

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

December 22, 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 9:00 a.m. Anthony Wey read the phone script.

Members Present: **Fiona Ma**, CPA, State Treasurer
 Gayle Miller for Governor Gavin Newsom
 Anthony Sertich for Betty T. Yee, State Controller
 Tiena Johnson Hall, Executive Director at California Housing Finance
 Agency (CalHFA)
 Gustavo Velasquez, Director at Department of Housing and Community
 Development (HCD)

Treasurer Ma: We do have a quorum.

2. Approval of the Minutes of the November 29, 2021, Meeting (Action Item)

Treasurer Ma announced the Minutes from November 29, 2021, to be approved by Committee. Motion to approve made by Ms. Miller, seconded by Mr. Sertich. No public comments on the Minutes.

Roll call was taken and the motion passed unanimously.

The Minutes have been approved.

3. Executive Director's Report

Executive Director Nancee Robles briefly introduced herself as the Executive Director for CDLAC. She also extended her introduction to include CDLAC's newest staff member, Erin Deblaquiere. Erin is a native of Sacramento who has about 15 years of experience in the Housing industry and has a degree in Zoology.

Executive Director Nancee Robles: Since the last Committee meeting, Treasurer Ma and she attended an outdoor grand opening ceremony. It was the Main St. Plaza Apartments in Annex

on Maine and Roseville which was a unique hybrid project in which they received bond allocation and tax credits in a number of different transactions in 2018. Residents were homeless, on the verge of homelessness, special needs, and veterans. The facility is a beautiful structure in the midst of Old Roseville, close to transportation and the like.

Wait list: 9 projects have returned their allocations—8 of them for lack of tax credits and 1 of them for other reasons, totaling about \$333 million in allocation. We agreed to take those funds to a waitlist as there are 8 waitlist projects waiting to be reviewed for award and they total about \$288 million in allocation. We’re estimating about \$63.5 million to be allocated as carryforward to the top 3 issuers by the end of this month.

Transparency: CDLAC committee meetings have been long, continued, and rescheduled throughout the last few months. Public comments have stated access to the public meetings has been difficult and this has been remedied by going back to inviting the public to the Zoom meeting platforms. Phone lines are also accessible to the public. Likewise, for most of the year, our meetings have been held in person and the public are welcomed to those meetings. All materials viewed during the meeting are posted on the CDLAC website and could be accessed there. Presentations made at meetings and shared on the Zoom screen will also have presentation materials accessible at the website. The public has also requested that any documents related to the regulation discussions be public and those documents be posted online, and those documents have been published under the topic “2022 Regulations Discussion” on the CDLAC website and in the CDLAC Minutes. We are a transparent committee and we welcome input.

That concluded the Executive Director’s report.

Treasurer Ma thanked Executive Director Nancee Robles. There were no public comments on the report.

4. Committee Discussion and Recommendations to Staff Regarding 2022 Regulations

Executive Director Nancee Robles opened up the discussion by explaining that this is a continuation of the discussion for changing the CDLAC regulations specifically as it pertains to the tie breaker QRRP applications. It has been established that these regulations were not going to be in effect until the 2nd Round allocation [in 2022].

Treasurer Ma posed the question: What needs to be discussed?

Gayle Miller: When is the timing? When does Ms. Robles expect these regulations to be approved by the Committee? Please be clear on the timing pinch to ensure that they’re ready by July 1st?

Executive Director Nancee Robles acknowledged that there is currently no clarity on the timing and added: CDLAC is somewhat at the mercy of the Office of Administration Law (OAL) despite there being a small change to the regulations which will allow the Committee to do

the 1st Round of allocations under the old regulations. From there then, the 2nd and 3rd Rounds under the new regulations, and will bring the emergency regulations package to the January 19th Committee meeting, and, after that point, can file a permanent packet for all the outstanding emergency packets for old regulations. It can take up to 6 months for OAL to complete their process. It all depends on how much public comment is received at OAL after that permanent rulemaking packet is filed. If there are any changes made after a public comment period, the public comment period can start over and that's why it could take up to 6 months. Around the month of May is the timeframe in which those regulations are anticipated to become permanent. Therefore, preparations to present a new packet for the new regulations should be made as soon as possible after May.

Gayle Miller: Emergency regulations will be presented to the Committee on January 19. To be clear, there will not be another set of new regulations presented in May?

Executive Director Nancee Robles: Correct. The new regulations in May will be for the 2nd and 3rd Round. May is the estimated timeframe of when a permanent packet will be released. The Committee doesn't have to approve the permanent packet as they would have already approved all of the emergency packets leading up to that point. Once the permanent packets have been complete, CDLAC will present an emergency packet for the 2nd and 3rd Rounds. It will be for regulations to continue, and we will immediately file a permanent packet afterward, so CDLAC is not running into the same issues.

Gayle Miller: Perfect.

Gustavo Velasquez asked for clarification: The packet will be submitted to OAL not until May?

Executive Director Nancee Robles indicated: There are 3 things going on: 1) there needs to be a small change in an emergency packet so that we will be allowed to allocate in the 1st Round under the old regulations. That will be in an emergency packet presented in the Jan 19th meeting. 2) Right after that, we will file a permanent packet with OAL which will roll in about 6 emergency packets already in existence so that we can operate under the old regulations. 3) The new regulation packet that will be brought to the Committee for the 2nd and 3rd Rounds, and to continue, will be somewhere around May. It will be an emergency packet, so if we can get it here in May, it will be in effect within 30 days.

Gayle Miller stated that the explanation was very helpful and thanked Ms. Robles.

Ms. Miller addressed Treasurer Ma: A letter was submitted that covers the majority of what was considered technical changes. Madam Treasurer may determine whether or not each of those are to be individually examined. The most substantive ones can also be pointed out. It is, however, on the website. It includes pool recommendations, does 3 things that works through the data of how the tie breaker works pursuant to the data used at HCD. It also covers outstanding regulations that did not have the opportunity to be discussed which may be technical in nature, including having the homeless set-aside be 49% rather than 100% to make it more flexible. Each of them can be discussed or perhaps having a staff discussion. What is the right process in the interest of time? There are 10 changes total and some point

category suggestions. Most are simply streamlining and ensuring consistencies, not all policy changes. What will Madam Treasurer's process be?

Treasurer Ma: With this being in discussion often, there should be no surprises here. Members of the public may certainly weigh in on the ideas. The pools being the most controversial is where our time and energy will be going most to. If the Committee members or members of the public would like to make a comment on any of those 10 points, they are welcomed to.

Executive Director Nancee Robles: In addition to commentary on the 10 points, we want to also afford the public an opportunity to weigh in when the regulations were filed with the Office of Administration Law. Legally there is a 5-day comment period, and we are going to open that up to a 30-day period. There is also going to be a workshop.

