CDLAC

Committee Meeting

Wednesday, September 28, 2022

9:00 AM

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 311
Sacramento, CA 95814
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www.treasurer.ca.gov/cdlac

MEETING NOTICE

AGENDA

MEETING DATE:
September 28, 2022

TIME:
9:00 AM

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

Members of the public are invited to participate in person, remotely via TEAMS, or by telephone.*

Click here to join the meeting (full link below)

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

The California Debt Limit Allocation Committee (CDLAC) 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 July 20, 2022, Meeting**

Informational **3. Executive Director's Report**
Presented by: Nancee Robles

Action Item **4. Request to Waive Forfeiture of Performance Deposit and Negative Points (Cal. Code Regs., §§5052, 5230)**

	Project Number	Project Name
a.	CA-21-706	Algarve Apartments
b.	CA-21-715	Bana at Palmdale
c.	CA-21-739	Villa Oakland

Presented by: Christina Vue

Action Item **5. Request for Extension of Bond Allocation Issuance Deadline for Qualified Exempt Facilities Project**

Project Number	Project Name
CA-22-101	Williams Aymium Production Facility

Presented by: Christina Vue

Action Item **6. Request for Extensions for Round 1 of 2022 Projects**
Presented by: Nancee Robles

Action Item **7. Request to Waive the Maximum Bond Allocation Amount ($75,000,000) for Qualified Residential Rental Projects (Cal. Code Regs., §5232)**

	Project Number	Project Name
a.	CA-22-574	730 Stanyan
b.	CA-22-577	Middlefield Junction
c.	CA-22-596	Azuriik
d.	CA-22-660	515 Pioneer Drive

Presented by: D.C. Navarrette

Action Item **8. Request for Supplemental Bond Allocation Above the Executive Director's Authority (Cal. Code Regs., §5240)**

	Project Number	Project Name
a.	CA-22-544	Maison's Palmdale Apartments
b.	CA-22-639	Brentwood Crossings
c.	CA-22-646	Villa St. Joseph
d.	CA-22-661	North Harbor Village
e.	CA-22-664	Mirasol Village Block D
f.	CA-22-675	2400 Willow Pass

Presented by: D.C. Navarrette

Action Item **9. Change to Minimum Points Threshold for Preservation and Other Rehabilitation Pools (Cal. Code Regs., §5010)**
Presented by: D.C. Navarrette

Informational **10. Disposition of Remaining Allocation**
Presented by: Nancee Robles

11. Public Comment

12. 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

Interested members of the public may use the call-in number or TEAMS to listen to and/or comment on items before CDLAC. Additional instructions will be provided to participants once they call the indicated number or join via TEAMS. The call-in number and TEAMS information are provided as an option for public participation but CDLAC is not responsible for unforeseen technical difficulties that may occur. CDLAC is under no obligation to postpone or delay its meeting in the event such technical difficulties occur during or before the meeting.

CDLAC complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of CDLAC in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact CDLAC staff no later than five calendar days before the meeting at (916) 654-6340 and Telecommunication Device for the Deaf (TDD) at (916) 654-9922.

Full TEAMS Link

https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZmU3NGFkODgtNjkwZS00Yjc5LWEzNzgtMDU4YWQ5NzA2Nzk1%40thread.v2/0?context=%7b%22Tid%22%3a%223bee5c8a-6cb4-4c10-a77b-cd2eaeb7534e%22%2c%22Oid%22%3a%22f752cd03-38f5-48bd-b424-4bbeb3ad62eb%22%7d

AGENDA ITEM 2
Approval of the Minutes
from July 20, 2022

California Debt Limit Allocation Committee

915 Capitol Mall, Conf Rm 587
Sacramento, CA 95814

July 20, 2022

Committee Meeting Minutes

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

The California Debt Limit Allocation Committee (CDLAC) meeting was called to order at 11:01 a.m. with the following committee members present:

Voting Members:	Fiona Ma, CPA, State Treasurer Anthony Sertich for Betty T. Yee, California State Controller Lourdes Castro Ramirez for Governor Gavin Newsom
Advisory Members:	Gustavo Velasquez for the Department of Housing and Community Development (HCD) Tiena Johnson Hall for the California Housing Finance Agency (CalHFA)

2. *Agenda Item:* **Approval of the June 15, 2022 Minutes**

MOTION: Mr. Sertich motioned to approve the June 15, 2022 minutes. Chairperson Ma seconded the motion.

Chairperson Ma called for public comments:
None.

AYES: Chairperson Fiona Ma

Anthony Sertich

ABSTENTIONS: Lourdes Castro Ramirez

Motion passed via roll call vote.

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

Nancee Robles, CDLAC Interim Executive Director, welcomed two new staff administrative members, Danielle Stevenson and Ashley Alexander. CDLAC requested six new staff in a budget change proposal to accommodate workload increases, which had been approved for the 2022-2023 fiscal year and beyond, including five new analyst positions and one manager specialist position. Staff had begun recruiting for those positions.

For outreach, Ms. Robles indicated that four members of the CTCAC and CDLAC team recently attended the grand welcoming of Lavender Courtyard, a 53-unit housing project for senior, special need, and LGBTQ tenants located at 16th and F Street in Sacramento. The tenants are allowed to keep pets and supportive services are provided onsite.

Chairperson Ma called for public comments:
None.

4. *Agenda Item:* **Recommendation for Award of Allocation to Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Round 2) –** *(Action Item)*
Presented by: Nancee Robles

Ms. Robles stated there were three exempt facility projects. They were ranked in order and requested they be approved separately.

Ms. Robles introduced **Project #1: Atlas Disposal Industries.** Staff recommended approval in the amount of $6,125,000.

MOTION: Mr. Sertich motioned to approve, and Ms. Castro Ramirez seconded the motion.

Chairperson Ma called for public comments:
None.

Motion passed unanimously via roll call vote.

Ms. Robles introduced **Project #2: Williams Aymium Production Facility**. Staff recommended approval in the amount of $45,600,000.

James Mennell, CEO for Williams Aymium explained the company converts biomass waste into a formulaic high-specific formula carbon that substitutes for fossil fuels. The product is sold in the energy market as a biocarbon and they work in the steel making and specialty metals market. The facility would run 24/7, producing biogas, which is a substitute for natural gas, converting it into green-based power and selling it into the grid. They use their own biogas and electricity to operate. The facility is located in Williams near almond and walnut orchards and they utilize orchard trimmings as feedstock, saving the equivalent of 300,000 automobiles annually in California as the trimmings are not being burned in the fields, which is beyond the fossil fuel replacement for their customers. The site had been purchased and they hoped to break ground in a couple of weeks. Their major customer will be coming in August and they will have a groundbreaking at that time.

Chairperson Ma asked if they had all of their Air Resources Board permits. Mr. Mennell replied that they were fully permitted within five months and they were in the process of applying for their building permits in Colusa County. The Chairperson acknowledged the accomplishment and was glad the use of Aymium technology was approved

MOTION: Mr. Sertich motioned to approve and Ms. Castro Ramirez seconded the motion.

Chairperson Ma called for public comments:
None.

Motion passed unanimously via roll call vote.

Ms. Robles introduced **Project #3: Claude "Bud" Lewis Carlsbad Desalination Plant** as an existing bond that was refinancing and requesting an additional fund and recommended approval of $194,000,000.

Jeremy Crutchfield, Water Resource Manager for the San Diego County Water Authority, spoke as the representative of the project. The project was developed as a public/private partnership between the Water Authority and Poseidon Resources (Channelside) LP. The construction was completed in 2015 and in operation for almost seven years, producing ninety-five billion gallons of high-quality drinking water, which represented 10% of San Diego region's water supply. The produced water would normally be brought into San Diego and now were creating it locally. They were requesting additional funds to support modifications being made to its intake and discharge facilities, which were required to comply with the Ocean Plan Amendment that focused on intake and discharge. The project was in its final stage of improvements and was permitted by the regional board in San Diego. It had a five-year compliance schedule due in December 2023. They are working on the final phase to construct new intake screens in the lagoon where the source water comes in, which will be some of the most environmentally sensitive, creative, and innovative options to restrict impingement and entrapment of marine life and protect the environment in compliance with the Ocean Plan Amendment. This was the first project to obtain a permit under the Ocean Plan Amendment and the first project constructed to have a fully compliant project to maintain the plant and operation, and continue to provide the critical water supply, especially in today's drought environment. This is high-quality drinking water, a 50 million gallon per day plant. The plant produces about 50,000-acre feet per year, which is 10% of all the water consumed in San Diego.

Chairperson Ma asked how consumers receive the water.

Mr. Crutchfield replied; the Water Authority is a wholesale agency, and they have regional infrastructure connected. They built a 10-mile pipeline with the original construction of the plant. The Water Authority is the sole taker and they purchase all the water that is produced from the facility, and the project would transition to a public asset after thirty years, per the terms of the agreement. The desalinated water was blended with other treated water in the Water Authority's system, so 98% of its service area receives some component of desalinated water through the tap. As a wholesaler, they sell the water to 24 member agencies, which then sell to business industry and customers.

Ms. Castro Ramirez requested a summary of how the requested $194,000,000 would be used.

Mr. Crutchfield replied; there were three components for which the funds would be used: refinancing $45,000,000 in funding previously secured for new dilution pumps, which were completed in June 2020; $100,000,000-$120,000,000 for designing and permitting a bridge and pier system to put one millimeter screens in front of the existing intake; and completion of the development of wetlands to mitigate the impact of the construction and operation of the plant, as a condition of the Coastal Commission permit. The facility was fully operational and fully permitted and they were working on permits for the last phase.

MOTION: Mr. Sertich motioned to approve, and Ms. Castro Ramirez seconded the motion.

Chairperson Ma called for public comments:

None.

Motion passed unanimously via roll call vote.

Ms. Robles concluded the Exempt Facility Projects in Round 2, which exhausted the entire fund within Round 2. There was $173,000,000 available in Round 3, for which applications had not yet been received.

5. *Agenda Item:* **Adoption of Emergency Regulations** – *(Action Item)*
Presented by Emily Burgos:

Chairperson Ma thanked Ms. Burgos and staff for their hard work and stated this had been a yearlong process. There had been an open public comment period with extensive public comment. The Committee was interested in hearing public comments. . The Committee strived to be open, transparent, and inclusive, and staff worked hard to incorporate as much of the comments that were received and heard over the past year.

Ms. Burgos stated there was a lot of conversation leading up to the end of the last year when the Committee voted on the parameters of the tiebreaker and staff received public comment at that time. They solicited public comment again in January, which was documented and posted to the CDLAC web site, leading up to the draft published prior to the April Committee meeting. Staff then solicited feedback again and received hundreds of public comments and posted them on the website and have been transparent with public comments leading to what was presented. Staff included some changes from the last revision published in April, including a supplemental off-the-shelf allocation process in alignment with the Committee's discussion at the last meeting.

Ms. Castro Ramirez. stated the proposed regulations align with the Governor's priorities in terms of preserving housing affordability and expanding the supply of housing across the state. The HCD data indicated that the state needs 2.5 million new housing units built by 2030, of which 1 million should be focused on low-income households. It is critically important for the regulation process to be open, holistic, and ensure that they are furthering the priorities of addressing homelessness across the state and advancing the need to produce more units for extremely low-income and very low-income and to ensure there is funding to preserve projects that are affordable.

Ms. Castro Ramirez stated she provided a letter to the Committee in May outlining several recommendations, most of which had been adopted and included, yet she had some additional questions about three items. Her first question pertained to a reference in Section 5231 to the definition of "homeless households." The citation should reference Section 10315(b) 1-4. Ms. Burgos confirmed staff flagged this as a technical correction and would make the adjustment if adopted by the Committee.

Ms. Castro Ramirez's second recommendation pertained to Affirmatively Furthering Fair Housing, which was a priority for the Administration. They wanted to ensure that affordable housing units were developed in communities that are well-resourced, walkable, and are connected to jobs and good schools. She recommended an additional point for any project with a minimum public fund commitment of $1,000,000. A commitment of public funds equates with public support, meaning that there has been an opportunity for residents and community members to be part of the public process and demonstrate support for the project. She requested clarification from staff as to why this recommendation was not included.

Ms. Robles stated staff received feedback from the development community that the preference was for the public fund point not be included because it would have made projects less competitive by seeking public funds. Also, the layering of all the funds would make it to where they could not compete unless they received public funds. She did not want to force developers to seek public funds if they did not need them.

Chairperson Ma stated she heard from developers that to win the allocation they would need to secure local dollars even if they were not needed, which is asking them to jump through another hoop.
Ms. Castro Ramirez stated she did not think that it was just about going to a local jurisdiction and asking for $1,000,000, but that it is also a process to obtain support for the project.

Chairperson Ma stated projects still need to go to their local community to obtain permits and support. Disincentivizing them from being able to complete their project with the least amount of public support [funds] should be what our goals are, as that will make it more efficient and quicker. Making them jump through hoops to obtain additional support to win points in order to receive the allocation, goes the opposite way.

Mr. Sertich stated the new scoring system was intended to measure public benefit through more direct measures than leveraging. Adding an extra point for leveraging would layer on additional costs and time for some projects that may not need it if they were providing that public benefit through affordability, without having to layer it on. He did not think they wanted to layer this on top.

Ms. Castro Ramirez's third recommendation pertained to the Extremely Low-Income (ELI)/Very Low-Income (VLI) priority for unused bonds. She questioned why staff had chosen not to include this in the proposed regulations. Ms. Burgos stated there had been a recommendation of preference for ELI/VLI with respect to reversion and carryforward yet staff chose not to implement this the Committee needs flexibility within the changing environment. If this were written into the regulations, any future changes would require another revision. As the regulations were currently written, the Committee has the ability to set priorities for how the carryforward was applied, and a preference for ELI/VLI could still be achieved through Committee action rather than a regulatory change. Ms. Castro Ramirez stated the need to produce more ELI/VLI housing units was a critical priority for the administration and this was a missed opportunity to move the needle to prioritizing units that enable them to get to that goal, yet said she understood.

Mr. Sertich appreciated Ms. Castro Ramirez's comments and said it made sense to align the definitions as much as possible, especially internally, as well as across other programs. He wanted to make sure they received public comment on the supplemental allocation process and, as a committee, they need to look at past awards that were made, verses future awards. He wanted to focus on the regulations and where the delegation is coming from.

Chairperson Ma called for public comments:

Darren Bobrowsky, representing USA Properties Fund, commented that the recommendation to add a point for projects with a $1,000,000 public fund would disadvantage and exclude communities in smaller jurisdictions without public resources to put toward affordable housing. Additionally, he questioned why inclusionary housing projects were excluded from the three points provided for high and highest resources areas in Section 5230(m) of the regulations for site amenities. These projects were generally located in new growth areas, where market rate housing is being developed, which would benefit from affordable housing. He asked the Committee to consider striking the reference to clause 11 and instead reference the CTCAC/HCD Opportunity Area Map so that inclusionary housing projects were not excluded.

