



## California Debt Limit Allocation Committee

915 Capitol Mall, Conf Rm 587  
Sacramento, CA 95814

February 23, 2022

### Committee Meeting Minutes

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

The meeting was called to order at 11:03am, and a quorum confirmed, with the following committee members present:

Voting Members:	Fiona Ma, CPA, State Treasurer Tony Sertich for Betty T. Yee, California State Controller Gayle Miller for Governor Gavin Newsom
Advisory Members:	Gustavo Velasquez for the Department of Housing and Community Development Tiena Johnson-Hall for the California Housing Finance Agency

#### 2. *Agenda Item: Approval of January 19, 2022 Minutes*

**MOTION:** Ms. Miller motioned to approve the January 19, 2022 minutes. Mr. Sertich seconded the motion.

The Chairperson called for public comments.

Public Comments:

None

Motion passed unanimously via roll call vote.

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

Ms. Nancee Robles introduced herself as CDLAC's Interim Executive Director. She stated on the outreach front, the Treasurer spoke at a grand opening for St. Teresa of Calcutta Villa, a 14-story, 407-unit affordable housing development in the City of San Diego. Within the project, 270 units are set aside for Permanent Supportive Housing, and 80 units are set aside for veterans. The project received bond allocation and tax credits. Ms. Robles shared that she participated in the California Interagency Council on Homelessness Quarterly Council Meeting. There were presentations from several experts such as Secretary Lourdes Castro Ramirez and Dr. Mark Ghaly. The learning meeting kicked off the Council's intended updates to its Action Plan for 2022.

Ms. Robles further stated Staff are presently watching legislation which may affect CDLAC. She described a bill, SB971 – Newman, that would require the scoring system of CDLAC and CTCAC to include points for a project's policy allowing residents of a housing development to keep one or more common household pets in the resident's dwelling unit. The bill would also require the scoring system to provide point value to a project that imposes reasonable conditions, including, but not

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limited to, limitations on the number of animals in a unit based on the unit's size and prohibitions on potentially dangerous or vicious dogs.

Ms. Robles went on to state Staff have started work with the contractor Advanced Technology Solutions that the Committee approved in October 2021. Esper is a product that will assist the staff to implement a centralized technology platform to coordinate and streamline the regulatory and administrative workflows and upgrade current tracking, drafting, and analysis challenges with the regulation process.

The Chairperson called for questions on the Executive Director's report.

There were no comments or questions from the Committee Members or public.

**4. Agenda Item: *Recommendation of a Resolution Delegating Authority to the Interim Executive Director to Grant Extensions to Bond Allocation Issuance Deadlines for Projects with USDA Components*— Presented by Ricki Hammett**

Ms. Ricki Hammett introduced herself as the Deputy Executive Director for CDLAC and CTCAC. She stated that the USDA Multifamily Housing Program underwent significant changes in 2020 that impacted projects applying for CDLAC Bond Allocation. These changes included consolidating work into one centralized location, which had previously been conducted in 47 regional offices, and creating a new computer system to implement consistencies. While USDA is streamlining and standardizing its process, it has acknowledged that this is a shift in the review and approval process and timeline for many. Long term, USDA will most likely have approval timelines equal to or greater than the bond allocation issuance deadlines assigned by CDLAC. Giving the Interim Executive Director authority to grant extensions beyond the Bond allocation issuance deadline date, when necessary, for projects with a USDA component, without bringing each project to the Committee, will accommodate fluctuations in USDA's timing and ensure developers are not discouraged from layering in this federal resource.

Staff recommended approval of a resolution delegating authority to the Interim Executive Director to grant extensions to the bond allocation issuance deadlines, when necessary, for projects with USDA components.

The Chairperson called for questions from the Committee members.

Ms. Johnson-Hall asked if there is a timeline on the extension period or term Staff is considering, and how many deals would be affected right now.

Ms. Hammett specified the timeline would vary as it depends on the project, and there is not an exact timeframe, but Staff are wanting to align with the USDA timing. At the most staff anticipates project wouldn't go out past a year. An exact timeframe can't be determined.

Ms. Robles added Staff would work with USDA on individual projects, and currently there is one project, with several coming up within the next year.



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Ms. Johnson-Hall responded this sounds reasonable, stating her team had recently met with the USDA and is aware of the tremendous amount of change occurring and that they are working to get things in place as soon as possible.

Mr. Sertich agreed with Ms. Johnson-Hall and does not want to leave federal subsidy on the table, indicating he is supportive of the request. Mr. Sertich urged this be focused on delays caused by the USDA, and not delays for projects that have USDA components. He specified the way the resolution is worded gives the Executive Director the authority to grant this to any project with a USDA component]. He reiterated the importance of using discretion to limit it for delays caused by USDA issues.

Ms. Robles agreed this is the intent.

**MOTION:** Mr. Sertich motioned to approve the resolution granting delegated authority to the Interim Executive Director to approve extension requests for projects with a USDA component. Ms. Miller seconded the motion.

The Chairperson called for public comments.

Public Comments:

None

Motion passed unanimously via roll call vote.

### 5. *Agenda Item: Public Comment*

The Chairperson called for public comments on anything other than what was on the agenda.

William Wilcox, the Tax-Exempt Bond Program Manager for the San Francisco Mayor's Office of Housing and Community Development, brought up three items he hoped would be integrated into the proposed regulations for CDLAC's second allocation round. He began by asking the Committee to consider adding a 120<sup>th</sup> point for projects in more narrowly defined community revitalization areas, so projects that are part of concerted place-based investments are not overlooked in the current prioritization of high opportunity areas. Mr. Wilcox expressed the importance of CDLAC encouraging investment in low-income and underserved communities, particularly those receiving local, state, and federal support through dedicated community revitalization efforts. He proposed the definition of Community Revitalization Plan require a project be a recipient of a HUD Choice Neighborhood Grant or at least \$30 million in public funds for infrastructure, or Community Service Facilities that have been, or are committed to be, expended within the preceding or next 5 years within half a mile of the proposed housing development. He stated the current definition is too broad and does not meaningfully measure coordinated place-based investments. Secondly, Mr. Wilcox pointed out the existing proposals do not account for increased costs from using union labor, which is out of step with state priorities of investing in the construction workforce, as well as current CTCAC regulations for adjusting threshold basis limits. Based on research in Los Angeles by the Rand Corporation, he encouraged the Committee to add a 14.5% adjustment for bond request amounts in



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the CDLAC tiebreaker to adequately account for the cost and value of using union labor. Lastly, Mr. Wilcox stated CDLAC should not penalize projects for including additional supportive services office space or ground floor commercial space. Since both types of spaces count in the aggregate basis for the 50% test, and require additional tax-exempt bonds accordingly, CDLAC should adjust the bond total request to account for those spaces, so developers are not penalized for providing community amenities.

There were no additional public comments.

Treasurer Ma closed public comments.

### 6. *Agenda Item: Adjournment*

The committee meeting adjourned at 11:16am.