While this is in the works, no date has been set yet as no timing or calendar for meetings in 2022 has not been nailed down or approved. We look forward to these items being fully ready to present and approved at the January 19 meeting. From there, it will be clearer as to when this 30-day commentary can take place as well as the workshops.

Anthony Sertich suggested going through the basic changes that both administrations would like to recommend before inputting and then adding in public commentary to help streamline.

Treasurer Ma suggested for Mr. Sertich to start off the Committee.

Anthony Sertich made four points:

1. Remove the leverage point category because of redundancy now that there is encouragement to incentivize leverage in the tie breaker.
2. Codifying the allocation process to decrease discussions of how awarding state credits is going to work. Along those lines, if a bond does not receive state tax credits, they should not be awarded or be deemed feasible which would help the award process. With the Build Back Better bill unlikely to pass, rephrase wording from 55% to 110%, 120% of minimum bonds required to receive the full tax credit allocation, just so should there be a pass later in the 2022 year, there is room in staying ahead of the game. The recommendation would be to rephrase at 120% from 55-60% given some of the concerns that were brought up.
3. Changing the skipping rule for allocating bonds as that is creating structural issues with the allocation process causing projects to fall out. This is in line with the administrations' recommendation, which is to redefine preservation projects and taking out the piece that allows Section 8 projects that do not have CDLAC/CTCAC to regulate regulatory agreements on them to receive qualified preservation. Those projects can always go market themselves, but the tenants themselves, if they should go market, do receive vouchers which protects them while the project can go market. Those kinds of projects are not projects that are sustaining in the preservation cycle. This relates to Item number 5 from the definition of the preservation that should be removed.

4. The definition that needs to be worked on is the community revitalization areas. We need to get that right because this is getting layering into the scoring now.

Treasurer Ma welcomed Gayle Miller in adding any comments from Anthony Sertich's points.

Gayle Miller stated disagreements on the following points from Anthony Sertich:

Point 1, Leverage agreement, though still incentivizing a low amount.

Point 2, codifying allocation process—specifically, increasing bond amount. Given how scarce they are, a Federal trigger would be acceptable. Instead of increasing the bond amount in preparation, the regulation could instead be written, “If there is a federal law that changes the requirements that there would be no issue complying with that.” That would be a better way of accounting for the chances of a federal change.

Ms. Miller provided no comments on the skipping rule because there were some clarification she still needed on it.

Ms. Miller stated agreements on the following points from Anthony Sertich:

Point 3, specifically, the preservation redefinition.

Point 4, work on community revitalization definition.

From the Governor's Office:

- 50% cap for Affirmatively Furthering Fair Housing (AFFH)
- A proposal has been put out there in the way the pools are constructed and addresses how the tie breaker should work.
- When feasible under IRS regulations, for the unused funds, if money is left over from carryforward that isn't going back to the issuer, then it goes to ELI/VLI
- Eliminating the sunset date for a set-aside.
- Homeless prioritization to decrease to 49%.
- Broadening definition of homelessness.
- Preservation rehab.
- Supplemental bond request.
- As for point changes, need to be refined and consistent with definitions that are the same across programs.
- AFFH point specific information

A brief discussion of the “skipping rule” and what it is took place.

Treasurer Ma explained the skipping rule: When not enough capacity, applications are skipped to the next one instead of going back to the higher score and saying, “would you like to

amend/take less?" When bonds come back, the applicants that were skipped want to be back on the list again because they've been skipped.

Anthony Sertich clarified his previous recommendation: Recommendation to rephrase at 120% is not set, but rather even rephrased to 5% more would be fine. The important thing is to address it before some bill is implemented in the spring that can change that rule.

There was general understanding amongst the Committee members that disagreement was between the leverage point category as well as the skipping rule. A general consensus passed through the Committee to address the issues during this current meeting. Treasurer Ma began the discussion with addressing removing the leverage point categories and if any Committee member would want to remove or keep it.

No comments were waiting on the phone.

Caleb Roope raised his hand. Treasurer Ma acknowledged Mr. Roope.

Caleb Roope of the Pacific Company acknowledged: There are many reasons to remove as well as keep it as previously discussed in past meetings. He instead recognized "recycled bonds" staying in the definition, as it carries importance in the system. In the scenario that the leverage point category is accepted to stay, the program can be as effective as New York is and thus keeping recycled bonds in the definition has been an elegant way of incentivizing recycled bonds through the leverage point category.

Additionally, the Committee touched upon future regulations and concurrent fix changes and that it would be good for staff to be able to isolate the immediate ones that are going to go into the emergency packet that Executive Director Nancee and the team are working on. For example, an immediate one: changing the 49% homeless, the skipping rule, not getting a state credits rule. Isolating them into a tight bucket for them to work on first. The bigger things, such as the new tie-breaker could be worked on in the future.

Gayle Miller raised her hand and Treasurer Ma acknowledged Ms. Miller.

Gayle Miller responded to Mr. Roope's latter point: It will be important to delegate all the points to the staff and working groups given each are technical. Staff can then work on it to create a comprehensive packet for public comment by January 19th to reduce repeatedly changing things.

Treasurer Ma recognized Ms. Miller's point.

Executive Director Nancee Robles stated: It would be impossible for CDLAC to produce a comprehensive packet and have it ready to go by January 19 as they are still working on the old one. The old packets must be completed and placed into a permanent rulemaking process. CDLAC staff are still reviewing applications for the waitlist. A lot of work still needs to be done by the end of 2021 with limited staff and time. The plan was that everything would be put in the packet going forward and have the workshops and 30-day public commentary so

that everyone has the opportunity to discuss before it is presented to the Committee. The small change to be made for the January 19th meeting is a change that allows CDLAC to run the first round of allocation within the old regulations because, as of now, the regulations says that before any allocation that is presented in 2022, CDLAC is to correct the tie breaker. CDLAC is not prepared to bring to the Committee a comprehensive packet as there are too many moving parts and components to changing these regulations to do that.

Ms. Miller apologized and corrected herself to say, “*When*” CDLAC and staff are ready for that phase.

Treasurer Ma summed up the conversation: The Committee will delegate to CDLAC staff, working group, HCD, and any interested in working on this, to work on all of the issues (codifying a process, skipping rule, redefining preservation, redefining community revitalization areas, eliminating the sunset) that were brought up. However, a decision vote needs to be made and on the leverage point categories.

Treasurer Ma acknowledged William Leech.

William Leech of Kingdom Development expressed the following: Thanks to making the meeting available on Zoom again. On the leveraging point categories, he strongly supports removing the category as it is unfortunately conscripted and forces developers down a certain path rather than being flexible for many different ways to finance a transaction. Often, when developers get local agencies involved as a mandatory component to get scoring, it adds costs. The way the 50% works, it does the opposite of leverage the bond. Many good reasons are involved in this scoring category: it gets the local agencies involved in writing down the regulations, giving those regulations a deeper targeted level. Where local agencies’ involvements are concerned, the tie breaker will help with that. For new people trying to get into the industry, the leverage point category will be a barrier to entry. Perhaps new developers may not have the local component, but perhaps they are able to put together a good financing packet that can get it done without the local component. For that reason, he is in strong support of removing the leverage point category not because it is a bad category but because it is already built into the new tie breaker and will be very helpful for emerging developers, flexibility, and existing developers to propose to propose the absolute best projects to the Committee in the future.

