



California Debt Limit Allocation Committee

915 Capitol Mall, Conf Rm 587
Sacramento, CA 95814

November 30, 2022

CDLAC 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 9:04 a.m. with the following Committee members present:

Voting Members: Fiona Ma, CPA, State Treasurer
Anthony Sertich for Betty T. Yee, California State Controller
Gayle Miller for Governor Gavin Newsom

Advisory Members: Director Gustavo Velasquez for the Department of Housing and Community Development (HCD)
Tiena Johnson Hall, Executive Director for the California Housing Finance Agency (CalHFA)

2. *Agenda Item: Approval of the September 28, 2022 Minutes – (Action Item)*

MOTION: Ms. Miller motioned to approve the minutes of the September 28, 2022 meeting, and Mr. Sertich seconded the motion.

Chairperson Ma called for public comments:
None.

Motion passed unanimously via roll call vote.

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

Ms. Robles discussed the following topics:

Results of the Demand Survey: CDLAC staff sent out a demand survey on October 26, 2022 to collect information necessary to assess the demand for bond allocation in 2023, with a deadline to respond by November 15, 2022. This will assist CDLAC in preparing 2023 reservations for the various program pools and take into consideration CDLAC priorities, past year usage, and anticipated demand. The preliminary results show over \$11 billion in total demand, broken down as follows: \$9.5 billion for Qualified Residential Rental Projects; \$179 million for Single Family Housing, including \$100 million for CalVet; \$27 million for Industrial Development Bonds, and possibly an additional \$6 million not listed yet; and \$1.4 billion for Exempt Facilities, which includes \$200 million for a high-speed rail project. Once the information is finalized, the Demand Survey will be posted on the CDLAC website and broken down in pools.

Carryforward Update: As of today, all prior year carryforward for QRRP and Exempt Facilities has been assigned to specific projects. CDLAC started the year with over \$23 million [stated incorrectly during the meeting due to a typo in the script; the amount is \$231 million] of available prior year carryforward for QRRP, including \$363,765.95 of 2019 and \$541.75 of 2020 carryforward for Single

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Family Housing Projects. Of the \$231,061,325.00 available prior year carryforward for QRRP, \$166,900,173.00 of QRRP carryforward was applied to specific projects in Round 1 this year. All carryforward for Single Family Housing Projects was applied and used to issue bonds for the CalVet Single Family Home Program. There were also some allocations returned during 2022. \$96,693,584.00 of QRRP carryforward was applied to specific projects in Round 2, and the remaining \$35,983,878.54 of QRRP carryforward was applied to supplemental allocation requests.

Supplemental Allocation Pool Update: At the July 2022 meeting, the Committee created a supplemental pool and allocated a little over \$216 million to the pool. Additionally, the Committee granted authority to the Executive Director to approve supplemental allocation, within certain parameters, to projects applying to fill funding gaps. Ms. Robles used her delegated authority to approve most of the 72 application requests received to date. There are still a few under review. The total amount of allocation is approximately \$106 million, almost \$36 million of which was carryforward allocation assigned to the supplemental pool. There are 8 requests above the Executive Director's delegated authority which will be heard in Action Item 4 at today's meeting. This will leave just over \$109 million remaining in the supplemental pool.

2023 State Ceiling on Qualified Tax-Exempt Private Activity Bonds: For calendar year 2023, the economic factor published by the IRS for the calculation of volume cap for private activity bonds is \$120, which is \$10 higher per person than 2022. This factor will be multiplied by the state's estimated population, which has not yet been published by the US Census Bureau. However, based on the Department of Finance data report from May 2022, which estimates a population of 39,185,605 in January 2022, the state ceiling of volume cap for private activity tax-exempt bonds is expected to be over \$4,708,000,000.

State Audit Annual Update: CDLAC is required to provide an annual update to State Audit 2020-108 by November 17 of each year, and the deadline was met. CDLAC and/or CTCAC has responded to and completely satisfied 3 of the 4 items requested in the audit. The last item that remained open was a recommendation to CTCAC that could not be accomplished. As a result, CTCAC was required to provide a written report to the State Auditor, the Senate and Assembly policy committees and budget subcommittees overseeing CTCAC, and the Department of Finance. In that letter, Ms. Robles explained that the request could not be accomplished because the recommendation of the State Auditor to CTCAC was to ensure the allocation of bonds aligns with the state's housing priorities and that its award process is sufficiently transparent. It also suggested that CTCAC establish regulations to consistently allocate bonds based on factors including demand for bond resources, use of previously allocated bonds, documented legislative priorities, and risk of allocated bonds being lost.