Ann Silverberg, CEO of Related California, questioned why two counties had been added to the Bay Area region while its 21% apportionment remained the same. The region was the most impacted and oversubscribed, and the addition of the two counties would exacerbate the problem, and requested the Committee look at the 21%. She also expressed appreciation for the delegated authority provided in Section 5240 regarding supplemental allocations because it allowed for decisions on supplemental allocations to be made more quickly, without waiting for the next Committee meeting. She requested that more delegated authority be granted to the Executive Director to award supplemental allocations by changing the language in Section 5240(b) to refer to the current supplemental request rather than total supplemental requests. She suggested changing the wording in 5240 to allow for more discretionary approval and to read as follows: “the Committee may delegate authority to the Executive Director to award supplemental allocation to projects.” And the requested change is “the supplemental request is” or it could read “or where there is supplemental request issued under this delegation,” specific to the request being made currently meets two conditions; the first – no more than 10%, or she recommended 15%, of the projects total allocation and the second condition - no more than 52% of the aggregate depreciable basis plus land. The projects in this situation should meet the 50% test. The 10% or 15% is a limiter in terms of how many applications will take advantage of the delegated authority if it can apply to the request being made and the 10% can apply to the total allocation. The committee could eliminate the first requirement of the 10% and go to the 52% for projects facing imminent deadlines.

Caleb Smith spoke on behalf of the City of Oakland Department of Housing and Community Development. The addition of Santa Cruz County and Marin County to the Bay Area Region, without a corresponding increase in apportionment, would disproportionally harm the Bay Area Region because with the added population there should be an increase in the funding. Regarding high opportunity areas, there were several historically redlined areas such as under-revitalization areas, that would not be able to access the full 120 points under the currently proposed regulations, creating a structural disadvantage. He expressed a need to invest in anti-displacement and anti-gentrification measures in those areas and requested the Committee make it possible for them [projects] to earn maximum points to be competitive with high opportunity areas. He requested the City of Oakland be included in any future workgroups on this topic.

William Leach, of Kingdom Development, expressed concern the definition of "BIPOC Project" prohibited partnering with an entity that would qualify for full experience points. He referenced the Department of Housing and Community Development's Super NOFA, which created a definition for an Emerging Developer, allowing for a developer who had completed at least one, but not more than three, projects to partner with an experienced developer for more experience points. The BIPOC pool was very helpful for emerging developers and prohibiting them from partnering with another entity to earn full experience points hampered their ability to complete projects.

Alice Talcott, of MidPen Housing, expressed the need for a clear and transparent methodology for regional allocations, that considers the need and cost, so every region receives a fair allocation. It did not make sense that the Bay Area gained two counties with a population of 500,000 yet did not receive any additional allocation. The Inland Region lost a county with an estimated population of 750,000 and its allocation was not reduced. She requested the Bay Area allocation be increased by 1%, up to 22%, and the Inland allocation be reduced by 1%, from 16% to 15%.

Ms. Burgos explained the allocation recommendation was adopted from the Administration and she understood some counties were moved around to lump together similar fair market rents. Ms. Talcott requested further clarification on the allocation percentages. Ms. Burgos stated when the Administration was previously asked, they indicated they did not feel a need to redistribute the allocation. Mr. Velasquez stated the objective of the geographic apportionment changes was to group high market rent counties with other high market rent counties, and low market rent counties with other low market rent counties. The apportionment figures were rerun with the updated data for each county and the data did not support an increase over 21% apportionment for the Bay Area. Two different methods were employed, the construction index data and the CTCAC threshold basis limit, and both methods resulted in less than 22% being allocated to the Bay Area counties.

William Wilcox, Bond Program Manager for the City and County of San Francisco Mayor's Office of Housing and Community Development, expressed the Bay Area apportionment should be raised to 22% per a previous draft of the regulations, with 550,000 additional residents. He also requested a change to how the rent subsidies are factored into the tiebreaker. Currently a project can only get the 30% floor for rent subsidies if they have a federal rental subsidy, which is a structure they support. The current definition leaves out several programs across the state by limiting it to federal rental subsidies, including their local and senior operating subsidy programs in San Francisco, as well as the flexible housing subsidy pool in Los Angeles, and the No Place Like Home Capital Operating Subsidy Reserve (COSR). The definition should be changed to "substantive" rental subsidy, which he believes CTCAC or HCD uses, instead of specifically a federal subsidy, in order to include more rental subsidy programs across the state. He requested the Committee consider funding revitalization areas at the same level as high opportunity areas in future years to discontinue the disinvestment in public housing projects, which disproportionately impacts the lowest income Californians and people of color. He cited Sunnydale as an example of a revitalization area in which many projects had been halted because it was not a high opportunity area.

J.T. Harechmak, with Non-Profit Housing Association of Northern California, stated he was encouraged by the new tiebreaker metrics, yet was concerned about the geographic apportionments and requested that HCD make the methodology more public in the future as it would be helpful in shaping discussions.

Susie Criscimagna, Director of Development at Eden Housing, suggested editing Section 5230 to clarify that projects in all resource areas were eligible for a full ten points for site amenities. As currently written, it could be interpreted that projects in high and highest resource areas, and potentially inclusionary projects, were only eligible for three points. She suggests an edit to remove the phrase "to any projects that meets the Resource Area criteria of", to make everyone eligible for those 10 points.

Jessica Martin, with SV@Home, expressed appreciation for the shift from cost to need in the tiebreaker scoring. The Bay Area faced high-cost challenges in development and significant needs and she was concerned of the change to the point allocation for projects in high resource areas; the shift of 50% of resources incentivized a shared goal, ensuring that resources are spread across the community, that the region's percentage allocation underappreciated the magnitude of the challenges in the region.

Mark Stivers, with the California Housing Partnership, supported the proposed regulations, as is, with no changes, and agrees that the new tiebreaker was a great balance of public benefit and resource efficiency. He wanted to provide some history on the issue of site amenities and inclusionary projects. There had previously been a debate about whether inclusionary projects should be eligible for site amenity points, and some developers argued that the state should not reduce the obligations of the master developers by subsidizing the projects with scarce bonds and credits. At that time, the decision was made to exclude the inclusionary projects from some of the point benefits for higher opportunity areas projects and the tiebreaker benefits as well.

Chairperson Ma closed public comments.

Mr. Sertich stated the purpose of regional allocations was not only for competitive reasons but also to ensure that affordable housing was built in all areas of the state. He had some concerns with lumping Napa and Sonoma County with San Diego and Orange County, and it was important to have a clear methodology for how regional allocations were decided, so that adjustments could be made in the future based on the metrics they used, whether by population changes or cost changes, etc. They can leverage what HCD had and what is out there. He wanted to achieve this by the end of the year.

Regarding the supplemental allocation procedure, Mr. Sertich stated the projects that applied in Round 3 last year, should be treated differently than new projects coming in, so he was comfortable with the regulations moving forward. For projects that had already applied for supplemental allocations and needed more of the over-the-counter funds, the Committee should be thoughtful and make sure they were not excluding projects. They may not need to change the regulations, yet he did want to think about how to integrate this issue into the delegation resolution. He was supportive of including all rental subsidies in the definition to allow projects to go up to 30% AMI. He was open to discussion and wanted to hear from the Administration on the issue of inclusionary housing.

Ms. Castro Ramirez stated she understood the concern regarding geographic apportionment yet agreed that staff's recommendation for 21% apportionment for the Bay Area region was supported by the methodology and data and, at some point, will be revisited. She supported re-wording the site amenities section of the regulations as was mentioned previously, for clarity. She asked Mr. Velasquez to address inclusionary zoning.

Mr. Velasquez agreed the methodology used to determine geographic apportionment should be shared and welcomed further conversation on it. The most important thing was to make sure the methodology was fair and refine, as necessary. There was not a data driven approach when this was being debated last year, when the Bay Area apportionment increased from 17% to 21%, and his intent was to go back to the drawing board and look at data in terms of fair market rents, to propose refinements to the apportionment for the Bay Area and other regions. He welcomed the opportunity to come back at a future meeting and to present more data and discuss it further.

Mr. Velasquez emphasized the importance of the Committee maintaining uniformity in language with CTCAC regarding inclusionary zoning. The HCD had been looking at data regarding a conflict they had seen across the state between inclusionary zoning and the state density bonus law. He suggested the Committee not make any further changes on inclusionary zoning until he presented more findings on this topic. He believed the strengthening of the community revitalization plan requirements for the new tiebreaker benefit ensured a more concerted revitalization strategy. They needed to continue working on opportunity maps to account for the richness of some of the communities that were not high resource areas.

Ms. Johnson Hall stated she supported consistency in verbiage. She agreed with Mr. Velasquez's comments regarding the need to address historical inequities in areas that had been redlined and she hoped staff would investigate it more in the future. She supported giving the Executive Director and staff additional delegated authority regarding supplemental allocations to avoid penalizing smaller deals, that saved time for the Committee and staff and most importantly the deals [previous projects].

Chairperson Ma stated the only public comment that had not been addressed was the issue of including only federal rental subsidies, versus substantive rental subsidies, as included in the CTCAC regulations and asked if there was any more feedback.

Mr. Sertich stated he supported other subsidy programs being included if there were controls and if they showed a firm commitment. He believed the Committee should investigate this as a possible minor regulation change which could be addressed in the future. Chairperson Ma said this would be an issue for next year.

Chairperson Ma stated she hoped to have a meeting on the BIPOC program next summer to determine if the regulations needed to be modified. She requested Mr. Velasquez present findings on revitalization areas to the Committee in the future, including which cities and counties had revitalization areas and which areas were being excluded. It was important for big projects in these areas to be able to come to fruition. She did not see any wholesale regulation changes that the Committee wanted to make.

Mr. Sertich indicated the Committee should review and address the issue of inclusionary housing in the future. He supported approving the regulations as presented by staff, with the alignment of the homelessness definition in the two sections previously discussed.

The Committee discussed clarifying the language in the regulations regarding site amenities and agreed to review this again in the future. Mr. Sertich said the site amenities language is tied to the inclusionary housing requirements which excludes some points for inclusionary projects and Ms. Robles replied the language was added for clarity.

Ms. Castro Ramirez expressed she was appreciative of how inclusive and collaborative this process had been. It was important for the regulations to be clear and provide predictability and stability.

Chairperson Ma expressed appreciation that the Administration had made affordable housing a top priority. She was confident there had been open communication, stakeholders stepped up, and the team was open to comments. She thanked the Committee and the private stakeholders for their participation and their willingness to compromise and come together and get things done with the input of our private sector partners. This was the first time in decades they had made these types of changes to the regulations. She expressed appreciation to the Governor for providing the additional low-income housing tax credits and she hoped it would continue. She hoped to see more changes in the regulations at the federal level, in terms of reducing the 50% bond financing requirement to 25%, which would provide more opportunities for housing.

Ms. Johnson Hall recommended changing the supplemental allocation limit in Section 5240(b)(1) from 10% to 15% of the project's original allocation%, to give staff more authority to make decisions on those applications. She asked if that would work for the staff. Ms. Robles responded it would work for the staff, yet it would require a Committee decision to change the regulations.

Mr. Sertich stated he would like to leave the regulations as-is, and if they wanted to change the delegation in the short term to the Executive Director, he would ask counsel if a different amount could be delegated for past projects or if they were limited to the amount in the regulations. Mr. Velasquez asked if it would be an acceptable compromise to raise the supplemental allocation limit to 15% for the last round of applications.

Mr. Sertich stated there were limited funds available for supplemental allocations and raising the limit would take funds away from other new projects, yet he projected there may be projects that would need more allocation because of cost and interest rate increases. He proposed a one-time delegation rather than altering the regulations. If the only way to accomplish this was to change the regulations, he wanted to frame it narrowly so huge requests would need to go back to the Committee for approval rather than being delegated to the Executive Director.

Ms. Castro Ramirez requested clarification between the current discussion and Agenda Item 6. Ms. Robles stated Agenda Item 6 would grant the Executive Director delegated authority to award supplemental allocations under the very specific terms in the proposed regulations. The Committee would also determine the source of the supplemental funding. Ms. Castro Ramirez asked if Ms. Robles was comfortable with the change proposed, beyond the 10%. Ms. Robles replied staff could accommodate that change but the Committee would need to make the decision.

Mr. Sertich stated there were two ways to award supplemental allocations; a new over-the-counter process and the existing competitive process. It is currently worded as 10%. Because many projects in Round 3 were already awarded supplemental allocations, a solution might be to change the language in the regulations to allow a 10% limit for over-the-counter supplemental allocations, rather than a 10% limit for the total supplemental allocations. It would allow the Executive Director to grant an additional allocation to projects that received a supplemental allocation previously rather than the projects having to come back every time. Ms. Johnson Hall agreed.

MOTION: Mr. Sertich motioned to approve the regulations, as drafted by staff, with two amendments. First, align both references to the homeless definition cite Section 10315(b) 1-4, as previously discussed. Second, amend the Section 5240(b) to state: "The Committee may delegate authority to the Executive Director to award Supplemental Allocation to projects where the total delegated supplemental requests are (1) no more than 10 % of the project's Committee approved allocation."

Ms. Castro Ramirez seconded the motion.

Motion passed unanimously via roll call vote.

6. *Agenda Item:* **Recommendation of a Portion of the 2022 State Ceiling for Supplemental Allocations and Adoption of Priorities** – *(Action Item)*
Presented by: Emily Burgos

Ms. Burgos stated the Committee just approved the new emergency regulations allowing the creation of a supplemental pool and delegated authority to the Executive Director for supplemental award. This item had two purposes; first, the Committee needed to establish a supplemental pool and fund it; second, the Committee would determine how staff would manage those supplemental allocations. These suggestions were based on the recommendations from the Committee at the last meeting and the staff was still open to discussion and any ideas from any of the Committee members.

Ms. Burgos said the staff's recommendation was to seed-fund the supplemental pool with what was left over from the MIP pool in the last round. The Committee voted to frontload the MIP pool, and all the MIP projects applied in Round 1 were awarded. With the amount of money that was allocated in the MIP pool and [CalHFA] $60,000,000 in carryforward, there was just under $46,000,000 leftover that was not allocated. In the conversation at the previous Committee meeting, there was direction from multiple members not to penalize MIP projects because of the good stewardship. Without the off-the-shelf supplemental process, those projects would have received their supplemental allocation from those funds and therefore, staff recommended giving preference to the MIP projects in the supplemental pool up to the $46,000,000 that was being taken from the MIP pool; it would not be an indefinite preference. This would not satisfy the supplemental request problem; they would need to come back with additional recommendations for where to pull more funds for supplemental allocation, yet this would be a start which would allow staff to begin awarding supplemental allocations to projects with the greatest need. This would not be a competitive process. The funds would be awarded in order of preference. The online application was currently open and supplemental requests were being received. The Southwest Airlines boarding group analogy was used to describe the process. Once the regulations were approved and in place then the staff would start reviewing the different preference levels of projects. After the first cutoff, "Boarding Group A" would consist of priority groups 1 and 2, which would be MIP projects and post-issuance supplemental requests. Other projects could be in the system and waiting in line but they would not be "boarded" until after "Group A." At that point, the staff would reassess how much supplemental allocation remained, and they would then begin reviewing applications in "Boarding Group B," which would include projects awarded prior to Round 3 of 2021. They would continue to review projects in Boarding Group A and continue to prioritize projects according to the preference list. If a project from "Group A" missed the first cutoff, they would still be able to "get in line" with "Group B" and be prioritized.