Treasurer Ma thanked Mr. Leech and acknowledged Melissa Fox.

Melissa Fox thanked Treasurer Ma and CDLAC staff for their work and addressed: Her concerns are for the rural and inland areas, specifically scoring and tie breaker which favor the metro regions and denser areas. The climate goals as well are also constructed in a way that favor the metro areas, especially in the area of amenities. There has been move towards the imperial empire and inland because of the cost of housing. In the ability now to appear and work on Zoom, as the focus to meet climate goals and encourage people not to use transit and work from home instead using high speed internet, these should be things that the Committee should consider to help balance transit. With regards to the rural transit, commentary will be addressed at Item number 5.

Melissa Fox closed and Treasurer Ma thanked her. No other members of the public were waiting to comment on the phone line or in the room.

Andre Perry raised his hand. Treasurer Ma acknowledged Mr. Perry.

Mr. Perry circled back on Mr. Sertich's point on regulation 5233: He is in full support in respect to reconsideration of raising that 55% cap to something closer to 60% for the reason being that as an issuer on behalf of the City of Los Angeles and seeing deals coming through City of Los Angeles' pipeline with projects submitted at the 55% maximum provided under that regulation caused from increased cost. At the time of receiving the award and getting to closing, projects are needing that additional 1 or 2 percentage point in order to keep their 4% tax credit. From a staffing stand point, for issuers like City of Los Angeles, and perhaps CDLAC as well, it would be easier to go back to the 2020 rule which was allowing the cap to go back to 60% so that deals don't have to be underwritten again and reevaluated. When thinking about the regional set asides available to the City of Los Angeles, many of the deals asking for supplemental bonds are asking for very minimal in order to keep meeting their 50% test. The City of Los Angeles are seeing deals asking between \$3 million to \$5 million on average. The issue stems from the amount of time that it takes to get all the things ready for staff at the state and issuer level. The issue can be avoided if the cap is raised.

Treasurer Ma thanked Mr. Perry and acknowledged Alice Talcott.

Ms. Talcott shared: On the process, one thing to consider in the discussion with the state credits issue is when CTCAC is going to have to decide to get allocated between the three rounds. She advocates that they get divided equally between the three rounds in consideration of projects coming in the later rounds where allocation is then very few, especially with the new regulations being applied in the 2nd and 3rd rounds. In order to do that, the Committee will need to address in the CDLAC regulations how the skipping rule would work for state credits in the first rounds should the Committee agree to divide allocation equally between the three rounds. Because there will be a small change being made in the January meeting, a possibility could be to make that change in January which will enable the Committee to fix that in the 1st round as well.

Treasurer Ma thanked Ms. Talcott. No other comments remained.

Treasurer Ma extended the invitation for the Committee to make a motion.

Gayle Miller made a comment: It would be best to keep it and prevent losing the emphasis it brings to leverage.

Anthony Sertich made a motion: Remove the leverage point category.

There was no second to the motion.

Anthony Sertich followed up: On the note of seconding Ms. Miller's idea of giving staff the availability to work with the ideas and discussions the Committee has had and develop some regulations around them, the one big thing that may be missing, as the Committee is thinking about the coming year, is to engage the environmental side and sustainability side so that scoring is calibrated correctly. Because the administration has the expertise there, it would be good for them to really leverage it next year so build the scoring out to best leverage those sides.

Treasurer Ma made a comment: Not just the staff but the working group as well.

Anthony Sertich wanted to focus on the following: When it comes to adding back some parts of the program back, it will be important to distinguish between the incentives and the requirements because they are two different things. Focusing on making incentives is the point of the tie breaker because it gives us the ability to incentivize rather than requiring, if done properly.

Gayle Miller addressed Treasurer Ma: Does the Committee want to make a motion in the case there is a Federal trigger?

Treasurer Ma: It would be best to allocated it to staff.

Nancee Robles: And ride it out.

There was no motion on this action item.

5. Discussion of Distribution of 2022 Allocation

Executive Director Nancee Robles opened: The discussion to prepare Staff to make a recommendation to the January 19th meeting. To date, the Committee does not have the factor to calculate the IRS's state's debt ceiling, so the Committee will be discussing all of the preparation in general dollar amounts and percentages of the overall amount. Each Committee member has submitted its recommendations. A brief summary for the Minutes and the record will be given:

The Administration proposed \$600 million to the exempt facility pool, and the remaining to be split 60/40 between the set-asides and the regions with no changes to the categories with slight adjustments to the percentages of the set aside pools. It also proposes to return percentages of geographic regions to previous forms prior to the last changes. If the Executive Director is not interpreting those correct, please let her know.

The Controller's Office proposed all allocation be 100% QRRP—75% of which is new construction and no allocation for the mixed income pool. It is also proposed the homeless and ELI/VLI award be awarded first and count against the geographic pools. It addition, it is suggestion the new construction geographic pools be realigned and combine the city of Los

Angeles and the balance of Los Angeles into one pool and create percentages based on fair market rent (FMR) X population.

The Treasurer's Office proposed \$600 million to the exempt facility pool, and the remaining to be split 60/40 between the set-asides and the regions with no changes to the categories and no adjustments to the percentages of the set aside pools. It also proposes to change the percentages of the geographic regions to original form prior to the last change.

Requests were submitted from CalVET to allocate \$100 million to create revenue in its veteran housing programs and a request was submitted from CalHFA for \$200 million in the mixed income pool [this was later corrected to be a \$600 million request].

A comparison document was also prepared for the public to follow along. That is on the CDLAC website under Meetings & Agendas, Dec 22nd Meeting, which also includes all other documents and presentations presented on that day.

Treasurer Ma then praised Executive Director Nancee Robles and her team for a great job in preparing the documents. She asked for the members to have it reviewed to make sure that those proposals were what was intended by the three offices and they will begin there.

Tiena Johnson Hall had her hand raised and Treasurer Ma acknowledged her.

Tiena Johnson Hall thanked Treasurer Ma and proceeded to clarify: the \$200 million that Ms. Robles mentioned was for tax credits and the actual ask around the Mixed Income Program (MIP) pool that was submitted in writing was for a little over \$600 million.

Treasurer Ma acknowledged this and turned to the room for raised hands. She acknowledged Mike Walsh.

