%, while the CDLAC Allocation System for 2021¹ shows the CDLAC Allocation System for 2021 defining ELI/VLI New Construction Set-Asides as “Average 50% AMI or below”.

2. CDLAC Regulation Section 5036

Section 5036 states that “any applicant who wishes to appeal the preliminary recommendation or ranking as prescribed in section 5035 may file an appeal within five (5) business days of the date on which the preliminary list is posted”. The preliminary recommendation list was first sent out on 7/16/21², with an updated list sent out on 7/22/21³. It is as of 7/22/21 that the Somis project was included in the ELI/VLI set-aside. Had this project wished to appeal an aspect of this preliminary recommendation it should have done so in writing to CDLAC within five (5) business days. This did not occur. It is worth noting that Entrada apartments was not on either of the preliminary recommendations lists shared on 7/16/21 or 7/22/21. Therefore, Wakeland had no reason to believe the Entrada project would be funded, and therefore no reason to withdraw their application. While the appeal period serves to allow corrections in scoring deficiencies, it also provides the opportunity for applicants to withdraw should their circumstances change, and they can no longer meet the 180-readiness deadline or desire to pursue the allocation of tax-exempt bonds. For example, the Northstar Courts project was on the funding recommendation list circulated 7/16/21, but it was not on the list as of 7/22/21. That is because the list was published as required, and the applicant had time to withdraw the project prior to the meeting. That did not happen with Entrada because they were not on any published funding recommendation list prior to the meeting on August 11th. Self-Help Enterprises has first-hand experience with the withdrawal process, as we are the managing general partner of the Northstar Courts apartments and we made the decision to withdraw in advance of the August 11 meeting because the project was listed on the 7/16/21 list.

3. CDLAC Regulation Section 5037

Section 5037 states that “at least ten (10) calendar days before the Committee meeting for which Allocations will be awarded, the final list of Applicants for which Allocations will be recommended (and the amounts of those Allocations) will be posted. During competitive rounds, the list will be in ranked order. This list will reflect changes, if any, in ranking resulting from the appeals as provided in section 5036. The list shall be posted on the Committee’s website”. CDLAC sent out the August 11, 2021 CDLAC Committee agenda on 7/30/21. This agenda had a link to the final recommendations list that included the Somis project in ELI/VLI, Santa Fe Commons I in the Inland Region, and nothing for the Entrada project as being recommended for funding. As a result of CDLAC not posting the final

¹ <https://www.treasurer.ca.gov/cdlac/allocation-system-for-2021.pdf>

²

https://www.treasurer.ca.gov/cdlac/programyear/2021/02_August_11_Allocation_Meeting/07_Preliminary_Recommendations/01_Qualified_Residential_Rental_Projects.pdf

³

https://www.treasurer.ca.gov/cdlac/programyear/2021/02_August_11_Allocation_Meeting/07_Preliminary_Recommendations/01_Qualified_Residential_Rental_Projects_-_Updated_7-22-2021.pdf

funding recommendation list in advance of the meeting, pursuant to Section 5037, Entrada was not aware they were being recommended for funding and had no ability to withdraw their application in advance of the final decision by CDLAC.

Further, Self-Help Enterprises was not notified of the revised list in advance of the meeting, and only heard it verbally announced over the call-in line during the meeting. This indicates the likelihood that other applicants did not know in advance either, limiting their ability to take action at the meeting. For example, if the Entrada project was not on the funding list, there would be no reason for them to attend the meeting, no way for them to know they were added on to the list, and no way for them to notify CDLAC of their intent to withdraw prior to the funding decisions being voted on and approved by the committee.

4. CDLAC Regulation Section 5038

Section 5038 states that “any applicant who timely appealed the preliminary determination and is dissatisfied with the final recommendation in connection with the Application or received no preliminary recommendation, may present its case to the Committee at the Allocation meeting at which the Application is considered, provided that the Applicant gives notice, in writing, of its intention to do so at least five (5) business days prior to the Allocation meeting. An Applicant’s written notification must be delivered to the Committee, no later than 5:00 p.m. (Pacific Time) on the last day specified for providing notice”. The Somis project had not “timely appealed the preliminary determination” of their placement in the ELI/VLI set-aside. Even if the Somis project had appealed the preliminary determination of its set-aside designation, it did not even appeal its NC pool set-aside designation in the final recommendation list within the allotted five (5) business days that CDLAC requires. Instead, against all protocol to the contrary, the change was made the day before the August 11 CDLAC committee meeting resulting in several projects, Santa Fe Commons I included, being removed from the final recommendation list, and some projects, like Entrada Apartments, not on any previous recommendation list, to be approved for allocation of bonds. This last-minute shuffling neither provided Santa Fe Commons I with sufficient time to present an appeal, nor the Entrada apartments sufficient time to decide to decline the award, which would have allowed Santa Fe Commons I to be funded in its place. Based on the fact that the process did not occur in compliance with Section 5038, the second round was never “closed”. While under normal protocols, if a project withdraws after funding recommendations are approved and the round is “closed”, then those bonds would roll into the next round. In this case, round 2 has not “closed” because several projects were not able to appeal pursuant to section 5038, therefore **allowing the opportunity to CDLAC to allocate the unused bonds in the Inland Region to the Santa Fe Commons project**. This is what would have occurred if the project had withdrawn prior to the funding decision and is only fair given the lack of due process which occurred with the round 2 funding allocations.