Chairperson Ma questioned what would happen if $46,000,000 was not enough for the supplemental pool. Ms. Burgos stated it would not be enough. Mr. Sertich asked how many outstanding bonds had not returned or closed yet. Ms. Burgos responded there were currently thirteen projects that had neither issued nor returned with a total allocation of about $370,000,000. Some of the projects on the list had already received supplemental allocations and had expressed a need for additional supplemental allocations. There were also a few projects from 2019 and 2020 that would need additional allocation to place in service but not as many as projects from Round 3 from last year.

Mr. Sertich stated $46,000,000 may be closer to what was needed than they originally thought but for this to be a truly over-the-counter process, they should have enough funds for everyone that needs it. Rather than coming back to address the source of additional supplemental funds later, the Committee could allocate funds that were to be used in Round 2 this year as part of the supplemental pool. There might be returned funds that could come back and be used for this, yet they were not sure. An alternative would be to make the process over the counter for the first $46,000,000 and then come back later for more funds.

Ms. Johnson Hall asked if the staff had thought about reassessing the exempt facilities or the underuse in all the pools and the set-asides. She also asked when the final round of the exempt facilities would take place. Ms. Burgos replied that the awards would be made on September 28th for exempt facilities and applications were due August 3rd. Staff had not looked too deeply into addressing the items questioned by Ms. Johnson Hall since they had not received much direction from the Committee at the last meeting. They were making recommendations on the items in which the Committee have given direction. She expected to have a better idea of surplus in the pools and set asides by the September 28th meeting, after Round 2 applications had been reviewed.

Ms. Robles stated once applications were received on August 3, the staff would still need to review them to determine if they were viable and they would know at that time what would be leftover in the exempt facilities pool as there might be nothing available. Ms. Castro Ramirez suggested identifying and prioritizing the different pots of funds that could contribute to the supplemental pool, including the $46,000,000 from the MIP pool, any returned funds, and any underused funds. Ms. Castro Ramirez said she did not know if that addressed not having to come back to the Committee once the funds were exhausted. Mr. Sertich stated if they did take funds from somewhere and did not use them then they could always put them back. The Committee was trying to be as transparent as possible, and he was concerned about pulling back funds that were already promised to be available. Although he had been a vocal opponent of funding too much in the exempt facilities, he did not think they should take those funds back because projects were already counting on $170,000,000 being available in Round 3. If they truly wanted to streamline this process, then they may want to overfund it to some extent and potentially take a certain percentage from all future Qualified Residential Rental Projects.

Chairperson Ma stated housing was the priority of the Committee and the Administration and with the amount of time projects take and the difficulties with the market, the funds would need to be taken from someplace else to push them through.

Ms. Castro Ramirez requested clarification from the staff that supplemental funds could not go toward additional developer fees. Ms. Burgos clarified the supplemental requests for projects in Round 2 of this year and forward could not increase developer fees. It was decided at the last meeting the projects that applied prior to Round 2, this year, were not aware that the supplemental off-the-shelf process was going to be an option; there was not an opportunity for them to "lowball" their request and come back for an easy supplemental award. The Committee was aligned on not penalizing those projects but any project that applied in Round 2 of this year or forward would know in advance that they would not get an increase in their developer fee.

Ms. Johnson Hall strongly supported the MIP projects having some level of priority in this process. She thought the only other deals that should have priority were those that had to close and get the 8609 approved. She supported the staff's recommendation and expressed that it was the right thing to do.

Ms. Castro Ramirez requested clarification on how staff would prioritize projects and asked for a walk through of the five priorities. Ms. Burgos stated the projects waiting to be placed in service this year are waiting on supplemental allocation. Any project that had already issued their bond and used the allocation they were given would be prioritized for supplemental allocation to get units on the market faster. This would ensure that bonds already allocated would be fully utilized and come to fruition. The recommendations were based on chronology, so the oldest projects would have preference before a newer project. The only exception would be a preference for MIP projects up to $46,000,000 as not to penalize the MIP projects for being good stewards of the program. Post issuance projects should be their priority as far as awarding supplemental.

Chairperson Ma called for public comments:

Darren Bobrowsky, representing USA Properties Fund, stated projects were facing significant challenges due to current construction markets and interest rates and supplemental allocations would help those projects close. It would not do any good for the Committee to issue bonds and then not support the projects to close. Lenders and investors would require proof of bond allocation to make closing deadlines and also know the project is going to meet their 50% test and the Committee would need to consider preparing for extensions if they did not issue supplemental allocations. He suggested overfunding the supplemental allocation pool to ensure all projects could meet closing deadlines and begin construction as these projects are much further along than projects in the second round. He had no opposition for taking from the Exempt Facilities but understands it was committed. He recommended taking 5% of the remaining bond cap in Round 2 and putting it into the supplemental pool. He further suggested 45 days before the November 29th allocation meeting, that staff should review the unused portion of the supplemental pool. At that time, they could then leave some funds in the supplemental pool and move the remaining funds back into their set-asides and geographic apportionment. This was to address the projects that have been awarded bonds, regardless of what round they are in, to meet closings and get the projects done.

Ann Silverberg agreed with the previous speaker's idea to move 5% of the future allocation and revisit it 45 days before the allocation meeting to ensure these projects continue.

Ben Barker with the California Municipal Finance Authority stated he had about 8 deals that would be coming in for supplemental allocation that total less than $20,000,000. Most of them were between $1,100,000 and $2,500,000 and they do not have any deals asking for large amounts. With interest rates potentially increasing by another full point, the financing for projects could end up drastically different by the time they were ready to close.

Cherene Sandidge spoke on behalf of the Black Developer's Forum. She understood the struggle to close deals in this market but wanted the Committee to be cautious about taking 5% of the BIPOC allocation for the supplemental allocation pool, as a reduction could affect a good BIPOC project.

Mark Stivers stated full support for an adequate source of funds in the supplemental pool to make awards as needed and agreed with Mr. Bobrowsky's proposal to move 5% of the remaining bond cap from Round 2 into the supplemental allocation pool. He supports moving returned bonds and excess funds from the exempt facilities pool into the supplemental pool. It would make it more likely that the 5% reduction in the second housing round would go back to the round later.

Andre Perry spoke on behalf the Los Angeles Housing Department. In 2020, most deals were able to apply for bonds with a 60% cap, which provided enough bond allocation at the original issuance so supplemental allocations were not needed. He asked if staff could look at their list of applications and stated their first supplemental allocation was a 2021 Round 3 deal which was closing in the next couple days. He anticipated more supplemental rounds at around $2,000,000 per deal and if the 55% cap were raised to 60% in the future calendar year, then they would not have this concern regarding creating a supplemental pool. He is supportive of what CDLAC has proposed and agreed it is not necessary to set aside 5% since Round 2 was twice as large as a typical round. He anticipated leftover Round 2 allocation for the supplemental bonds. He anticipates by the time applications come in on August 9th, other issuers that are looking at deals will likely have leftover Round 2 allocation for supplemental bonds. If the Committee moved forward with the 5% set-aside now, there will be supplemental applications coming that will not be ready to submit at this moment because this is new. The City of Los Angeles had previously spoken to CDLAC about "Boarding Group A" being reviewed sometime in September based on the unused MIP allocation, followed by "Boarding Group B" on October 31st to use the unutilized 2022 allocation and the exempt facility allocation. This would give enough time for all allocations to be used by the end of the year and would be done through a non-competitive process. If 5% were allocated upfront, then some developers would feel there was a competition between now and August 9th. What is being proposed by the Committee, an over the counter, non-competitive process for supplemental allocations, would provide confidence to the market that deals could close even if the original allocation was no longer meeting the 50% requirement due to interest rate increases. He supports what is being proposed without any changes.

Chairperson Ma stated she believed funders would be nervous without having allocation committed and the Committee should decide today.

Jeff Williams spoke on behalf of Bridge Housing. They were trying to understand the timeframes. They have Round 1 2022 projects trying to close this fall, prior to the CDLAC deadline, and they might need supplemental allocations. He asked if a project applies competitively in Round 2 for a supplemental allocation, does the project then have the ability to apply for an over-the-counter supplemental allocation or do they have to choose?

Chairperson Ma replied the Committee had created an over-the-counter process. They wanted to make sure it was funded and the process was streamlined so the Executive Director could make those decisions without waiting for another Committee meeting or more funding.

Chairperson Ma closed public comment.

Chairperson Ma stated although she is supportive of putting the bonds in non-housing projects, she was willing to fund all the supplemental allocations prior to funding the next round of exempt facilities projects. If there were extra bonds at that time, the Committee could then go back and fund the exempt facilities projects. The housing projects were urgent, took a long time, and there were more options for the exempt facilities companies to obtain financing elsewhere but when it comes to housing there are not many options. She proposed putting the entire exempt facilities pool into the over-the-counter supplemental allocation pool.

Mr. Sertich stated he was supportive of Chairperson Ma's proposal, and they should determine a date to move any leftover funds back into the exempt facilities pool. He did not know if that meant moving the application or award deadline. Ms. Robles proposed moving the funds after the August 3rd application deadline because there were exempt facilities projects with prepared applications waiting for an allocation they believed would be available to them. She asked Mr. Sertich to clarify whether he was referring to any exempt facilities allocation remaining after applications were received.

Mr. Sertich asked staff to confirm how much allocation was required to create a true over-the-counter process. The Round 3 projects with a September deadline were the most critical and they had more time for the Round 2 projects with the deadline in December for those projects to close and they will have more knowledge of the need. The September projects, and projects ready to be placed in service, were the ones that should be fully funded right away.

Ms. Castro Ramirez said she appreciated Chairperson Ma for looking at pulling funds from the exempt facilities pool because the Committee's goal should be stable and affordable housing. She supported this plan yet anticipates problems it would create. Returned funds could also be added to the exempt facilities pool to minimize the amount taken from the exempt facilities. She was not comfortable with a 5% reduction from future funding because the goal was to produce more housing.

Mr. Sertich indicated he was also comfortable with using the funds from exempt facilities pool and any returned funds for the supplemental allocations and then backfilling the exempt facilities pool. He reiterated the importance of timing. Ms. Robles stated staff did not have a pipeline and did not know how much funding would be needed.

Chairperson Ma asked if there was a proposed date when applications would open for over-the-counter supplemental allocations. Ms. Burgos replied the applications were open and staff would put out guidelines for the application process once the regulations were approved, since it will be a streamline application. There would be cutoff dates based on priority groups, starting with Group 1 and 2 on a certain date, the priority groups 1, 2, and 3 on a certain date. By the time they got to Group 5 the applications would be accepted on an ongoing basis. Projects would be advised to apply as soon as possible to ensure they received supplemental allocations.

Ms. Robles stated Round 2 was a round comprised of two-thirds of the housing allocation [to be processed] in a total of 3 months, when normally they would have 3 rounds per year and 4 months to complete them. She expressed that the Committee should consider the strain on staff when establishing a timeline.

Chairperson Ma indicated she did not want to take funding from housing or create problems for the staff. The bonds had already been set aside for the tax-exempt facilities that had not been awarded and she would rather set that money aside for supplemental allocations that needed it. Any funds leftover by a certain date would then be put back into the exempt facilities pool and award based on what is remaining. This would give the Executive Director more capacity to keep projects moving.

The Committee discussed setting a date by which unused funds would be returned to the exempt facilities pool. Ms. Burgos stated staff would be able to give more informed statements about the status of the allocation by the September 28th meeting and they would know if any of the pools in Round 2 are undersubscribed. They would also have a better idea of how much of the exempt facility allocation they have utilized and will continue to utilize, if any. She wanted to be cognizant as there are only a few issuers that need to funnel the requests. Chairperson Ma asked Ms. Burgos to come back to the September 28th meeting and provide an update on how supplemental allocations are going and how much is still in the pool.

Mr. Sertich stated he wanted to be clear that they are managing two things – the supplemental process, which he agrees should be open, and managing bonds that they are taking, and they will have a better idea of how much they can return to exempt facilities.

MOTION: Mr. Sertich motioned to move the remaining allocation from the MIP pool, the remaining allocation from the exempt facilities pool, and any returned QRRP allocation into the newly defined supplemental allocation pool. Chairperson Ma stated they would re-evaluate on September 28th. Mr. Sertich said the Committee would continually re-evaluate this pool and its necessary volume and move some of those bonds back into their original pools if there were excess bonds which the Committee would then implement the priority method recommended by staff. Ms. Castro Ramirez seconded the motion.

Motion passed unanimously via roll call vote.

7. *Agenda Item:* **Recommendation to Delegate Authority to the Interim Executive Director to Award Supplemental Allocation** – *(Action Item)*
Presented by: Emily Burgos

Ms. Burgos recommended the Committee delegate approval to the Executive Director to award supplemental allocations in certain situations according to the approved regulations.

MOTION: Mr. Sertich motioned to approve, and Ms. Castro Ramirez seconded the motion.

Chairperson Ma called for public comments:
None.

Motion passed unanimously via roll call vote.

8. *Agenda Item:* **Adoption of Carryforward Priorities** – *(Action Item)*
Presented by: Emily Burgos

Ms. Burgos stated the Committee had approved regulations allowing the Committee to set priorities for where the net-effect of carryforward should be applied. This authority would give the Executive Director the ability to apply carryforward held by the issuer according to a list of priorities set by the Committee. The priority would be the supplemental pool so carryforward would be applied there first. The next priorities would be in the following order: Homeless, ELI/VLI, mixed income, and then geographic regions. This was a shift from the previous year, where carryforward was applied to the highest ranked project by that issuer. Staff would now make sure the net-effect of carryforward was applied in a way that affected a specific pool or set-aside.

Mr. Sertich stated it was important for the Committee to allocate according to their priorities at the beginning of each year. He complimented the staff for reducing the carryforward and stated he supported the staff's recommendation. It should go pro rata to the different pools if it did grow larger.

MOTION: Mr. Sertich motioned to approve, and Ms. Castro Ramirez seconded the motion.

Chairperson Ma called for public comments:
None.

Motion passed unanimously via roll call vote.