Mike Walsh of Riverside County Housing Authority began by expressing appreciation to staff for the very clear spreadsheet and followed up with: His primary concern is proportionality in terms of allocation since the state receives allocation based on population. In terms of geographic regions, it is not how it is distributed. More specifically, for one of the set asides—the rural piece—other state programs allocate substantially higher programs towards the rural set aside. This is critical for both CDLAC/CTCAC because rural areas are competing against high cost regions creating a disadvantage. If they are unsuccessful in the rural piece, they will not fall back into their geographic region, essentially receiving just one bite at the apple. Many of the projects are dependent on many of the HCDs and state resources that are allocated 10% or 20% of their set aside towards other allocations, rural projects. Those projects do not have the ability to move forward. The longer they wait, the more disadvantages because of the higher costs.

Treasurer Ma thanked Mike Walsh and acknowledged Mitch Slagerman.

Anthony Sertich asked to speak: Some of the numbers on the spreadsheet appeared to have been moved from the summary sheet from the original send. Looking at it, from the Controller's

Office's proposal, 5% the BIPOC pool, 5% to Rural, 14% to Preservation and 1% Other Rehabilitation. The order was off, though the numbers are correct.

Treasurer Ma asked for the numbers to be repeated for the right pools, and then acknowledged Mr. Slagerman.

Mike Slagerman of Palms Community, an affordable developer, thanked the Committee for the opportunity to speak: Piggybacking on what Mr. Walsh spoke of previously, allocation should be made on the basis of region because it is the most equitable, mimicking the federal practice. It is also very straightforward and easy to understand. Together with Mr. Walsh, the request would be to have the Committee reconsider the allocation on a per capita basis. In relation to the set aside such as the ELI/VLI, goals could be made within the actual regions, setting some percentages based on that and making all bond allocation go per capita per region.

Treasurer Ma thanked Mr. Slagerman and acknowledged Susan Jordan.

Susan Jordan: In today's meeting, the Committee will certainly discuss the allocation pools and the Housing programs versus exempt facilities. There seems to be some confusion from the last meeting on whether or not Brookfield and Poseidon have an application for \$1.1 billion in private activity bond. The answer to that would be, "They have an approved initial resolution that was issued by CPCFA in December 2019 that notification to the public in advanced. This resolution is valid until December 2022." The reason the public is so concerned is because this is how they financed the vast majority of their Carlsbad desalination plants. The ramifications of that decision were unknown then but are known now. Back in January 2021, the opposition to Poseidon's \$1.1 billion application was first opposed. In response, Poseidon themselves indicated they would not be coming through that allocation until early mid-2022, which is what the Committee is currently discussing at today's meeting. Within the last several weeks, Poseidon's lead for the project has twice made it clear in the Press that it believes it is eligible and entitled to seek this funding. Their statements are available and can be shared with staff. If anyone is to blame for leading the public for believing that this potential application for \$1.1 billion in private activity bonds is alive and kicking, it would be the company itself which is why the public feels it necessary to continue to express its strong and united opposition to any allocation, whatsoever, to a project that works in climate change, pollutes the marine environment, while privatizing water and raising rates, all to enrich a \$650 billion global corporation who can certainly afford to finance the construction of this facility without public handout. Until this application is withdrawn, denied, or expired, the public will continue to urge the Committee to direct the vast majority, if not all, of the federal allocation to affordable housing projects and to only approve exempt facilities that meet the most stringent environmental standards, given that the issuer that is issuing here is titled the California Pollution Control Financing Authority (CPCFA).

Ms. Jordan closed by thanking the Committee and staff again and especially for providing the Zoom link as it makes a huge difference for the ability of the public to interact with the Committee and its staff.

Treasurer Ma thanked Ms. Jordan and acknowledged the next speaker.

Theresa Gunn of CalVET thanked the Committee for the opportunity to speak: She is here to advocate that a portion of the allocation be made to CalVET for the homeownership program. In 1970, the legislature authorized and setup CalVET to do revenue bonds that was before the feds took over the allocation process. When it took over, it had the states take care of those apportionments. It still put CalVET in, in requesting funds from CDLAC to be able to allocate these. The program is here to help veterans ineligible for the qualified Veteran Mortgage Bonds which are the state general obligation bonds. Since 1970, at least 18 times, the legislature has reaffirmed the CalVET Homeloan Program, serving veterans and helping them get into housing. CalVET would use these funds and allocations for low-income veterans. Without it, these veterans would remain in affordable housing instead of becoming homeowners.

Treasurer Ma thanked Ms. Gunn.

Executive Director Nancee Robles explain the screen being shared on the Zoom video: the spreadsheet has been corrected to reflect the corrections made to it earlier by Mr. Sertich.

Treasurer Ma thanked Ms. Robles and acknowledged the next speaker.

Melissa Fox from Coachella Valley: She expressed her surprise to see the 1% allocation come out of the Controller's Office. Very good to hear, at least in the rural area. Based on what Mr. Walsh pointed out and from other speakers, the money received was based on population. Since the trend has been that the population is moving away from metro areas to marginally more affordable areas, allocation should reflect this move because it also reflects the need. She expressed appreciation that the Controller's Office is not recommending 1% but is indeed recommending 5% though that is nowhere near enough. Looking at the percentages in the other materials, looking at \$300 million being approved as opposed to \$2.7 billion in the Bay Area. It does not reflect population and needs assistance to make this a more equitable process and distribution of funds, and in particular, tagged to population numbers.

Previously, she spoke on a different item on the ability to telecommute and how that is likely to be the environment as opposed to taking transit and commuting. Consideration of the climate goals is going to be very important. It will have to allow for amenities or high-speed internet and infrastructure. The hope is that the Committee will look at population numbers and decide how best to allocate resources to help the most people.

Treasurer Ma thanked Ms. Fox and acknowledged the next speaker.

Olivia addressed the Committee and expressed her concern: On the \$1.1 billion application, where is the approved resolution? Since Poseidon did not come before CDLAC in 2021 for approval, they appear to feel as if they have time, privilege, and favoritism of Governor Newsom. 2022 is right around the corner, so the question to pose is: "Why can't we declare collectively to support statewide solution for permanent affordable housing for the zero-

income, the very low income, the low income, moderate income people, retirees, veterans, single parents, grandparents with custody of their grandchildren, and the newly widowed partners because of COVID and/or the economic suffering of the pandemic and the climate crisis, fires and floods? Why can't we?" The answer is simple: because the Governor does not want to. This is why nice things cannot be had and nice things to have in 2022 are: clean air, clean water to drink, affordable permanent housing for relatives. Meanwhile, Wall St. praised Poseidon for using public money for private profit. The hope and goal are to create a healthy community for all in 2022, not profiting comforts for a select few corporations. The public has the people and community power as Californians to keep one another healthy.

Olivia urged the Committee to rise to the occasion of the day to be better and thanked them again for their time as well as the Zoom medium to interact with Committee and staff.

Treasurer Ma thanked Olivia and acknowledged the next speaker.