5. CDLAC Regulation Section 5039

Section 5039 states that “at least ten (10) days before all Committee meetings, the Executive Director shall post an agenda of all items to be heard by the Committee, on the Committee’s website”. An updated final recommendations list was not posted on the CDLAC website until after the August 11th CDLAC Committee meeting determining final bond awards. It is extremely difficult for developers and the public to meaningfully participate in CDLAC committee meetings without accurate information and sufficient time to process and respond to information that is presented. The only information provided on the August 11 CDLAC committee call as to why the final recommendations list had been rearranged was that an ‘error’ was noticed on the Somis application and so they were moved from the ELI/VLI set-aside. Had any of the above mentioned CDLAC regulations been adhered to, this ‘error’ would have been identified through the normal procedures of reviewing applications. The result of these regulations not being followed is that Entrada apartments was not provided sufficient time to decline their award of bonds, which they subsequently have done, due to the fact that they could only have become aware of their award during the August 11 CDLAC committee call, or afterwards when the updated final recommendations list was posted to the CDLAC website. The curtailment of due process this round resulted in our project being removed from the

final recommendations list and inadequate time for Entrada to withdraw, which by all the evidence provided, resulted in an incomplete round and remaining bonds in the Inland Region which should have been allocated to Santa Fe Commons I.

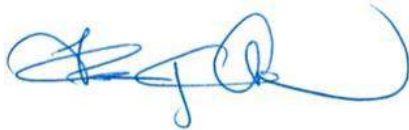
Given the above stated facts, Santa Fe Commons I should be awarded an allocation of Round 2 Qualified Residential Rental Project Bonds at the meeting on September 8, 2021 from the excess bonds available in the Inland Region. The bonds are currently available in the Inland Region due to the withdrawal of the Entrada project, and it is within the purview of CDLAC to allocate bonds to Santa Fe Commons I.

In the event CDLAC concludes that an allocation of bonds from the Inland Region is not viable, we respectfully request CDLAC forward commit bonds from Round 3 for the Santa Fe Commons I project. Our project was justifiably next in line given current CDLAC regulations and is ready to commence construction within the 180 deadline.

Santa Fe Commons I also applied for an allocation of 4% low-income housing tax credits, and we formally request the allocation of tax credits be added to the September 29th agenda and considered at that meeting.

Self-Help Enterprises is hopeful that CDLAC will support the allocation of resources in the Inland Region to Santa Fe Commons I, which will enable us to provide 81 low-income families access to high quality affordable rental housing. Should you have any questions on the information provided, please contact Betsy McGovern-Garcia at (559) 802-1653 or betsyg@selfhelpenterprises.org.

Sincerely,



Thomas J. Collishaw
President/CEO



VIA EMAIL

September 1, 2021

Ms. Emily Burgos (eburgos@treasurer.ca.gov)
Senior Program Manager
California Debt Limit Allocation Committee
915 Capital Mall, Suite 304
Sacramento, CA 95814

**RE: CA-21-615/ Orange Corporate Yard
Formal Appeal**

Dear Ms. Burgos:

As a follow-up to my email dated August 31, 2021, I am writing to formally request that Orange Corporate Yard (CA-21-615) be included as part of any restorative decision that is made for projects that were removed from consideration by the California Debt Limit Allocation Committee ("Committee") immediately prior to (on the morning of) its August 11th meeting.

It is our understanding that the California Municipal Finance Authority (CMFA) has developed, and is prepared to offer the Committee, a potential solution to eliminate any harm caused to the effected projects for which CMFA serves as the issuer by providing Carry-Forward allocations to those projects. We support this potential solution and respectfully ask the Committee to give it fair consideration.

This project is strongly supported by the City of Orange. The construction of this development is being facilitated through the dedication of a portion of the City Corporate Yard. This 62-unit community will provide needed housing for families within Orange County.

I look forward to attending the meeting on September 8th and appreciate the Committee's consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Todd Cottle', is written over a light blue horizontal line.

Todd Cottle
C&C Development Co., LLC

CC: Anthony Stubbs, CMFA (astubbs@cmfa-ca.com)
Jahi Akobundu, C&C (jakobundu@c-cdev.com)

14211 Yorba St., Ste. 200 Tustin, CA 92780

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AGENDA ITEM 5

Public Comment

AGENDA ITEM 6

Adjournment