9. *Agenda Item:* **Public Comment**

Elizabeth Brady spoke on behalf of Oakbrook Housing., It works in homeless housing for at risk youth and transitional aged youth ages 18 to 25, with its non-profit partner, Covenant Housing California. There is concern about a perspective risk: CDLAC might not be able to fully deploy the bond allocation in Round 2, particularly in the most critical set asides of Homeless and ELI/VLI. Every production of ELI/VLI is important and not fully utilizing bonds in that set aside is of concern. So far this round there was a repeat of average statistics from 2021 rounds; in this past round 12,800 housing units applied and 7,000 were awarded, or 56%. 53-56% was the average. The numbers looked a little different when you look at projects and the number of housing units and the number of projects do not yield the same statistics. About 45% of projects are getting through. Last year's production level was 22,000 homes, which meant they are right on track at 33% of 7,000, which is not a coincidence because 33% of the bond allocation is the limiting resource, so the numbers are correlated. In this coming Round 2, they might want to award 15,000 affordable homes if they wish to keep the same production level as last year. 45 projects that applied in Round 1 were not awarded and will likely apply in Round 2, which is about 5,000 homes a third are queued, and they will want around 9,000 new entrants. They had historically seen 40 – 60% of new entrants. It is a high number and applicants may be racing because there is not another round until 2023. If they took the 45 projects carry over, to produce the 5,500 homes, the requested state tax credits total $361,000,000, as opposed to the $96,000,000 that is proposed liquid. That is only a third of what they are trying to get done and it is off by a multiple of four, and the demand is greater than the supply of state tax credits. If they wanted the new entrants to be successful, they may need $600,000,000 to $800,000,000 in state tax credits and they face the risk in this next round that the set asides in Homeless and ELI/VLI will have excess unspent bond allocation because such a high percentage of projects need state tax credits. The carryforward of what they know in Round 2: 90% of Homeless projects ask for them and 2/3 of ELI/VLI asked for them. She suggested an option; If in the fall the bond issuance is going badly the Committee should work with staff and Governor Newsom to declare an 18 month emergency proclamation in California's statewide affordable housing industry, followed by an executive order authorizing CTCAC to pull forward the 2023 state tax credits into

2022 plus the reset of state tax credits in 2023 to 2 to 3 times the $500,000,00 that has been earmarked, scaling that resource from $1,000,000,000 to $1,500,000,000. This is what is needed to service the pipeline, and this was tied to financials and market dynamics. 66% of Round 1 winners were tied to state tax credits, showing the high correlation.

10. *Agenda Item:* **Adjournment**

The meeting was adjourned at 1:49 p.m.

AGENDA ITEM 3

Executive Director's Report
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AGENDA ITEM 4

Request to Waive Forfeiture of Performance Deposit and Negative Points (Cal. Code Regs., §§5052, 5230)

From:	San, Banu
To:	CDLAC; CDLAC Online Customer Support; Vue, Christina
Cc:	Jon White; Scott Reed; VanderVeen, Rachel; Peter J. Ross "rossfinancial@smkc.com"; Mawakana, Kemit; Lin, Jimmy
Subject:	CDLAC Letter - Aug 11, 2022-Algarve- Resolution # CA-21-706- Allocation return
Date:	Monday, August 15, 2022 9:02:55 AM
Attachments:	image001.png CDLAC Letter - Aug 11 2022 - 7-02 PM.pdf CDLAC Resolution.pdf RE CDLAC Resolution No. 21-232 (Application No. 21-706) - Return of allocation without negative points.msg

Hello Christina,

The City is returning the $32,532,700 allocation received for the Algarve project on December 8, 2021 to CDLAC. Attached is the sponsor's allocation return letter and request for the forfeiture of the $100K performance bond fee. The project is returning the allocation because the initial investor pulled out of the project too late to secure and negotiate a new investor in time to close the financing by the 90-day extension due date.

Attached is your previous email, I'm not sure whether that is an approval from CDLAC on the return of the performance deposit. If so, please let me know.

Please reach out to me if you have further questions. Thank you for your consideration.

Regards,
Banu San
Housing Policy & Planning Administrator
Residential Development Division
San José Housing Department
City Hall - 12th Floor | 200 E. Santa Clara Street | San Jose, CA 95113
Cell: 650-245-0807
Banu.san@sanjoseca.gov | www.sjhousing.org

From: Jon White <Jwhite@abodeservices.org>
Sent: Thursday, August 11, 2022 7:14 PM
To: San, Banu <Banu.San@sanjoseca.gov>
Cc: Mawakana, Kemit <Kemit.Mawakana@sanjoseca.gov>; Scott Reed <scott@reedcommunity.com>; Louis Chicoine <Lchicoine@abodeservices.org>
Subject: Fwd: CDLAC Letter - Aug 11, 2022

[External Email]

Banu,
Here is the CDLAC letter requesting the return of our allocation signed by both of us.
Thanks.

Talk to you tomorrow.
Jon

Get Outlook for iOS

From: Scott Reed <scott@reedcommunity.com>
Sent: Thursday, August 11, 2022 7:02:49 PM
To: Jon White <Jwhite@abodeservices.org>
Subject: CDLAC Letter - Aug 11, 2022

Jon- Attached is the CDLAC letter. Thanks, SCOTT

Scanned with TurboScan.

Scott Reed, CRE CCIM
Managing Partner

Reed Community Partners LLC
1050 SW 6th Avenue, Suite 1100
Portland, OR 97204
t: 503.974.7555 x 101
c: 914-391-6995
f: 503.974.7558
e: scott@reedcommunity.com

reedcommunity.com

Tax-Exempt Financing
Throughout California

2111 Palomar Airport Road, Suite 320 • Carlsbad, CA 92011 • (760) 930-1221 • Fax (760) 683-3390

August 3, 2022

Ms. Nancee Robles
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 308
Sacramento, CA 95814

Re: Return of 2021 Volume Cap for the Bana at Palmdale Apartments, (CDLAC Application No. 21-715)

I am writing on behalf of the California Municipal Finance Authority (the "Authority") to inform CDLAC that the bond allocation for the Bana at Palmdale Apartments, (CDLAC Resolution No. 21-235) is being returned.

The tax credit investor for this project was unable to find an investor placement. In addition, the current volatile market conditions with rising interest rates and construction costs had an impact on the financial feasibility of this project. As a result, the only option is to return the allocation of tax-exempt bonds and associated tax credits until the situation becomes more stable.

Due to these circumstances being beyond the Project Sponsor's control, a return of the CDLAC bond allocation award is being requested, as well as a request to waive any negative points or forfeiture of performance deposit.

Should you have any questions or need further information, please don't hesitate to contact me. I can be reached at (760) 930-1221

Thank you for your consideration.

Sincerely,

John P. Stoecker
Financial Advisor
California Municipal Finance Authority

From:	Anthony Stubbs
To:	CDLAC
Subject:	Villa Oakland App 21-739
Date:	Friday, June 17, 2022 4:27:58 PM

Please accept this email as notification that the Villa Oakland Apartments project is returning it's allocation in the amount of $22,634,000 that was awarded on 12/8/2021. Because this is 2021 allocation, the CMFA will retain the allocation as carryforward to be used for a future project.

The project is not able to move forward without an increase in the State Tax Credit award. Thus, the allocation will be returned, and the project will reapply on August 9th.

Please accept email as a request to waive the forfeiture of performance deposit as well as a waiver of any negative points.

Best Regards,
Anthony Stubbs

____

California Municipal Finance Authority
Anthony Stubbs
Financial Advisor
2111 Palomar Airport Rd, Suite 320
Carlsbad, CA 92011
Phone: (760) 930-1333
Fax: (760) 683-3390
E-Mail: astubbs@cmfa-ca.com
Web: www.cmfa-ca.com
____

AGENDA ITEM 5

Request for Extension of Bond Allocation Issuance Deadline for Qualified Exempt Facilities Project

California Municipal Finance Authority

Tax-Exempt Financing
Throughout California

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September 6, 2022

Ms. Nancee Robles
Interim Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 31
Sacramento, CA 95814

Re: Requesting an extension for the Williams Aymium Production Facility Project (CDLAC Application No. 22-101)

Dear Ms. Robles:

I am writing on behalf of the California Municipal Finance Authority (the "Authority") to request a CDLAC extension to January 16, 2023, for the Williams Aymium Production Facility Project (the "Project"). The Project (Resolution No. 22-101) received allocation on April 27, 2022, with a closing deadline of October 24, 2022.

The Project Sponsor submitted another application for allocation and received an allocation award on July 20, 2022 with a deadline of January 16, 2023.

In order to have both allocations close at the same time, we are requesting that the original allocation (app 22-101) be granted an extension to align with the 2nd allocation with a closing deadline of January 16, 2023

Please accept this letter as a request to waive forfeiture of performance deposit and any negative points as well.

Should you have any questions or need further information, please don't hesitate to contact me. I can be reached at (760) 930-1221

Thank you for your consideration.

Sincerely,

John P. Stoecker

John P. Stoecker
Financial Advisor
California Municipal Finance Authority

AGENDA ITEM 6

Request for Extensions for

Round 1 of 2022 Projects

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2022

Request for Extensions for Round 1 of 2022 Qualified Residential Rental Projects
(Agenda Item No. 6)

BACKGROUND:

The application deadline for Round 1 of 2022 Qualified Residential Rental Projects (QRRP) was March 16, 2022, with awards made on June 15, 2022. Bond issuance deadlines for those projects are in December 2022.

DISCUSSION:

The volatile conditions in the market caused by the COVID-19 pandemic continue to linger and disrupt statewide efforts to build affordable housing. Earlier this year the Federal Reserve raised interest rates again by 50 basis points, which is the highest single spike in 22 years. Rising rates cause higher than expected costs and investor skepticism. While lumber prices are beginning to stabilize, other construction costs continue to climb and supply chain disruptions persist. There also remains a shortage of human capital creating a loss of labor, closure of businesses, and extraordinary delays in essential municipal functions, such as permits and inspections. These unexpected market conditions are directly and indirectly a continuing result of the COVID-19 pandemic, therefor outside of the control of the developers and issuers. These unsettled financial and labor markets and supply chain challenges result in significant cost increases to projects being underwritten, leaving projects short on funding by the time bond allocation is awarded. Staff have heard from many stakeholders, developers, and local government officials that these important projects are experiencing significant cost overruns and financing challenges that are making the projects infeasible without an extension of time to close the funding gap.

At the May 25, 2022, California Debt Limit Allocation Committee (CDLAC) Meeting, CDLAC unanimously approved a blanket extension of the issuance deadline for QRRP awarded in December 2021 in response to volatile market conditions caused by the COVID-19 pandemic.

RECOMMENDATION:

Staff recommends the approval of a 90-day extension to the bond issuance deadline for all Round 1 of 2022 QRRP awarded by CDLAC on June 15, 2022.

September 14, 2022

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
Attn: Nancee Robles, Executive Director

Re: Request to Extend Expiration Date of Bond Allocations

Dear Ms. Robles:

Thank you for your willingness to meet with me and Sheena Kho, Credit Officer of CalHFA, on September 2, 2022. As we discussed, CalHFA is in the process of underwriting the 12 projects which received an allocation of tax-exempt bonds from the Mixed Income Pool at the June 15th, 2022, CDLAC Meeting. Each of these projects is being underwritten by CalHFA for long term permanent and subsidy financing.

This year had been a volatile and uncertain one for the affordable housing industry. Unsettled financial and labor markets along with supply chain challenges have resulted in significant cost increases to all the Mixed Income Pool projects we are currently underwriting. The resulting economic restructure of many of these deals has resulted in delays with finalizing their underwriting and related due diligence. As such, for the 12 Mixed Income Pool projects, CalHFA requests a 90-day extension to the 180-day expiration date for issuing bonds as specified in the Committee Resolution related to the allocation of bonds pursuant to 5100(b)(3)(i) of the CDLAC Regulations. This will ensure that delays related to the current market challenges do not preclude these shovel ready projects from starting construction.

Please let me know if you would like to discuss further or if you need additional information.

Sincerely,

Tiena Johnson Hall

Tiena Johnson-Hall
Executive Director
California Housing Finance Agency

AGENDA ITEM 7

Request to Waive the Maximum Bond Allocation Amount ($75,000,000) for Qualified Residential Rental Projects (Cal. Code Regs., §5232)

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2022

Request to Waive the Maximum Bond Allocation ($75,000,000) Amount for Qualified Residential Rental Projects (Cal. Code Regs., §5232)
(Agenda Item No.7)

BACKGROUND:

CDLAC regulation, California Code of Regulations, title 4, section 5232(a), limits the bond allocation to no more than $75,000,000 for any proposed Qualified Residential Rental Project (QRRP) during a Competitive Application Process. Where a QRRP is located within one-fourth mile of another QRRP involving the same Project Sponsor or Related Party to the Project Sponsor, the Allocation amount, in the aggregate, cannot exceed $75,000,000 within a calendar year.

Additionally, CDLAC regulation Section 5232(b) states:

> "The Committee may waive the maximum allocation amount if the Committee determines that the demand for allocation for QRRPs is such that the maximum allocation amount is not warranted. An Applicant requesting an Allocation in excess of seventy-five million dollars ($75,000,000) may seek a waiver from the Committee based on the following factors:
>
> (1) The Qualified Residential Rental Project qualifies as an At-Risk Project [as defined in California Code of Regulations, title 4, section 5170]; or
>
> (2) Documentation is provided in the Application indicating why a QRRP cannot be developed in phases at a $75,000,000 level. The documentation must be specific and may include, but is not limited to, a site plan detailing the layout of the subject property, unit mix per stage of the phase, any unique features of the property which inhibits phasing, a description of infrastructure costs, and a cost breakdown by phases."

The four projects below are requesting a waiver pursuant to CDLAC regulation section 5232(b):

APPLICATION NUMBER	NAME	TOTAL ALLOCATION	TIMEFRAME
CA-22-574	730 Stanyan	$81,104,569	Applied in current round
CA-22-577	Middlefield Junction	$80,380,295	Applied in current round
CA-22-596	Azuriik	$97,246,474	Applied in current round
CA-22-660	515 Pioneer Drive	$82,467,538	Awarded $74,970,489 on June 15, 2022, and currently requesting a supplemental allocation of $7,497,049

Staff have determined that an approval of these waiver requests will not impact the possible award of any other project.

RESOLUTION NO. 22-007

RESOLUTION OF THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE WAIVING MAXIMUM BOND ALLOCATION AMOUNT FOR QUALIFIED RESIDENTAL RENTAL PROJECTS

WHEREAS, Applications to the California Debt Limit Allocation Committee (CDLAC) subject to the competitive application process for tax-exempt private activity bond allocation for Qualified Residential Rental Projects are limited to an allocation of no more that seventy-five million dollars ($75,000,000) per calendar year pursuant to California Code of Regulations, title 4, section 5232(a), of CDLAC's regulations; and;

WHEREAS, Pursuant to California Code of Regulations, title 4, section 5232(b) of CDLAC's regulations, CDLAC may approve a waiver of the maximum allocation limit if it determines the allocation limit is not warranted;

NOW, THEREFORE, BE IT RESOLVED BY THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE as follows:

Section 1. A waiver of the maximum allocation limit is granted to project CA-22-574 730 Stanyan.