Emily Ware asked: Has there been any proposals to align the geographic regions to the HCD opportunity area map? It might solve some of the question of having a separate rural set aside. It would also treat Solano, Sonoma, Marin, and Napa County as a part of the Bay Area region which seems to be a little more similar what the threshold basis limit regions looks like, the HCD opportunity look like, the CDLAC/CTCAC geographical apportionments look like?

Treasurer Ma acknowledged the question and indicated that the Committee will come back to it.

Treasurer Ma thanked Emily and acknowledged the next speaker.

Cherene Sandidge made three comments: 1) Acknowledgement in the 5% BIPOC pool and will be using that most efficiently. There will be no support for splitting up the pie of geographical apportionment or levies to other areas. As long as it stays as it was, moving forward will be fine. 2) Concern about how to make senior projects competitive with no federal and state coming in. 3) Is there a difference between ELI and homeless? Homeless should be able to apply in the exempt pool because of all the services and facilities needed to be built to support a transient population. A discussion should be had on how to move not just from homeless but from seniors to new homeless who are also your ELI/VLI who cannot afford to live in California. 30% AMI in the Bay Area is \$26,000—that is not a living wage to pay rent. How does one stop this kind of train from moving? Last thing to mention: highly in support of moving the ELI/VLI deduction out of geographical but it does not make sense. It does not make sense here: Not only does ELI/VLI have its own set aside, it will go against its own geographical proportion. For example, if a project is coming in for ELI/VLI, will money first be taken out of the set aside or the geographical apportionment? This is specific to the Bay Area but it appears to make sense. Some explanation would be appreciated.

Treasurer Ma thanked Cherene and acknowledged the next speaker.

Alejandro: A resident of Orange County and recent graduate of UC Santa Barbara, representing the youth and those entering the workforce.

A brief note prior to making his point, Alejandro asked if the meeting on Zoom could extend its capacity to include more than 100 people on video just to ensure no one is dropped to participate and miss an opportunity to actively engage with the Committee.

He requested the Committee to allocate 95% towards affordable housing given the current housing crisis. He also requested especially not to give the \$1.1 billion towards Poseidon who is seeking private profit at the expense of Orange County residents.

In a personal testimony, he expressed the difficulties of thinking about purchasing a home, especially with rising rent and with having shared costs with roommates. He projected there may be no future for him to retire and own a home. Orange County's housing market has doubled since 2012 and the county will still require blue collared workers. People are living together and cramming themselves in living spaces as evidenced by the street parking. Moving out of the state or elsewhere cheaper is not necessarily an option but rather a privilege because of the cost and networks of support that live in certain locations, such as Spanish speaking communities for primarily Spanish speaking residents. California should not just hold an aging population or people living on the streets. The current reality holds, for example, a houseless lady with a 7 month old baby whom he met. Given the present reality of homelessness, the current generation appears to be worse off than their parents. Tuition, cost of living, getting a home—all really high in costs and currently looks impossible for the youth and those entering the workforce. For that reason, \$1.1 billion should not go to Poseidon, whose facility will not help the environment as a corporation, but rather towards the housing crisis addressing the concerns as noted in his testimony.

Treasurer Ma thanked Alejandro and acknowledged the next speaker.

George Corser: A resident of San Diego County. He recently just learned about the Poseidon situation and wanted to share some information on impacts that Poseidon has had in San Diego because he has been directly affected by it. His impression of CDLAC was that it primarily exists to support affordable housing, not a polluting plant that Poseidon has proven to be.

The Poseidon plant is a big factor increasing the price of water in San Diego. In San Diego, price of water is among the highest in the nation now because of the County Water Authority subsidizing this plant. Currently Poseidon charges the county and residents and ratepayers \$2800 for an acre foot while the metropolitan water district, who supplies Poseidon, charges \$1,309—a difference of \$1500 that residents are paying in a premium to Poseidon.

Besides being able to subsidize a polluting plant but also inject tremendous amounts of brine right back into the ocean, there is a reliability situation. Just this past year, the plant was shut down due to a red tide and could not operate for two weeks. As climate changes starts to increase, the question posed is: “what can the people look at to rely on with Poseidon?” Other reliability issues include their inability to prevent failures and shutdowns. Between 2018 and 2019, Poseidon was short 5000 acre feet of production that was promised to residents.

It is also a huge energy consumer, taking 5000 kilowatts for an acre foot of water from Poseidon. It has had to curtail water protection to prevent rolling blackouts and returning 8 megawatts back to the grid because of the shutdown.

Overall, this is the wrong place, certainly for California because in San Diego, the plant has proven to be a disaster for San Diego.

He implored the Committee to not allow the project to move forward and concluded by thanking the Committee.

Treasurer Ma thanked Mr. Corser and addressed public commentary on Poseidon by encouraging members of the public to go to CPCFA first to track where that project is and when it will be discussed there at that meeting. Treasurer Ma expressed focus should be specifically on the allocation and not on the company in particular.

Treasurer Ma acknowledged William L. Martin.

William L. Martin stated his comment was on the Poseidon project and will attend a future meeting as directed by Treasurer Ma and thanked Treasurer Ma.

Treasurer Ma thanked Mr. Martin and acknowledged the next speaker.

Greg Gossard of Hampstead Companies: As an affordable housing developer company in San Diego, their project fits well into the allocation topic to discuss. Their project Hayden Parkway Apartments was one of the projects that staff provided final recommendation to for bonds and state credits then lost in allocation of state credits in the shuffling that occurred in the Committee meeting. He wanted to express his frustration that they had spent a good amount of effort, funds, and political capital to position their project to succeed in the box that is presentative within the regulations and stated objectives. It is located in a high opportunity area, receiving a perfect 120 score, competitive tiebreaker—about \$142,000 per unit. The project asked for state credits, minimizing the ask amount to about 50% from the max to make it more competitive.

What led to the loss of receiving state credits allocation was the return of bonds and the approved Mercy appeal which put more bond cap into the ELI/VLI pool instead of spreading it all across the targeted allocation pools including geographic. Effectively, it turned the box upside down on scoring and tie breaker. The projects that were then awarded had doubled the tie breaker. Those projects did were not in high opportunity areas, as cost or resource efficient. The box they were working within with their project was understood to be the most cost efficient in creating the most homes built for people across California. With that, ELI/VLI taking the preference may not be as cost or resource efficient as seen in the last meeting. A project like the one they brought in to be funded did not get funded, making it a classic example of one of many projects that may not because of the preference. Essentially, outcomes that are wanted are not really happening as they are pictured to become.

Treasurer Ma thanked Mr. Gossard and acknowledged the next speaker.

Paul Beesemyer of California Housing Partnership wanted to weigh in on the following: First, he approves of the Treasurer's proposal for the 2022 allocation system. He thinks the partnership's position thinks it is very important to maintain the ELI/VLI in homelessness set aside. Treasurer's proposal does that. Secondly, perhaps more importantly, the Treasurer's proposal appears to be supported by data analysis that HCD did which is in BCSH's secretary letter. In addition to the Treasurer's proposal, the California Housing Partnership also strongly support the Controller's proposal to dedicate all 2022 bond allocation to QRRP that is to housing developments.