Section 2. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 28, 2022, at 9:00 am. with the following votes recorded:

AYES:

NOES:
ABSTENTIONS:
ABSENCES:

____
Nancee Robles, Interim Executive Director

Date: September 28, 2022

RESOLUTION NO. 22-008

RESOLUTION OF THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE WAIVING MAXIMUM BOND ALLOCATION AMOUNT FOR QUALIFIED RESIDENTAL RENTAL PROJECTS

WHEREAS, Applications to the California Debt Limit Allocation Committee (CDLAC) subject to the competitive application process for tax-exempt private activity bond allocation for Qualified Residential Rental Projects are limited to an allocation of no more that seventy-five million dollars ($75,000,000) per calendar year pursuant to California Code of Regulations, title 4, section 5232(a), of CDLAC's regulations; and;

WHEREAS, Pursuant to California Code of Regulations, title 4, section 5232(b) of CDLAC's regulations, CDLAC may approve a waiver of the maximum allocation limit if it determines the allocation limit is not warranted;

NOW, THEREFORE, BE IT RESOLVED BY THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE, as follows:

Section 1. A waiver of the maximum allocation limit is granted to project CA-22-577 Middlefield Junction.

Section 2. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 28, 2022, at 9:00 am. with the following votes recorded:

AYES:

NOES:
ABSTENTIONS:
ABSENCES:

____

Nancee Robles, Interim Executive Director

Date: September 28, 2022

RESOLUTION NO. 22-009

RESOLUTION OF THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE WAIVING MAXIMUM BOND ALLOCATION AMOUNT FOR QUALIFIED RESIDENTAL RENTAL PROJECTS

WHEREAS, Applications to the California Debt Limit Allocation Committee (CDLAC) subject to the competitive application process for tax-exempt private activity bond allocation for Qualified Residential Rental Projects are limited to an allocation of no more that seventy-five million dollars ($75,000,000) per calendar year pursuant to California Code of Regulations, title 4, section 5232(a), of CDLAC's regulations; and;

WHEREAS, Pursuant to California Code of Regulations, title 4, section 5232(b) of CDLAC's regulations, CDLAC may approve a waiver of the maximum allocation limit if it determines the allocation limit is not warranted;

NOW, THEREFORE, BE IT RESOLVED BY THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE, as follows:

Section 1. A waiver of the maximum allocation limit is granted to project CA-22-596 Azuriik.

Section 2. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 28, 2022, at 9:00 am. with the following votes recorded:

AYES:

NOES:
ABSTENTIONS:
ABSENCES:

____
Nancee Robles, Interim Executive Director

Date: September 28, 2022

RESOLUTION NO. 22-010

RESOLUTION OF THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE WAIVING MAXIMUM BOND ALLOCATION AMOUNT FOR QUALIFIED RESIDENTAL RENTAL PROJECTS

WHEREAS, Applications to the California Debt Limit Allocation Committee (CDLAC) subject to the competitive application process for tax-exempt private activity bond allocation for Qualified Residential Rental Projects are limited to an allocation of no more that seventy-five million dollars ($75,000,000) per calendar year pursuant to California Code of Regulations, title 4, section 5232(a), of CDLAC's regulations; and;

WHEREAS, Pursuant to California Code of Regulations, title 4, section 5232(b) of CDLAC's regulations, CDLAC may approve a waiver of the maximum allocation limit if it determines the allocation limit is not warranted;

NOW, THEREFORE, BE IT RESOLVED BY THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE, as follows:

Section 1. A waiver of the maximum allocation limit is granted to project CA22-60-660 515 Pioneer Drive.

Section 2. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 28, 2022, at 9:00 am. with the following votes recorded:

AYES:

NOES:
ABSTENTIONS:
ABSENCES:

____
Nancee Robles, Interim Executive Director

Date: September 28, 2022

CDLAC & CTCAC JOINT APPLICATION
730 Stanyan
ATTACHMENT 35: BOND ALLOCATION GREATER THAN $75M

Please see the attached letter and documentation outlining our request for a bond allocation greater than $75MM.

tndc
HOMES. HEALTH. VOICE.
tenderloin neighborhood development corporation

August 1, 2022

Ms. Nancee Robles
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall C-15
Sacramento, CA 95814

Re: 730 Stanyan Project: Waiver Request for Bond Allocation in Excess of $75MM

Dear Ms. Robles:

730 Stanyan Associates, L.P. is requesting a bond allocation for 730 Stanyan project beyond the $75 million cap per Qualified Residential Rental Project (QRRP) as established in CDLAC regulation Section 5232. In this case, 730 Stanyan Associates, L.P. is seeking a total bond allocation of $81,104,569 (an increase of 8.1%).

The need for affordable housing for very low to moderate income families and transitional age youth in the City of San Francisco, including formerly homeless households, is critical. It is especially critical in the Haight-Ashbury neighborhood, which has yet to accommodate a 100% affordable housing development of this scale.

730 Stanyan's need for a higher bond request stems mainly from high construction costs, which TNDC and CCDC have worked diligently to manage. The total development cost for the residential building at 730 Stanyan is $155,217,860 or $1,150 per square foot, based on 134,952 GSF of building area, excluding commercial space. The building will be an 8-story single structure with 160 units with per-unit cost of approximately $970K.

The project is not a viable candidate for multiple phases of construction - due to the relative scale of the building, as well as the logistical issues of building on this infill site, running the project in multiple phases would lead to overall cost increases and efficiencies lost.

Proceeding as a single phased project means lower contractor general conditions due to less time under construction. Similarly, by locking in a single-phase construction timeline in the near term, labor costs and escalation are less exposed to market fluctuations that would likely lead to large cost increases.

The project's location in the City and County of San Francisco equates to very high construction costs. The following narrative discusses the site-specific attributes and infrastructure costs driving the single-phase construction of 730 Stanyan.

Also attached for your review are: 1) a site plan detailing the layout of the property, 2) a landscape site plan, 3) a density bonus diagram and 4) a life safety plan to further delineate the challenges of the project site.

San Francisco Specific Conditions

- San Francisco has the highest construction costs in its Metropolitan Statistical Area (MSA) and one of the highest average prices per acre in the country, second only to New York City. Due to the fierce pace of construction in San Francisco, there are fewer subcontractors with capacity to bid on jobs, which is driving up pricing. Local hiring and Small Business Enterprise (SBE) requirements also limit the pool of eligible subcontractors available to bid on projects, which further exacerbates this problem.

- Prevailing Wage & Local Hire – This project falls under the State Prevailing Wage Program and is required to pay prevailing wages. Given that this project is partially funded by the City of San Francisco, it is also subject to specific contracting requirements. These requirements include maximizing Small Local Business Enterprises participation in construction, as well as Workforce Hiring Goals to maximize local labor force on the project. These programs result in added costs for subcontractors, both in time seeking applicants and time spent training local workforce candidates. Added costs are also incurred by the General Contractor, who must implement, track, and support these programmatic goals. San Francisco Construction and Labor costs in general are historically higher than most other areas of the state and add a premium to the overall cost of development. It is estimated that Prevailing Wage requirements alone add approximately 20% to the cost of construction. Local Hiring requirements add another 7% to the cost of construction, as some subcontractors attach a premium for Local Hiring compliance.

Site Specific/Infrastructure Conditions

- Site Location – The site is located on busy streets fronting three major thoroughfares with public transportation - including overhead cable lines along the southwest corner – that require special permit access and coordination with SFMTA (Metropolitan Transportation Authority) and limit construction work hours.

- Site Logistics – Because the site fronts on three major thoroughfares, the team must lease a staging area nearby during the construction period. This adds cost to the project. The project is also subject to limited work hours due to its' proximity to the Haight Street commercial corridor on one side and residences on the opposite side. Construction deliveries will necessitate costly traffic control. Storage of materials on site is limited, so suppliers will be asked to provide storage in their own facilities and to make extra deliveries, both of which come at a mark-up estimated at 1% of construction costs.

- Construction in Fully Developed Area – Staging construction in a fully developed area increases costs for items like security, specialized crane set up and operation, a personnel hoist, and scaffold and swing stage mobilization to construct the project without disturbing adjacent properties.

- Structural Foundation – The soil conditions on site are insufficient to adequately support the new building load and seismic forces. The unique geology of this location in San Francisco requires a deeper, thicker mat foundation with a large volume of reinforcing and ground improvements.

- Soil Conditions – The soil that is to be disturbed on the site was tested for hazardous materials, and the results of the environmental investigations at the site indicate low concentrations of petroleum hydrocarbons and heavy metals and PcE within the soil vapor, and the potential existence of an Underground Storage Tank due to prior use as both a gas station and as a dry cleaner. The construction cost includes a Soil Management Plan (SMP) to minimize exposure of constituents in the soil to construction workers at the site, nearby residents/ pedestrians, and future residents.

Code Requirements

- Solar PV System – To meet the Code Title 24 Energy Requirements, it is necessary to include a solar PV system. This is not only limited to the solar equipment, but necessitates additional roofing requirements, added structural provisions, as well as a structure for the system, which is not typical for all projects.

- Exterior Building Maintenance System – Due to the height of the building, a system is required for access to clean and maintain the building's exterior. This system is comprised of steel davit bases designed into the structural slabs to enable this maintenance. Some of the unquantifiable costs of this system are structural modifications in the design to accommodate this system and the imposed loads. In addition, there are clearances necessary from all other rooftop equipment & assemblies that require the overlay of system designs to be tightly coordinated to enable the roof davit arms to be maneuvered around the roof, amid the other stationary rooftop elements.

• Emergency Response Radio Call System (ERRCS) – In San Francisco, the Fire Department requires a system to be installed in all new construction that enhances the radio signal for emergency first responders. Typically, the signal can be repeated with equipment placed on the lower floors of buildings but given the nature of this construction (a fully concrete structure), a fully distributed system is needed. This system requires the addition of rated shafts and enclosures to provide fire rated protection for conduit distribution, supporting the antenna system, and/or additional fire-safing, as well as modifications to the Fire Life Safety System, all of which add costs.

• SFPUC / PG&E – Under San Francisco regulations, new city-owned buildings, or affordable housing developments on City-owned land, automatically become San Francisco Public Utilities (SFPUC) customers, where SFPUC is the primary power provider. The energy to those buildings is 100 percent renewable, generated mostly by hydroelectric power from the Hetch Hetchy reservoir. In the case of 730 Stanyan, the property became part of an agreement between SFPUC and PG&E, where PG&E provides "secondary" power through an electrical infrastructure design called low-side metering. This unique San Francisco regulatory environment has caused increased costs for design, as well as civil and engineering costs.

• Added Requirements for 8-story Construction – The team is maximizing the building height and number of units at 730 Stanyan, constructing an 8-story, 160-unit Type I concrete structure. The building systems required to support this height and scale add costs to the project. In order to move water to the highest point of the building, large pumps are required for both the domestic water system and the fire sprinkler / standpipe system.. These pumps also increase the demand on the building's electrical system, which then requires larger electrical equipment.

This proposed project, including the $81 million bond allocation, will deliver much-needed affordable housing along with comprehensive and high-quality social services in the long-term to the under-served populations in the costly City of San Francisco.

If you have any questions about the proposed project, please feel free to reach out to me at any time. I may be reached at 415-358-3964 or ccummings@tndc.org.

We thank you for your careful consideration of our request and your commitment to supporting affordable housing.

Sincerely,

DocuSigned by:

Chris Cummings

709700B4F58440B...

Chris Cummings
Interim Director of Housing Development
Tenderloin Neighborhood Development Corporation

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Middlefield Junction Joint TCAC-CDLAC Application
ATTACHMENT 35-A Bond Allocation greater than $75 million

The project is seeking a waiver from the Committee for the maximum bond allocation amount in excess of $75,000,000 due to inability develop the project in phases.

The documentation provides evidence of an inability to construction the property in phases due to the entitlement approval and permitting, site layout and access, efficient building planning, site utilities and shared residential resources and amenities. Should the development considered phasing it would significantly decrease the ability to utilize shared site features, increase costs and ultimately render the development infeasible.

The subject site consists of 3.2 acres or roughly 139,392 +/-square feet, translating to an overall density of roughly 55.4 units per acre. The subject site is zoned R-2, E (Daycare), A-3 and S-2 and adheres to all zoning requirements. The enter development, including 179 units, received approvals under the SB35 streamline approval process that was submitted in August 2019 and approved in October 2019. Building permits are anticipated to be pulled in early to mid-2023 with construction anticipated to commence in May 2023 and should be completed in 24 months or by mid-2025, with leasing completed by the Third Quarter 2025. Efficiencies in entitlement and anticipated building permit approval of the entire site simultaneously, were monumental to moving this development forward promptly.

The development is two distinct buildings (labeled as Building A and B on the Site Plan), with shared amenities for all the tenants. Building A will contain 75 units in a five-story "T" shaped "elevator-served" product surrounding by open parking surface spaces and childcare open space to the west. Building B will contain 104 units in a six-story irregular shaped "elevator-served" building with ground-level "podium" parking. The buildings will be separated by a mews (driveway) with pedestrian and emergency vehicular access bisecting the property in a northeast and southwest direction. A decision was made to share uses between both spaces to gain efficient use of available site and amenities for the density of 179 units, while keeping cost per unit down. The two buildings designed work in tandem with shared spaces to serve both residential needs and valuable community service facilities.

Building A is situated on the north portion of the parcel and will contain shared community interior and outdoor space, offices, mechanical rooms, a large entry lobby, a laundry room, two elevators serving all floors, a childcare facility with an outdoor open space area/playground on the ground-floor. Levels two-to-five will encompass residential units with roughly 18 to 19 units per floor. Building B is situated on the southern end of the subject site, abutting the property line and will contain shared "podium" parking, shared bike parking in an enclosed storage area, an office, a mechanical room, a trash room, a maintenance room, two elevators serving all floors, and a large entry lobby on the ground-floor. The second level will contain 20 residential units, a laundry room, and shared community outdoor green space with play area, garden, BBQ, community tables, benches and seating. Levels three-to-six will encompass residential units with roughly 18 to 22 units per floor. Finally, 42 open surface parking spaces are situated between both buildings, 86 garage spaces in Building B, and 27 additional share tenant/community surface spaces for a total of 155 spaces or 0.88 spaces per unit. Parking throughout the property will be shared by tenants. Please references attachment 12-A1, construction and design narrative, for details of the shared amenities spaces and building features. Should the property be phased, many property support spaces, utility services, mechanical/electrical spaces, and amenities would need to be duplicated which would reduce the number of over all units allowing more building area for these additional spaces. This would also reduce site efficiency and increase per unit costs.

The development site is an irregular-shaped parcel situated behind the Fair Oaks Health Center and is not visible from the main access road of Middlefield Road. There will be direct access from the property to Middlefield Road via two vehicular streets on the east and west end of the subject site that will be built concurrently during construction of the property. The vehicle access streets are easements that traverse the existing adjacent Health Center Parking lot. To reduce the impact on the County Health Center, and maintaining its constant operations and fluid access, the site was design to be efficient with site use by consolidating multiple uses on one property ultimately reducing the during of construction timeline. This also limits the overall construction impact, truck trips, deliveries, and disruption to the active Health Center and community.

The site plan is organized to encourage walking and connection to local transit options, as well as providing the passive management of storm waters throughout the property. The density of the site was able to reach 55.4 units per acre by the ability to consolidate uses of both building including open spaces, residential amenity spaces, management and services offices, mechanical equipment, electrical transformers, site utility lines, storm water management, parking, bike parking, outdoor play and gathering spaces, a childcare center and community center. Buildings are organized to maximize natural lighting, provide cross ventilation and roof top photo voltaic panels. Additionally, with an all-electric building design efficiencies were created with design completion as one master property and permitting under one permit submittal. The development will meet Title 24 of California Energy Code and achieve GreenPoint Gold rating, which would be significantly more challenging and costly to achieve should the property be split into multiple parcels development phases.

Along with the two buildings, outdoor and residential support spaces, all the utilities to the property, including water, sanitary sewer, and power need to be upgraded to serve the residential community. The layout of the property and limited access, inhibits the ability for each building to have their own designated utilities lines. Thus, both buildings will be served by these shared utility services upgrades through access easements. Required off site improvements in the County were assessed based on the entire property. Should this site been evaluated as multiple developments, there would be a potential for increased offsite requirements and designated utilities for each building, along with increased utility service fees – all contributing significantly to the overall costs and reducing the feasibility.

600 B Street, Suite 300
San Diego, CA 92101
(619) 323-1447
www.MirkaInvest.com

MirkaInvestments
Affordable Housing Development ❖ Asset Management
Financial Engineering ❖ Project Finance

September 16, 2022

Nance Robles
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Suite 485
Sacramento, CA 95814

Re: Request for bond allocation greater than $75,000,000 - Azuriik affordable housing project 233 Roosevelt Avenue, National City, CA 21900

Dear Ms. Robles,

This letter is to request an exception to the $75 million bond allocation limit, for our Azuriik affordable housing project in National City. We have requested $95,023,566 in new bond funding.

The project applied for and was awarded HCD AHSC funds on January 26, 2022, as a single project. As you may be aware, HCD does not allow splitting or phasing the project after the award is granted to a project as a single project.

Attached is the project site plan, and AHSC allocation letter.

Thank you!

____

By: Mirka Investments LLC, Administrative General Partner

Kursat Misirlioglu, Manager

DEPARTMENT OF HOUSING and COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE
2020 W. El Camino Avenue, Suite 670, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov

February 4, 2022

Arnulfo Manriquez, President and Chief Executive Officer
Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.
1355 Third Avenue
Chula Vista, CA 91911

RE: Award Announcement – AHSC Program, Round 6, FY 2019-20 & FY 2020-21
PIN 47841 – *Azuriik*

Dear Arnulfo Manriquez:

The California Department of Housing and Community Development (Department) and the Strategic Growth Council are pleased to announce that Azuriik has been awarded an Affordable Housing and Sustainable Communities (AHSC) program award in the amount of $16,500,000. This letter constitutes notice of the award as approved by the Strategic Growth Council on January 26, 2022 of the following AHSC program funds:

AHSC Program *Loan* Funds	
Amount Awarded	$11,350,000
Contract Number	21-AHSC-16989

AHSC Program *Grant* Funds	
Amount Awarded	$5,150,000
Contract Number	21-AHSC-16990

The Department intends to issue a Standard Agreement within 90 days of receipt of the documentation required to execute this contract. An AHSC program representative will be in communication with you within a week to discuss and confirm any documents needed.

Congratulations on a successful application. For further information, please contact Craig Shields, Branch Chief, Program Design and Implementation – Climate Change, at (916) 823-6054 or Craig.Shields@hcd.ca.gov.

Sincerely,

Jennifer Seeger

Jennifer Seeger
Deputy Director
Division of State Financial Assistance

August 24, 2022

Nancee Robles
Interim Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Suite 485
Sacramento, CA 95814

RE: 515 Pioneer Drive Request for Waiver – Competitive Process Maximum Allocation Amount

Dear Ms. Robles,

The California Housing Finance Agency, as Applicant, would like to request consideration of a waiver for 515 Pioneer Drive to exceed the maximum allocation amount of $75 million.

The project is located in the City of Glendale, Los Angeles County, and the project consists of 340-units within three buildings to be built on top of a shared subterranean garage on a single parcel owned by the City of Glendale. Creating a phased approach to this project would largely make this project unfeasible due to costs and delay much needed affordable housing.

The attached letter from the project's Developer, Linc Housing, provides rationale on why the project's bond allocation will exceed the maximum allocation amount.

Please contact Ashley Carroll at 916-326-8810 or acarroll@calhfa.ca.gov if you have any questions related to this request and thank you for your consideration.

Sincerely,

Kate Ferguson

Kate Ferguson
Director of Multifamily Programs

attachments

August 12, 2022

Ms. Nancee Robles, Executive Director
California Tax Credit Allocation Committee
915 Capitol Mall, Suite 485
Sacramento, CA 95814

RE: Attachment 35-A – Bond Allocation Greater than $75 Million
515 Pioneer Drive
Glendale, CA

Dear Ms. Robles:

In accordance with Section 5232(b)(2) of the California Debt Limit Allocation Committee Regulations, we are formally requesting a waiver from the Competitive Application Process allocation limit of $75,000,000 per Qualified Residential Rental Project for 515 Pioneer Drive ("Project").

The Project is requesting a total of $82,467,538 in bonds, comprised of the initial allocation of $74,970,489 on June 15, 2021, and the supplemental bond request in this application of $7,497,049. Like so many other projects scheduled to close this year, the Project requires the supplemental bonds due to rising construction costs and interest rates.

The Project consists of 340 new rental units, 337 of which will be restricted to 30% to 80% AMI, within three buildings to be built on top of a shared subterranean garage on a single parcel owned by the City of Glendale. Phasing the project into multiple developments is therefore infeasible. Not only would it be cost prohibitive, but it would also significantly delay the delivery of much-needed affordable housing to the City of Glendale and the County of Los Angeles.

Sincerely,

Anders Plett
Senior Vice President of Housing Development

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SCALE 1" = 100'	

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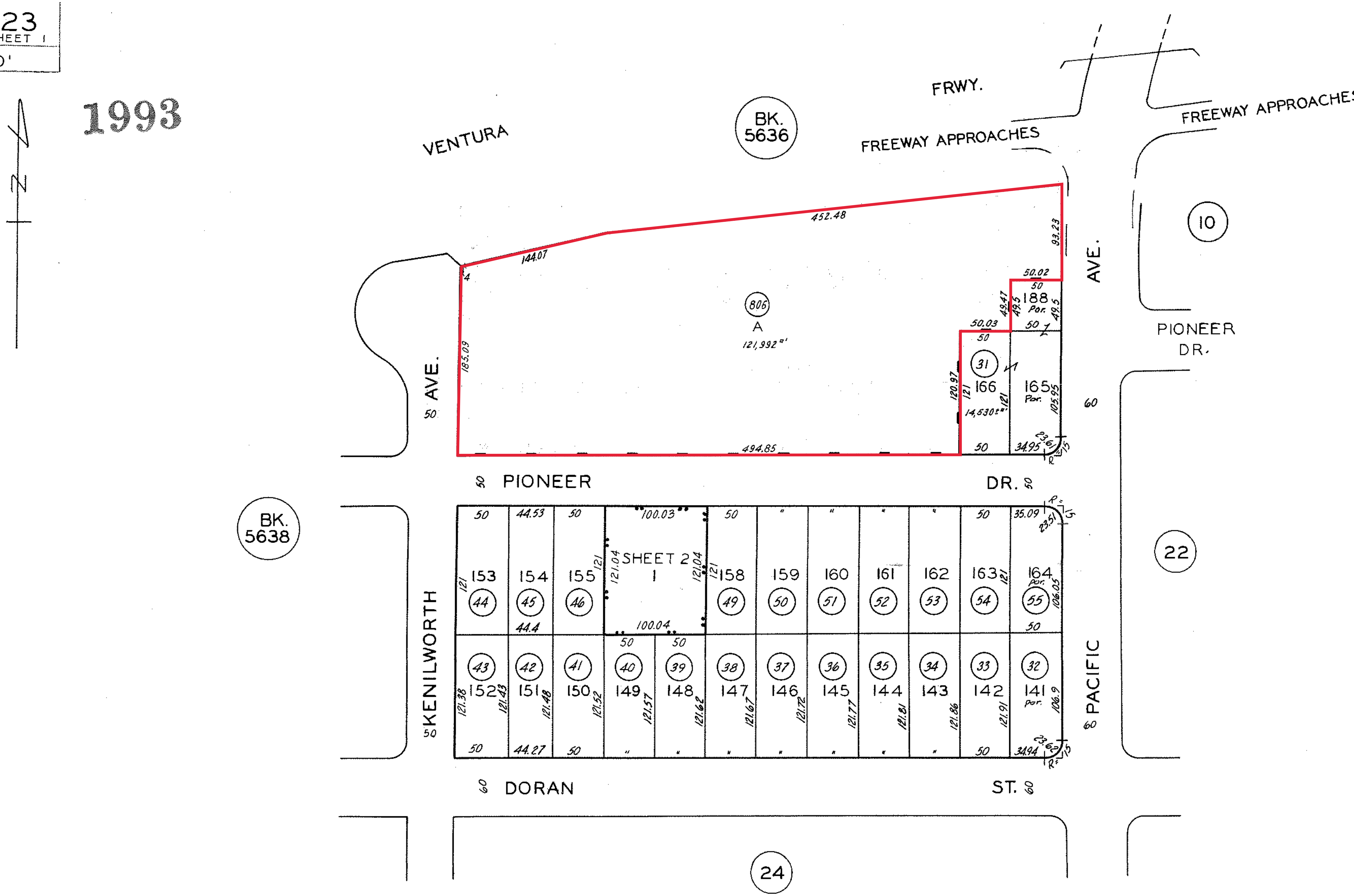

CODE
4045

CONDOMINIUM
TRACT NO. 46669 M.B. 1188-35-37
TRACT NO. 1587 M.B. 20 - 95
PARCEL MAP P. M. 91 - 89

FOR PREV. ASSM'T SEE:
5637 - 23 & 24

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

AGENDA ITEM 8

Request for Supplemental Bond Allocation Above the Executive Director's Authority

(Cal. Code Regs., §5240)

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2022

Request for Supplemental Bond Allocation Above the Executive Director's Authority
(Cal. Code Regs., §5240)
(Agenda Item No. 8)

BACKGROUND:

Pursuant to California Code of Regulations, title 4, section 5240(a), requests for Supplemental Allocations for Qualified Residential Rental Projects may be submitted to the California Debt Limit Allocation Committee (CDLAC) during any Allocation Round throughout the year. Staff is required to review each request for Supplemental Allocation and make a recommendation to CDLAC regarding any possible award of additional Allocation. CDLAC has delegated authority to the CDLAC Executive Director to award Supplemental Allocation to projects where the total supplemental request are no more than 10 percent of the project's original allocation and no more than 52% of the aggregate depreciable basis plus land basis, pursuant to California Code of Regulations, title 4, section 5240(b). The CDLAC Executive Director oversees the administration of CDLAC and is responsible for ensuring the various functions of CDLAC are carried out. Awards of Supplemental Allocations are required to be memorialized in a CDLAC resolution. All applicable requirements imposed on the associated initial project Allocation, including, but not limited to, the expiration of the Allocation, bond issuance deadlines, extensions, transfers of Allocation, carry-forward elections, and reporting will be equally applicable to Supplemental Allocations.

DISCUSSION:

Seven project applicants are requesting a Supplemental Allocation above the Executive Director's authority. Staff have reviewed the applications for compliance and accuracy. The project applicants have submitted letters to support their requests.

APPLICATION NUMBER	NAME	APPLICANT	TOTAL SUPPLEMENTAL REQUEST	PREVIOUS ALLOCATION	TOTAL ALLOCATION	SUP %	BASIS
CA-22-544	Maison's Palmdale Apartments	California Public Finance Authority	$3,800,000	$17,513,929	$21,313,929	21.70%	53.00%
CA-22-639	Brentwood Crossings	California Municipal Finance Authority	$4,500,000	$12,200,000	$16,700,000	36.89%	53.00%
CA-22-646	Villa St. Joseph	California Municipal Finance Authority	$2,428,275	$15,525,000	$17,953,275	15.64%	52.00%

CA-22-661	North Harbor Village	California Municipal Finance Authority	$4,284,275	$19,000,000	$23,284,275	22.55%	52.00%
CA-22-664	Mirasol Village Block D	California Housing Finance Agency	$3,192,227	$30,757,773	$33,950,000	10.38%	53.00%
CA-22-675	2400 Willow Pass	California Municipal Finance Authority	$5,280,000	$52,800,000	$58,080,000	10.00%	54.47%

RECOMMENDATION:

Staff recommend approval of the seven Supplemental Allocation requests above the Executive Director authority.

CALIFORNIA
PUBLIC
FINANCE
AUTHORITY

September 14, 2022

Nancee Robles
Interim Executive Director
915 Capitol Mall, Room 311
Sacramento, CA 95814

RE: Supplemental Allocation Request; CalPFA Qualified Residential Rental Project – Maison's Palmdale Apartments; Resolution #20-133

Dear Ms. Robles,

CalPFA would like to request $3,800,000 in supplemental allocation for Maison's Palmdale Apartments (the "Project"). The Project received $17,513,929 in carryforward allocation on September 16, 2020 and CalPFA issued the bonds to finance the acquisition and construction of the apartments on June 16, 2021.

We are aware that this supplemental request exceeds the 10% allocation and 52% aggregate basis thresholds. On behalf of the Project Sponsor, CalPFA would like to request the Committee consider this request at the September 28th meeting.

If you have any questions or require additional information, please contact me at (925) 933-9229 ext. 2025.