Treasurer Ma thanked Mr. Beesemyer and acknowledged the next speaker.

Andrea Leon-Grossman of Azul: Special thanks to State Controller Betty Yee, who made efforts to hear from communities. Specifically, Emily Burgos, who helped Azul access CDLAC meetings. Accessibility is key and making meetings, notes, minutes, recordings available helps tremendously. Access should also be made in Spanish.

As previously expressed in testimonies made back in November 17th and December 8th, CDLAC has a moral obligation to allocate as least 95% of its funds to affordable housing, given the current housing crisis. Upper profit Canadian national [indiscernible]... is attempting to take a 4th of CDLAC's funds by taking California's public funds and privatizing California's vulnerable resources—its own water. Brookfield asset management wants over a billion dollars in taxes and bonds so that they could make higher margins selling California water to Californians. Waiting for CPCFA to allocate the money and then fighting Poseidon is not something our communities can afford to do. CDLAC needs to make it clear that Poseidon will not qualify for bonds intended for affordable housing. Doing so will cost Californians nearly \$2 billion in affordable housing money. California would lose by giving this money to a for profit corporation when factoring in all that could go into affordable housing instead. The question, then, stands before the Committee as a moral one: will CDLAC prioritize vulnerable Californians or a Canadian corporation privatizing Californian's waters?

Another critical question is about transparency and process. Reports from CDLAC and elsewhere have pointed out to emergent major surplus for request for funding. Possibly to the tune of 3x or more than CDLAC has to allocate. How will CDLAC make those decisions in a moral or more transparent way? The clear answer is the scoring system open to public comment and review. This is somewhat taking into account the climate, energy, and environmental justice effects of any projects. Requesting CDLAC funds as well as obligations to award disadvantaged communities and other equitable factors like how many low income and vulnerable Californians will a project benefit directly. Please make public any scoring system currently in discussion or in development or used at CDLAC and include communities in the process in creating such a system going forward.

Brookfield's proposed Poseidon Desalination Plant in Huntington Beach will likely fail to meet any standard within such a scoring system because Poseidon needs to close a project at high risk due to climate change, shut down if another oil spill happens near its intake, run off of fossil fuel for energy polluting and poisoning communities with every drop of water it

creates, dropping 15 million toxic concentrated brine and chemicals back into the ocean every day for half a century creating ecological death zones.

Most importantly it will hurt environmental justice communities like those that Azul represents. Studies have proven time and time again [indiscernible] will bear the brunt of more industrial pollution. The increased cost to rate payers, the environment, and the people of California are far too high to choose Brookfield's Poseidon project. Any suggestion that the desperate need for affordable housing during this severe housing crisis should have equal priority for CDLAC to afford for-profit effort to privatize water is simply wrong. Remember the United Nations deemed desalination maladaptation due to the toxicity, energy load, and general inefficiency of the process.

The people of California are depending on the Committee to make the right decision. More affordable housing is needed, not sacrifice zones. Choose California please, instead of—

Treasurer Ma spoke again on going to the CPCFA meeting as the discussion should be focused on allocation and not the Poseidon project. To reiterate, while public commentary is open with no time limit as well as deeply appreciated and welcomed, there are many processes for the public to still weigh in on. This is an allocation discussion item for public comment.

Treasurer Ma thanked Ms. Leon-Grossman and others who have provided commentary on the Poseidon project but directed commentators to again go to CPCFA's meetings because the discussion for this item today must focus on allocation.

Treasurer Ma acknowledged the next speaker.

Mike Miller of BOLD Communities wanted to provide commentary on: The BIPOC pool and the regulations. In a letter that was recently submitted in writing, as an emerging BIPOC, there are two challenges that have been especially evident in the past year and they are in trying to do a LIHTC experiment, specifically, having experience and a lack of a balance sheet.

The Committee got it right in that these two points are what needs to be addressed for BIPOC. Firstly, lowering the barrier to entry on the experience front. However, as it is written, very few emerging BIPOC have been in GP in a LIHTC development that has received a CMO, thus making that experience less for the emerging BIPOC such as whether it is Zero or having demonstrated some technical competence. Simply put, re-evaluate lowering that barrier on the experience front.

The lack of the balance sheet. With the increased fee, it should be pushed even higher because as much as an emerging BIPOC like himself would prefer to do a project on his own, it will not be feasible. Lack of a balance sheet makes it tough when dealing with vendors and LIHTC equity investors. Partners then need to be requested to work with and increasing fees incentivizes them into more partnership and not cannibalize the amount that is taken from the BIPOC. Additionally, it needs to be clarified for in the regulations that there is a path for emerging BIPOCS to partner with BIPOCS that have max experience points and still be

eligible for that higher fee and being able to access the BIPOC pool. This ensures all benefits go to BIPOCs and especially emerging BIPOCS.

Lastly, a pathway for BIPOCS to partnership with non BIPOCS should be created, and this would ensure not cannibalizing the BIPOC pool by, again, increasing the fee to have sharing of risks, and also to competitiveness.

With sensitivity to staffs' workloads, the quicker these ideas could be seen, the sooner the public could weigh in and add to what the Committee decides.

Treasurer Ma thanked Mr. Miller and asked him to put his suggestions into writing to staff and the Committee. She also stated that Mr. Miller's comment will be moved to the prior item since it did not cover the allocation but rather the regulation.

Treasurer Ma acknowledged the next speaker.

Cherene Sandidge comment follows: Point 1, the State of California should be smiling for the young people who want to be part of the housing development industry. Point 2, this question was asked at the last call since it was not communicated clearly as to whether or not for the third project has been approved. Has that list been approved?

Treasurer Ma indicated for Executive Director Nancee Robles to answer.

Executive Director Nancee Robles greeted Cherene and answered: There is a list, however there are still 8 projects on the waiting list whose applications are still being reviewed. It is not finalized at this point.

Ms. Sandidge followed up: Is there an expected date on when people can count on saying those projects have received an allocation?

Executive Director Nancee Robles answered: It will definitely be by the end of the year.

Ms. Sandidge nodded and thanked Ms. Robles.

Treasurer Ma reiterated on this point: Projects are still being reviewed by Staff and staff needs time to go through them.

Treasurer Ma asked if there are any other comments.

William Leach with Kingdom Development expressed: Support for the Controller's proposal to have the allocation towards the homeless and the ELI projects to come from the regional allocation. There will be a lot of uncertainties with the new regulations and while they are sincerely appreciated, uncertainties remain. By making regional allocation larger and having the homeless and ELI/VLI goals and those awards come from the region's total. It will give regions a lot more stability in the uncertainties of the new rules and still have the same

amount of homeless, same amount of ELI/VLI, and regions will feel like they got an equitable share of the resources.

Treasurer Ma thanked Mr. Leach. No other members of the public were waiting to comment on the phone line.

Treasurer Ma acknowledged Andrea Leon-Grossman and asked if she had comments on the allocation.

Andrea Leon-Grossman wanted clarification: Is this where members of the public make comment on where allocation should be made including exempt facilities?

Treasurer Ma confirmed, yes.

Andrea Leon-Grossman then stated: Please make sure that at least 95% of the money go to affordable housing and not to Poseidon.

Treasurer Ma thanked Ms. Leon-Grossman and acknowledged no other raised hands or members of the public were on the phone line.

Treasurer Ma acknowledged a raised hand in the room, Caleb Roope.

Caleb Roope of the Pacific Companies offered his support on: The proposals by the Governor's administration. In terms of allocations of set asides and geographic regions. The letter was very thoughtful, detailed and policy driven. Overall, it was a good synopsis of the things that could change, in particular, the additional funding the additional mixed income program. It was a great nod to that program and the success that it has had with the production and efficiency produced there. It was an attempt to balance and a really good try. For that, the proposal has his support in what they are proposing in their letter.

Treasurer Ma thanked Mr. Roope. Treasurer Ma acknowledged the next speaker.

Pat Sabelhaus thanked the Committee and CDLAC staff and recognized: All the hard work and drudgery it is taking to bring the discussion to a conclusion to decide what is to be done in 2022. He is mirroring Mr. Roope's comment on behalf of California Council of Affordable Housing in support of the thoughtful proposal that the Governor's Office, the Department of Finance has put forward as it recognizes a need to balance here what is trying to be done. There is a need to serve the homeless and extremely low income, however, doing so is not something that can automatically be done without having Section 8 subsidies involved in most of those projects.

From his opinion, in 30 years of working in this program, it is very difficult to simply capitalize an amount of money used as subsidies because it is not the same as having almost a guaranteed, whatever happens with inflation, the Section 8 housing, the subsidies would keep up and protect the long-term financial integrity of the project.

With regards to the final regulations, the Committee should think carefully and about what kind of financial feasibility projects have to demonstrate. They should be able to show to the Committee that these projects will be sustainable over 30 years and not simply just the 15 years that the syndicator equity investors care about because that is what they are out after that. In that scenario, projects can show a 15-year feasibility, but not so with a longer term period as it will not play out when expenses are going up 3.5 times or sometimes rent increases not even 2.5% depending on how lucky everyone will be with what happens with the economy.

Mr. Sabelhaus congratulates and thanks the Administration as well on its proposal along with the Chairperson has done here on behalf of the Treasurer's Office to maintain the efforts of CalHFA's mixed income program which creates the balance that is in discussion. It provides some assistance to all people and tenants that are in need or on the verge of being put in the homelessness category.

He thanked all for working with this and looks forward to the coming several weeks.

Treasurer Ma thanked Mr. Sabelhaus and asked if there are other members of the public waiting to comment. Seeing none, Treasurer Ma proceeded.

Treasurer Ma spoke: In appreciation of the Administration's increase in the preservation and the Rural construction and also CalHFA. She is in support of the administration's proposal. The Treasurer's Office's proposal was based on what was put up last year as a starting point, and the proposal from the Administration is sincerely appreciated with some of the categories which has been discussed.

Treasurer Ma opened up this portion of the conversation for her fellow Committee to speak.

Gayle Miller had one correction to make on the Administration's proposals: The geographic regions, as proposed from the Administration's proposal, is attempting to combine high FMR and high market rate by counties within categories. Whether the working groups put stake to this or not, what the Administration is suggestion is to decrease the number of regions so more equity could be had. So instead, with several ways to allocate, Bay Area with 22%, Coastal at 21%, Inland at 15%, LA at 33%, and northern at 9%. This would help with aligning to maps. Perhaps Mr. Roope could speak to that. Overall, however, this proposal is to have 40% of the regions to have equity-based regions so that the way the allocation flows is a more equitable distribution among counties that are competing at the same levels with those higher frames of reference. That would be the only change to that proposal, nothing above the regions but rather the way the Administration has decided to distribute among the regions.

Treasurer Ma responded with: For the Inland region, there would be no support as the Chair, because they will have a hard time with the decrease in the tie breaker to win.

Gayle Miller: That could be brought up, keeping it at 17%. Then the proposal for this would be: decrease the number of regions to have consistency with market rate. That can be discussed

on how to distribute within those regions, but it would then create a more equitable distribution of the allocation. Mr. Roope would want to report on this.

Caleb Roope of the Pacific Companies: From the working group perspective, this subject was touched upon. The working group did come to some general agreement about the need for geographic alignment if the new tiebreaker is used which it is. There is certainly dispute in the working group about which regions go where and the different reductions. While the working group cannot really speak on having studied this very carefully, the principal of better aligning the fair market rate deltas from tax credit rents is something that the working group want to go after, just for logistics and in order that staff might have direction.

These geographic percentages are in regulation now and they are different than what is on the current proposal packet page as seen before the Committee, as an example. Something to walk away from this meeting is that whatever is done to those geographic percentages, they still have the first round to deal with. There may be a need to make a change for that and that is where staff weigh in on that, in terms of that emergency packet, that temporary packet that will go forward on the 19th.

Then there is the longer term change which would be more of this realignment that is currently in discussion now (collapsing the region, deciding which regions include what). These are two different conversations with the latter conversation requiring more time with the geographic realignment.

For this conversation's purposes, it is really settling on the percentages, if there is going to be a change for those for the first round.

What will happen as a working group, and at least for CHC, is work for the alignment and see what can come out of it in terms of this issue and present those relatively soon so that staff and the Committee can have direction for what might be in terms of the regional allocation. The working group also has not had a chance to study anything the Administration might have proposed in terms of what movements they would have so if they had that, the working group would look at that and work on it.

Treasurer Ma then asked to clarify: No changes will occur in the pool allocations? That is currently going to happen when?

Caleb Roope responded for clarity: There's the pool and the set aside which are going to be decided upon for the year. When it comes to the regions, speaking to what is on the piece of paper (with the proposals), this is not what the regulations currently say. The regulations have different percentages—for example, Bay Area is 21% versus 17%. 21% for the Bay Area is what is in the regulations right now. The assumption is that this is what will be for the 1st round or for the year, really, unless the Committee want to amend them for the 2nd and 3rd rounds.

For the overhaul, geographically, the working group has some time to work on it and quickly, working with the Administration and any others.

Treasurer Ma suggested: Perhaps the Committee should have a discussion on that then. From the Treasurer's Office, the understanding was that the same rules would be kept for the 1st round since everybody has gotten to know it. Applicants have either submitted or getting ready to submit based on the current rules, therefore, no change should happen for the 1st round. The discussion then, with the changes, would be for the 2nd and 3rd rounds. It will be a lot for the staff if changes are to happen for the 1st round while they are still trying to put together all the packages. What does the Committee say?