Sincerely,

Caitlin Lanctot
Program Administrator
CalPFA

Agenda Item No. 4.24
Application No. 20-616

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: **California Public Finance Authority**

Allocation Amount Requested:

Tax-exempt:	$17,513,929

Project Information:

Name:	**Maison's Palmdale Apartments**
Project Address:	65th Street E & E Avenue S
Project City, County, Zip Code:	Palmdale, Los Angeles, 93552

Project Sponsor Information:

Name:	Maison's Palmdale, LP (Ravello MODs Palmdale 118, LLC & AHA High Desert MGP, LLC)
Principals:	Dilip Ram for Ravello MODs Palmdale 118, LLC; William W. Hirsch for AHA High Desert MGP, LLC
Property Management Company:	Aperto Property Management, Inc.

Project Financing Information:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Fallbrook Loan Fund, LLC
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable

Description of Proposed Project:

State Ceiling Pool:	General
Total Number of Units:	118
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Maison's Palmdale Apartments is a new construction project that will be located in Palmdale on a 19.9-acre site. The project will consist of 117 restricted rental units and 1 unrestricted manager unit. The project will have 58 two-bedroom units and 59 three-bedroom units. The buildings will be single family homes with standard wood frame construction and vinyl siding. Common amenities will include a large community room, management offices, a dog park and paseo area. Each unit will have free Wi-Fi, energy efficient appliances, modern design kitchens with vertical blinds for privacy. There will be 2 parking spaces provided per unit. Green features will include greywater irrigation for the entire site. The construction is expected to begin September 2020 and be completed in January 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

31% (36 units) restricted to 50% or less of area median income households.
69% (81 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	36,821,494	
Estimated Hard Costs per Unit:	$	142,157	($16,774,572 /118 units including mgr. unit)
Estimated per Unit Cost:	$	312,047	($36,821,494 /118 units including mgr. unit)
Allocation per Unit:	$	148,423	($17,513,929 /118 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	149,692	($17,513,929 /117 restricted units)

Sources of Funds:		Construction		Permanent
Tax-Exempt Bond Proceeds	$	17,513,929	$	17,513,929
LIH Tax Credit Equity	$	9,113,940	$	11,536,633
Deferred Developer Fee	$	1,588,433	$	1,165,740
Construction Taxable Loan	$	8,605,192	$	6,605,192
Total Sources	$	36,821,494	$	36,821,494

Uses of Funds:		
Land Cost/Acquisition	$	1,542,000
New Construction	$	18,007,260
Contractor Overhead & Profit	$	1,174,220
Architectural Fees	$	221,840
Survey and Engineering	$	461,022
Construction Interest and Fees	$	1,957,743
Permanent Financing	$	1,131,787
Legal Fees	$	325,000
Reserves	$	1,547,162
Appraisal	$	10,000
Hard Cost Contingency	$	942,037
Local Development Impact Fees	$	966,053
Other Project Costs (Soft Costs, Marketing, etc.)	$	4,702,674
Developer Costs	$	3,832,696
Total Uses	$	36,821,494

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

120 out of 145 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $17,513,929 in tax-exempt bond allocation on a carryforward basis.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	**145**	**125**	**120**

DANCO
THE DANCO GROUP OF COMPANIES

Danco Builders
Danco Builders Northwest
Danco Communities
Danco Homes
Danco Property Management
Western Living Concepts
Tektelco

5251 Ericson Way
Arcata, California 95521
www.danco-group.com
phone (707) 822 9000
fax (707) 822 9596
CA Contractor's Licenses:
742957, 899392, 500851

September 16, 2022

CDLAC
915 Capitol Mall, Room 311
Sacramento, CA 95814

RE: Brentwood Crossings – 22-639

Dear Ms. Robles,

The Brentwood Crossings project located in Bakersfield, CA is requesting more than 10% in additional allocation of bonds due to a few major events that impacted the project. This project was bought out prior to the inflation in construction materials which increased our costs majorly. In addition, we had a major subcontractor go out of business.

We have backed filled the project so far with farmworker credits and have requested additional credits as well but need the full allocation of supplemental bonds to ensure the project is completed as envisioned.

In conclusion, we request that you approve this project for all additional allocation requested due to the major events that have impacted the project.

If you have any questions, please feel free to give me a call at (707) 822-9000, extension 580.

Sincerely,

Chris Dart
President
Danco Communities

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 28, 2021
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Anthony Wey

Applicant:	California Municipal Finance Authority
Allocation Amount Recommended:	
Tax-exempt:	$12,200,000
Project Information:	
Application Number:	21-456
Name:	Brentwood Crossings
Project Address:	7350 Willis Avenue
Project City, County, Zip Code:	Bakersfield, Kern, 93006
Project Sponsor Information:	
Name:	Bakersfield Brentwood LP (to be formed) (Johnson & Johnson Investments, LLC / Valley Initiative for Affordable Housing / Red Stone Equity Partners)
Principals:	Daniel J. Johnson and Kendra L. Johnson for Johnson & Johnson Investments, LLC / Ann Mac Donald, Kirk Kano, Dorothy Knox and Michelle Mineni for Valley Initiative for Affordable Housing / Robert U. Fein for Red Stone Equity Partners
Property Management Company:	Danco Property Management
Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Pacific Western Bank
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
Description of Proposed Project:	
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	N/A
Average Targeted Affordability:	42%
Geographic Region:	Inland
Housing Type:	Large Family
Construction Type:	New Construction
Total Number of Units:	58
CDLAC Restricted Units:	57
Tax Credit Units:	57
Manager's Units:	1 Unrestricted

Brentwood Crossings is a new construction project located in Bakersfield on a 11.18-acre site. The project consists of 57 restricted rental units and 1 unrestricted manager unit. The project will have 30 two-bedroom units, 20 three-bedroom units, and 8 four-bedroom units. There will be 50 detached single family home-style units, 4 duplexes, and a community center building. Construction will be slab-on-grade foundation with wood-framed 2x6 wall framing and a manufactured truss roof system. Common area amenities include laundry facilities, a community gathering room, manager's office, kitchen, fitness center, computer lab, and additional storage. Each unit will have central heating and air, blinds, carpet, ceiling fan, storage closet, coat closet, patio/balcony, refrigerator, stove/oven, dishwasher, microwave, and attached garage. The construction is expected to begin October 2021 and be completed in September 2022.

Restricted Units:

Percent of Restricted Rental Units in the Project: 100%

0%	(0 units) restricted to 20% or less of area median income households
18%	(10 units) restricted to 30% or less of area median income households
40%	(23 units) restricted to 40% or less of area median income households
42%	(24 units) restricted to 50% or less of area median income households
0%	(0 units) restricted to 60% or less of area median income households

Unit Mix: 2, 3 & 4 bedrooms

For a description of additional public benefits, see Attachment A.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$23,151,929	
Estimated Hard Costs per Unit:	$206,539	($11,979,252 /58 units including mgr. units)
Estimated per Unit Cost:	$399,171	($23,151,929 /58 units including mgr. units)
Allocation per Unit:	$210,345	($12,200,000 /58 units including mgr. units)
Allocation per Restricted Rental Unit:	$214,035	($12,200,000 /57 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$12,200,000	$3,700,000
Taxable Bond Proceeds	$5,917,209	$0
LIH Tax Credit Equity	$5,034,720	$12,294,423
Developer Note	$0	$1,479,326
Soft Financing	$0	$2,550,000
USDA Loan	$0	$3,000,000
Raymond James Solar Tax Credit Equity	$0	$128,180
Total Sources	$23,151,929	$23,151,929

Uses of Funds:	
Land and Acquisition	$1,200,000
Construction Costs	$13,889,384
Construction Hard Cost Contingency	$694,469
Soft Cost Contingency	$153,465
Architectural/Engineering	$698,554
Const. Interest, Perm. Financing	$1,102,686
Legal Fees	$100,000
Reserves	$174,934
Other Costs	$2,363,739
Developer Fee	$2,774,698
Total Uses	$23,151,929

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

119 See Attachment A

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points for New Construction	Maximum Points for Rehabilitation	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing: Housing Type, Opportunity Area, AMI Restrictions	20	9	9
Affirmatively Furthering Fair Housing: Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points (No Maximum)			0
Total Points	**120**	**119**	**119**

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: **$224,771**

September 20, 2022

Nancee Robles, Interim Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

RE: Villa St. Joseph, Supplemental Application CA-22-646; original application CA-21-767

Dear Director Robles,

The project sponsor, Mercy Housing California is formally requesting Committee approval of the Supplemental Bond Allocation request for the Villa St. Joseph development, application number CA-22-646 at the September 28th Committee meeting. Our Supplemental Bond Allocation request is above the director's discretionary limit of a 10% increase to the original Bond Allocation request. This increase was needed in order for us to meet the 50% test requirement for the project.

Our total Supplemental Allocation request is $2,400,00, which is $847,500 above the $1,552,500 (10%) director's discretionary limit.

The approval of the Supplemental Bond Allocation will allow the project to meet its construction close date of December 1, 2022. If you have any questions about this request, please contact Erika Villablanca via email at evillablanca@mercyhousing.org or by phone at 213-743-5826.
We greatly appreciate your consideration

Sincerely,

Erika Villablanca

Erika Villablanca
Regional Director, Real Estate Development
Mercy Housing California

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 8, 2021
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Norma Velarde

Applicant:	California Municipal Finance Authority
Allocation Amount Recommended:	
Tax-exempt:	$15,525,000
Project Information:	
Application Number:	21-767
Name:	Villa St. Joseph
Project Address:	480 South Batavia Street
Project City, County, Zip Code:	Orange, Orange, 92868
Project Sponsor Information:	
Name:	To Be Formed Mercy Housing California 107, L.P. (Mercy Housing California 107, LLC)
Principals:	Ed Holder, Vice President; Erika Villablanca, Vice President
Property Management Company:	Mercy Housing Management Group, Inc.
Developer Name:	Mercy Housing California
Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Wells Fargo Bank, N.A.
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
Description of Proposed Project:	
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	18
Average Targeted Affordability:	34%
Geographic Region:	N/A
Housing Type:	Seniors
Construction Type:	New Construction
Total Number of Units:	50
CDLAC Restricted Units:	49
Tax Credit Units:	49
Manager's Units:	1 Unrestricted

Villa St. Joseph is a new construction project located in Orange on a 0.54-acre site. The project consists of 49 restricted rental units and 1 unrestricted manager's units. The project will have 6 studio units and 43 one-bedroom units. The project is a single 3-story building with concrete frame structure with brick façade. Common amenities include a community room and resident services office, laundry rooms, and exterior open space equipped with seating areas. Each unit will have hard surface floors, window coverings, refrigerator, stove, cooktop, and individual HVAC. The construction is expected to begin June 2022 and be completed in October 2023.

Restricted Units:

Percent of Restricted Rental Units in the Project: 100%

37%	(18 units) restricted to 20% or less of area median income households
12%	(6 units) restricted to 30% or less of area median income households
27%	(13 units) restricted to 40% or less of area median income households
24%	(12 units) restricted to 50% or less of area median income households
0%	(0 units) restricted to 60% or less of area median income households

Unit Mix: Studio & 1 bedroom

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$29,664,073	
Estimated Hard Costs per Unit:	$258,781	($12,939,062 /50 units including mgr. units)
Estimated per Unit Cost:	$593,281	($29,664,073 /50 units including mgr. units)
Allocation per Unit:	$310,500	($15,525,000 /50 units including mgr. units)
Allocation per Restricted Rental Unit:	$316,837	($15,525,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$15,525,000	$0
Cash Flow Permanent Bonds	$0	$0
Tranche B Financing	$0	$0
Taxable Bond Proceeds	$0	$0
LIH Tax Credit Equity	$0	$12,549,683
LP Equity	$2,035,106	$0
Deferred Developer Fee	$714,905	$714,905
Deferred Costs	$1,651,899	$0
Seller Carryback Loan	$5,705,000	$5,705,000
Itemized Public Funds Sources	$0	$0
OCHCD	$0	$1,020,600
CalHFA SNHP	$3,696,893	$3,696,893
GP Capital	$100	$100
Accrued/Deferred Interest	$335,170	$335,170
HCD-NPLH Competitive	$0	$3,641,722
HCD-NPLH Non-Competitive	$0	$2,000,000
Total Sources	$29,664,073	$29,664,073

Uses of Funds:	
Land and Acquisition	$5,920,000
Construction Costs	$15,120,943
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$758,547
Soft Cost Contingency	$100,000
Relocation	$0
Architectural/Engineering	$643,422
Const. Interest, Perm. Financing	$1,816,357
Legal Fees	$155,000
Reserves	$517,842
Other Costs	$2,131,962
Developer Fee	$2,500,000
Total Uses	$29,664,073

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

119 See Attachment A

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points for New Construction	Maximum Points for Rehabilitation	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing: Housing Type, Opportunity Area, AMI Restrictions	20	9	9
Affirmatively Furthering Fair Housing: Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points (No Maximum)			0
Total Points	**120**	**119**	**119**

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: **$292,117**

Jamboree

September 16, 2022

DC Navarrette
California Debt Limit Allocation Committee 915 Capitol Mall, Room 304
Sacramento, CA 95814

RE: CDLAC Supplemental Bond Request
Project Name: North Harbor Village Application #22-661

Dear DC:
North Harbor Village is requesting a Supplemental Bond in the amount of $4,284,275. This amount exceeds
10% of the Committee approved allocation of $19,000,000 and requires Committee approval.

The initial scope contemplated for North Harbor Village was limited to the renovation of the exterior fa9ade and upgrades of units finishes. Due to unforeseen conditions, including the discovery of extensive mold, termites, dry rot, leaks in plumbing and roofs resulting in structural damages, we had to significantly broaden the scope and demolish the structural components of the building down to the studs. This included the total removal and replacement the roofs. The extensive discoveries also broadened the scope to include the replacement of the underground and building plumbing systems along with the building staircases and railings. The sprinkler system is also being replaced. These discoveries have caused significant cost overruns and require more than the 10% supplemental bond request in order for the project to meet the 50% test.

Thank you for the consideration. Please let me know if I can answer any questions you may have. We look forward to the hearing on September 28, 2022.

Sincerely,

Tish Kelly

Tish Kelly
Vice President, Development

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

100% (89 units) restricted to 50% or less of area median income households.

Unit Mix: Studio, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	34,636,856	
Estimated Hard Costs per Unit:	$	91,214	($8,300,517 /91 units including mgr. units)
Estimated per Unit Cost:	$	380,625	($34,636,856 /91 units including mgr. units)
Allocation per Unit:	$	208,791	($19,000,000 /91 units including mgr. units)
Allocation per Restricted Rental Unit:	$	213,483	($19,000,000 /89 restricted units)

Sources of Funds:	Construction		Permanent	
Tax-Exempt Bond Proceeds	$	19,000,000	$	9,284,261
Taxable Bond Proceeds	$	5,000,000	$	0
LIH Tax Credit Equity	$	4,313,906	$	9,586,458
Deferred Developer Fee	$	1,452,983	$	896,170
AHP Loan	$	890,000	$	890,000
VHHP	$	0	$	10,000,000
OCHFT	$	2,292,920	$	2,292,920
City CDBG Loan	$	1,687,047	$	1,687,047
Total Sources	$	34,636,856	$	34,636,856

Uses of Funds:		
Land Cost/Acquisition	$	15,838,582
New Construction	$	8,931,614
Contractor Overhead & Profit	$	664,041
Architectural Fees	$	750,000
Survey and Engineering	$	190,000
Construction Interest and Fees	$	2,333,407
Permanent Financing	$	154,632
Legal Fees	$	150,000
Reserves	$	285,135
Appraisal	$	7,000
Hard Cost Contingency	$	946,259
Local Development Impact Fees	$	529,417
Other Project Costs	$	1,418,657
Developer Costs	$	2,438,112
Total Uses	$	34,636,856

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

120 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves $19,000,000 in tax-exempt bond allocation on a carryforward basis.

35-B CDLAC Supplemental Allocation

Mirasol Village Block D (#22-505) submitted a joint CDLAC-TCAC competitive application for an allocation of the state ceiling on qualified private activity bonds for a QRRP and an award of 4% LIHTC in March 2022. On June 15, 2022, under Resolution No. 22-151, the project received an allocation of $30,757,773. This current supplemental allocation request is for an additional $3,192,227 that will bring the total bond request to $33,950,000. Currently, no bonds have not been issued and the balance of the bond proceeds is zero.

Several factors in the financing and construction markets have changed to cause a major increase in project costs. The project’s construction hard costs have increased by over 12% since our March 2022 estimate of $43,433,198 to an August 2022 estimate of $48,815,291. Following the Federal Reserve interest rate hikes, the project’s borrowing costs have also grown. In March 2022, the project’s construction loan had a rate of 3.35% for tax-exempt and 3.90% for taxable, but currently in August 2022, the rates are 4.3% for tax-exempt and 4.55% for taxable. The interest rate on the permanent loan has also increased during this same period from 5.31% to 6.56%.

The project team implemented value engineering strategies, negotiated lower consultant fees, and even switched investors to secure higher tax credit pricing from $0.90 in March 2022 to the current $0.92, but the project continues to have a significant gap. Approval of this CDLAC Supplemental Allocation will allow Mirasol Village Block D to stay on schedule to issue bonds by the CDLAC-assigned deadline of December 26, 2022 and begin construction on 116 units of affordable housing by year-end.

Restricted Units:

Percent of Restricted Rental Units in the Project: 78%

41% (47 units) restricted to 30% or less of area median income households
37% (43 units) restricted to 60% or less of area median income households

Unit Mix: 1, 2, 3 & 4 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$62,125,034	
Estimated Hard Costs per Unit:	$333,351	($38,668,753 /116 units including mgr. units)
Estimated per Unit Cost:	$535,561	($62,125,034 /116 units including mgr. units)
Allocation per Unit:	$265,153	($30,757,773 /116 units including mgr. units)
Allocation per Restricted Rental Unit:	$341,753	($30,757,773 /90 restricted units)

Sources of Funds:	Construction	Permanent
CalFHA Tax Exempt Permanent Loan	$30,757,773	$13,482,852
LIH Tax Credit Equity	$0	$27,172,280
RBC LIHTC Equity	$5,434,456	$0
Deferred Developer Fee	$0	$2,300,000
Deferred Costs	$3,614,662	$0
Accrued Soft Interest During Construction	$0	$541,271
CalHFA MIP	$0	$1,687,840
CTCAC/CDLAC Deposit Refund	$0	$100,000
Citi Taxable Construction Loan	$5,477,352	$0
HACOS Ground Lease Loan	$468,000	$468,000
HACOS Choice Neighborhood Loan	$1,372,791	$1,372,791
HACS Housing Authority Funds	$3,000,000	$3,000,000
SHRA Loans	$12,000,000	$12,000,000
Total Sources	$62,125,034	$62,125,034

Uses of Funds:	
Land and Acquisition	$545,000
Construction Costs	$43,433,198
Construction Hard Cost Contingency	$2,151,435
Soft Cost Contingency	$508,641
Architectural/Engineering	$2,477,943
Const. Interest, Perm. Financing	$3,286,757
Legal Fees	$682,000
Reserves	$1,259,497
Other Costs	$2,980,563
Developer Fee	$4,800,000
Total Uses	$62,125,034

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

119 See Attachment A

2400 Willow Pass, L.P.

September 16, 2022

VIA EMAIL

Nancee Robles, Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

RE: **2400 Willow Pass | Supplemental Application #22-675**

Dear Ms. Robles,

On behalf of 2400 Willow Pass, L.P., Meta Development, LLC (Meta), project developer of 2400 Willow Pass, would like to formally request approval for a supplemental bond request in excess of the 52% threshold outlined in Section 5240 of the CDLAC regulations.

Meta originally requested an allocation in the amount of $52,800,000 through a joint TCAC-CDLAC application submitted on March 16, 2022 (reference 22-451). In light of fluctuating market trends, we subsequently submitted a supplemental bond application for an additional $5,280,000 on September 9, 2022 for a total bond request of $58,080,000. With an estimated aggregate basis of $106,612,056, our current bond request exceeds the committee's 52% threshold.

Since the time of our original submittal in March and subsequently our supplemental submittal in September, hard costs have increased by approximately $2.8M. Additionally, continuous changing market conditions have resulted in significant interest rate increases, resulting in substantial additional construction loan interest costs and adjusted loan terms.

Approval of the additional bonds will ensure financial feasibility of the project from construction commencement through construction completion. We appreciate the committee's consideration in advance. If you have further questions, please contact Ross Ferrera at (310) 575-3543 x130 or at rferrera@metahousing.com.

Sincerely,

Aaron Mandel
Executive Vice President

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
June 15, 2022
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Anthony Wey

Applicant:	California Municipal Finance Authority
Allocation Amount Recommended:	
Tax-exempt:	$52,800,000
Project Information:	
Application Number:	22-451
Name:	2400 Willow Pass
Project Address:	2400 Willow Pass
Project City, County, Zip Code:	Concord, Contra Costa, 94519
Project Sponsor Information:	
Name:	2400 Willow Pass, L.P. (2400 Willow Pass, LLC; FFAH V Willow Pass, LLC)
Principals:	John Huskey, Kasey Burke, Chris Maffris, Aaron Mandel, Tim Soule, Brian Ferrera, and George Russo for 2400 Willow Pass, LLC; Deborah A. Willard, Jason Acosta, and Darrin Willard for FFAH V Willow Pass, LLC
Property Management Company:	Cambridge Real Estate Services
Developer Name:	Meta Development, LLC
Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Pacific Western Bank, a California banking corporation
Description of Proposed Project:	
State Ceiling Pool:	New Construction
Average Targeted Affordability:	60%
Geographic Region:	Bay Area
Housing Type:	Large Family
Construction Type:	New Construction
Total Number of Units:	181
CDLAC Restricted Units:	91
Tax Credit Units:	179
Manager's Units:	2 Unrestricted

2400 Willow Pass is a new construction project located in Concord, CA on a 1.53 acre site. The project consists of 91 restricted rental units, 88 market rate units, and 2 unrestricted manager’s units. The project will have 80 one-bedroom units, 45 two-bedroom units, 39 three-bedroom units, and 15 four-bedroom units. The building will be 7 stories, 5 levels of wood-framed Type III-A construction over 2 levels of Type I-A construction at grade. Common amenities include property management and services offices, community room, tech center for teens, bicycle parking, pool, children's play area, BBQ area, and an outdoor courtyard. Each unit will have washer and dyers, a refrigerator and oven. The construction is expected to begin December 2022 and be completed in January 2025.

Restricted Units:

Percent of Restricted Rental Units in the Project: 50%

12% (22 units) restricted to 30% or less of area median income households
20% (36 units) restricted to 50% or less of area median income households
18% (33 units) restricted to 60% or less of area median income households

Unit Mix: 1, 2, 3 & 4 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$109,702,201	
Estimated Hard Costs per Unit:	$327,658	($59,306,030 /181 units including mgr. units)
Estimated per Unit Cost:	$606,090	($109,702,201 /181 units including mgr. units)
Allocation per Unit:	$291,713	($52,800,000 /181 units including mgr. units)
Allocation per Restricted Rental Unit:	$580,220	($52,800,000 /91 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$52,800,000	$43,720,431
Taxable Bond Proceeds	$27,900,000	$0
LIH Tax Credit Equity	$6,833,721	$57,548,011
Tax Credit Loan	$1,798,481	$0
Deferred Operating Reserve	$838,841	$0
Deferred Developer Fee and Costs	$10,519,975	$8,422,576
Total Sources	$100,691,018	$109,691,018

Uses of Funds:	
Land and Acquisition	$10,573,660
Construction Costs	$64,410,553
Construction Hard Cost Contingency	$3,253,861
Soft Cost Contingency	$600,000
Architectural/Engineering	$2,112,356
Const. Interest, Perm. Financing	$8,426,461
Legal Fees	$347,416
Reserves	$850,024
Other Costs	$6,707,587
Developer Fee	$12,420,282
Total Uses	$109,702,200

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

119 See Attachment A

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points for New Construction	Maximum Points for Rehabilitation	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing: Housing Type, Opportunity Area, AMI Restrictions	20	9	9
Affirmatively Furthering Fair Housing: Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points (No Maximum)			0
Total Points	**120**	**119**	**119**

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: **$204,256**

AGENDA ITEM 9

Change to Minimum Points Threshold for Preservation and Other Rehabilitation Pools

(Cal. Code Regs., §5010)

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2022

Recommendation for Adoption of the Qualified Residential Rental Project Minimum Points Threshold for the 2022 Program Year (Cal. Code Regs., §5010)
(Agenda Item No. 9)

ACTION:

Set the minimum points threshold for tax-exempt private activity bond allocation of Qualified Residential Rental Projects for the remaining 2022 program year.

BACKGROUND:

Under California Code of Regulations, title 4, section 5010(c) of the California Debt Limit Allocation Committee (CDLAC) regulations, CDLAC "shall establish a minimum point threshold for the New Construction, Rural, Preservation, and Other Rehabilitation Pools as determined in section 5020." Applications for tax-exempt private activity bond allocation for Qualified Residential Rental Projects are scored using the CDLAC scoring system pursuant to California Code of Regulations, title 4, section 5230, of CDLAC's regulations. Historically the minimum points threshold has proven to strengthen the applicant pool and is established at the beginning of each calendar year.

DISCUSSION:

Creating a minimum points threshold signals that CDLAC will not entertain weak applications and allows staff to efficiently spend their time reviewing the strongest applications. Staff believes this will ensure allocation is awarded to higher quality projects and is confident that adequate demand will remain for the available allocation. This will help avoid using precious resources on low-scoring applications that meet relatively few public policy objectives.

In January 2022, staff recommended, and CDLAC approved in Resolution No. 22-002, a minimum point threshold of 105 points for the New Construction, Rural, and Preservation Pools and a minimum point threshold of 99 points for the Other Rehabilitation Pool for the 2022 program year. In July, CDLAC approved Emergency Regulations in which scoring was adjusted. For the purposes of this item, the most notable adjustment was made to the Affirmatively Furthering Fair Housing section limiting these points to New Construction projects. This change eliminated the opportunity for Preservation and Other Rehab projects to earn these points. As a result, it is necessary to change the minimum points threshold for the Preservation and Other Rehabilitation Pools to account for this adjustment. For Round 2 of 2022, the minimum threshold recommended is 105 points with the exception of the Preservation Pool at 95 points and the Other Rehabilitation Pool is recommended at 89 points.

RECOMMENDATION:

Staff recommends approval of Resolution No. 22-006 for a minimum point threshold of 105 points for the New Construction and Rural Pools, a minimum point threshold of 95 points for the Preservation Pool, and 89 points for the Other Rehabilitation Pool for the remaining 2022 program year.

Agenda Item No. 9
September 28, 2022

RESOLUTION NO. 22-006

RESOLUTION OF THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE APPROVING MINIMUM POINTS THRESHOLD FOR THE 2022 PROGRAM YEAR

WHEREAS, Applications to the California Debt Limit Allocation Committee (CDLAC) for tax-exempt private activity bond allocation for Qualified Residential Rental Projects are scored within allocation pools using a scoring system set forth in California Code of Regulations, title 4, section 5230, of the CDLAC's regulations; and;

WHEREAS, pursuant to California Code of Regulations, title 4, section 5010(c), of CDLAC's regulations, CDLAC is required to establish a minimum points threshold for the allocation pools, as determined in California Code of Regulations, title 4, section 5020 of CDLAC's regulations;

NOW, THEREFORE, BE IT RESOLVED BY THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE, AS FOLLOWS:

Section 1. The minimum points threshold cutoff for (1) the Qualified Residential Rental Project scoring system for the remaining 2022 program year shall be at one-hundred and five (105) points, (2) the Preservation Pool shall be at ninety-five (95) points, and (3) the Other Rehabilitation Pool shall be at eighty-nine (89) points.

Section 2. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 28, 2022, at 9:00 am. with the following votes recorded:

AYES:

NOES:
ABSTENTIONS:
ABSENCES:

____
Nancee Robles, Interim Executive Director
Date: September 28, 2022

AGENDA ITEM 10
Disposition of Remaining Allocation
(Informational/Discussion Item)

Agenda Item No. 10
September 28, 2022

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2022

Disposition of Remaining Allocation
(Agenda Item No. 10)

DISCUSSION:

This informational item is being presented to the California Debt Limit Allocation Committee (CDLAC) to suggest a discussion regarding the expected remaining amount of volume cap after the Qualified Residential Rental Projects (QRRP) are awarded in November 2022.

Although this is a competitive round and staff have received 100 applications for the November award, the lack of state tax credits needed to pair with the bond allocation will result in an excess of volume cap of approximately $700 million.

At the July 20, 2022, CDLAC meeting, volume cap was moved from the Exempt Facilities Pool to the supplemental pool for QRRP. Staff and stakeholders would benefit from a discussion to anticipate whether volume cap will be restored to the Exempt Facilities Pool and /or the Industrial Development Bond Pool so that staff recommendations can be made for those projects at the November 30, 2022, CDLAC meeting. Issuers need to prepare for the possibility and submit applications if the pool is reestablished.

Staff have received one application for an Industrial Development Bond in the amount of almost $6 million and one application for an Exempt Facility Project for $60 million. It is possible staff will receive more applications depending on the outcome of the discussion at today's meeting.

Below are estimates as of September 2022

Amount allocated to the Supplemental Pool at 7/20 meeting	$216,199,170
Carryforward applied to Supplemental Projects	$35,983,878.54
55 Supplemental Allocations requested to date	$113,043,712
Allocation remaining in the Supplemental Pool	$139,139,336.54
Expecting 11 more Supplemental requests for approx.	$55 million
Amount remaining in Round 2 after awards	~$700,000,000

AGENDA ITEM 11
Public Comment

AGENDA ITEM 12
Adjournment