Treasurer Ma acknowledged Anthony Sertich.

Anthony Sertich addressed and confirmed Treasurer Ma's point: That was the impression as well. Some of the issues on that were brought up that might have issues for the 1st round next year could be problematic and the Committee will have to manage that as best the Committee can. In terms of the allocations, that can be discussed further at the CTCAC meeting.

Stepping back a little, Mr. Sertich expressed appreciation for the Administration's thoughtful approach to the allocations. From a high level, allocating the \$600 million to exempt facilities is very wasteful of the state to do. The multifamily housing bonds coming with the 4% credits provide about 75% or so value to the state in terms of subsidies. With \$600 million, that would be about \$450 million in subsidies for affordable housing. Exempt facilities or other programs, on the high end, would provide about \$100 million in subsidies, so there will be \$350 million in value that would be given up by allocating that to exempt facilities and not taking advantage of that 4%. It is too large an amount for the State to say that it does not need that.

There are programs throughout the state that benefit these populations and those could be better leveraged by putting money into them and not taking federal money. It would be necessary to figure out as much of the pie as possible and then distribute how much goes into them.

When there is no demand on the multifamily side, it would make sense to spread the federal money around and use funds as the Committee sees fit, but as long as there is demand on the multifamily side as the State has been putting a lot into the multifamily housing instead of taking some of that money and putting it into some of the other programs would make more sense from the Controller's Office.

Feedback from other Committee members are welcomed.

Treasurer Ma: There is also a back log at CPCFA. These projects are oversubscribed and they go mostly to infrastructure projects such as garbage, recycling, waste water, the Governor and the Legislature have a mandate on cleaner, renewable programs and that is what exempt facilities money is going towards. Treasurer Ma supports keeping it at \$600 million and welcomes Shela Tobias-Daniel, the CPCFA Executive Director, come in to talk about some of the programs that are funded if any of the Committee or the public would like, as, for example, Mr. Sertich is not on the Committee at CPCFA's Committee.

Mr. Sertich corrected that for the State Controller's Office, Mr. Sertich does represent at CPCFA's Committee. He also expressed that he does have understanding of those programs there, such as the Sales Tax Exclusion program and that those programs are not bad, but rather, his point was that those programs could be funded in other ways subsidizing exempt facilities projects to get done and still have more money available as a State to spend on all priorities.

Treasurer Ma clarified that the Sales Tax Exclusion Program is with the California Alternative Energy and Advanced Transportation Authority (CAEATFA). Mr. Sertich quickly corrected himself on that point and apologized.

Treasurer Ma: At CAEATFA, they are oversubscribed at \$100 million, and hoping to get another \$100 million because of oversubscription.

Treasurer Ma affirmed Mr. Sertich's point and thanked him and acknowledged Ms. Johnson Hall.

Tiena Johnson Hall thanked the Treasurer and Committee and stated: This has been a great meeting so far and heard a lot about the need for balance and would agree on the need for balance. From CalHFA, she agreed strongly with the Administration's proposal. It was eloquently written, provided a great balance as reflected in HCD's analysis. CalHFA wants to thank the Treasurer for her support as well. CalHFA believes a robust MIP pool is an integral part of this balance system. Also as described in the previous meeting, CalHFA also feels it is important that the entire MIP pool be awarded in the first round. This request is made in order to advance objectives that CalHFA shares with the Administration to expedite new unit production and mitigate costs associated with delays. It would cost no impacts to other pools, given that CalHFA scales its program based on available resources.

Treasurer Ma thanked Ms. Johnson Hall.

Treasurer Ma: There does not appear to be a time urgency to make decisions for these proposals today. Working group can go back and look at the proposals and provide feedback to the Committee on it. Each Committee member can go back to their own drawing Committee to determine whether the numbers as shown on these proposals still stand as well as taking in consideration and concerns from the public. This item will be tabled for now and come back at the next meeting. Is that alright?

Executive Director Nancee Robles: That sounds great; however, the purpose of this discussion was to give staff enough insight to make a recommendation for the January 19, 2022 meeting.

Gayle Miller brought up a point to suggest: For the exempt pool if there is no demand at CPCFA, the Committee should create the approach that allows the money to go into housing versus staying entirely in the exempt pool. The Committee should explore some flexibility of the exempt pool to the extent that the \$600 million is spent, to Mr. Sertich's point and lose it for

housing. Let the Committee make sure that the Committee will have the flexibility to bring it back to affordable housing.

Treasurer Ma: At CPCFA, some changes are currently underway for next year because the scarce resources there. Additionally, CPCFA is trying to figure out what the cut-aways are for the Administration, the legislature, the State of California to be funded first. Focusing on priorities and getting those down first are some of the things that are really needing to get done.

Treasurer Ma acknowledged Anthony Sertich.

Anthony Sertich wanted to follow up on: Coming up with a methodology on the geographic apportionment. When the Controller's Office kept rolling numbers from year to year from 2008, the proposal that was put forward tried to come up with a methodology based on population and cost to come up with a geographic allocation. Assuming that the roll out of numbers is good is simply not enough. Looking at the City and County of Los Angeles, as an example, when combined, they are getting 35%. The population is about 26% and the cost is slightly above state average. For Los Angeles to get 35% is over subsidizing them at this point. So it would be necessary to come up with a methodology. It does not have to be the State Controller's methodology, for example, but a methodology should be in writing because as all members, both Committee and members of the public who are here, these numbers could be arbitrary. Being able to defend and have backing for them is important.

To the idea that cost regions as opposed to geographic regions are created, building is still happening throughout the state. When discussing affordable housing, the perspective should be from a regional standpoint and not in a cost perspective from the state outcomes that the Committee is looking for. If looking specifically to places like San Diego and the Bay Area, for example, there would be no guarantee that housing would be built across the state.

There are things that can be done to re-adjust the regions in the methodology from the Controller's Office. Those numbers were not shown in the Controller's proposal and nothing was changed too much to keep things as similar as possible. So, on the margins, that can be done.

Mr. Sertich said he would work with staff on that to help them have ideas if they are interested.

Treasurer Ma: One of the other components is the RHNA numbers, and who is or is not meeting them. If they are not meeting those numbers, is it because of cost, resources, or other community concerns or lawsuits, and this should be taken into consideration.

Anthony Sertich: Did look at the RHNA numbers and identified the problem with the RHNA number is they are on a different timing schedule so, for example, the Valley Regions were last updated in 2013-2014. They are in the process of updating, but since they are not on the same schedule, there is no way to compare them in an "apples to apples" sort of way.

Treasurer Ma: Thanked staff and the public for the lively discussion and stated they will come back at the January meeting to talk about the allocations.

6. Public Comment

Treasurer Ma: Invited general public comment regarding items that were not on the agenda.

There were no members of the public waiting to comment on the phone line or in the room.

7. Adjournment

The meeting was adjourned at 11:58am.