Additionally, CTCAC was advised to document and disclose annually, in its public meetings and on its website, the extent of any bonds lost, the purpose for which the bonds were allocated, and the rationale for the allocation. Ms. Robles explained that although CTCAC and CDLAC share one Executive Director and work closely together, the recommendation that CTCAC adopt and implement regulations on bond allocation cannot be accomplished because CDLAC has sole jurisdiction over bond allocation. Everything the auditor requested is already done at CDLAC with the advice and approval of the Committee.

New Staff: CDLAC has 5 new Associate Governmental Program Analysts: Eddie Fairchild, Amit Sarang, Stefanie McDaniels, Brandon Medina, and Charity Guimont.



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Grand Opening: Since the last Committee meeting, there were 5 grand opening and groundbreaking events for CDLAC and CTCAC affordable housing projects that Ms. Robles and staff attended. Ms. Robles attended the grand opening of Paseo Artist Village in Vista, which weathered the challenges of the COVID-19 pandemic and provided work to the essential housing construction industry. The project is a catalyst cornerstone of the city for its Arts and Culture District. Ricki Hammett, Deputy Director, attended a site walk for Sugar Pine Village, which is the first of the Governor's Excess Sites Projects under Executive Order N-06-19 to reach full entitlements and commence construction. Sugar Pine Village will create 248 units of new workforce affordable housing in South Lake Tahoe and is the largest project approved in the City's history.

Conferences: Ms. Robles attended an event to help Coachella Valley Housing Coalition (CVHC) celebrate its 40 years of developing affordable housing. CVHC has built more than 4,000 multi-family and single-family residences, making it the largest developer of low-income housing in Riverside County and one of the largest residential developers of any kind of Coachella Valley.

Chairperson Ma called for public comments:
None.

4. *Agenda Item: Supplemental Bond Allocation Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5240) – (Action Item)*
Presented by: D.C. Navarrette

Mr. Navarrette said there are 8 projects requesting supplemental bond allocation above the Executive Director's authority. The Committee delegated authority to the Executive Director to award supplemental allocation to projects where the total supplemental request is no more than 10% 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). At the last meeting, 7 projects requesting supplemental bond allocation above the Executive Director's authority were presented to the Committee. All 8 of the projects presented today are within 52% of the aggregate depreciable basis plus land basis, but they exceed 10% of the original allocation.

MOTION: Mr. Sertich motioned to approve the recommendation, and Ms. Miller seconded the motion.

Chairperson Ma called for public comments:
None.

Motion passed unanimously via roll call vote.

5. *Agenda Item: Appeals for Round 2 Award of Allocation to Qualified Private Activity Bonds for Qualified Residential Rental Projects (Cal. Code Regs., tit. 4, § 5038) – (Action Item)*
Presented by: Emily Burgos

Ms. Burgos said there are 2 projects appealing the Final Recommendation List for this round: Marple Manor and Ralston Tower Apartments. These appeals must go directly to the Committee and staff has not made a decision. Both projects have the same issuer and developer. Marple Manor applied in Preservation and Ralston Tower Apartments applied in Other Rehabilitation. Marple Manor later determined they were eligible as Other Rehabilitation, which staff confirmed. Both projects scored 90 points. Marple Manor has a tiebreaker just over 102%, and Ralston Tower Apartments has a tiebreaker just over 117%. Neither



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project is listed on the Final Recommendation List because they are Other Rehabilitation projects, so staff was unable to award them from the surplus pool. This is the basis for their appeals.

Chairperson Ma invited the bond issuer and developer to speak on behalf of the two projects.

Anthony Stubbs from California Municipal Finance Authority, the bond issuer for both projects, said both projects scored well and they are the only two projects with state tax credits that are not on the Final Recommendation List. They are seeking exceptions to receive allocations.

Chairperson Ma asked for a description of the two projects and their location.

Stuart Hartman, President/CEO of Retirement Housing Foundation (RHF), the developer of the two projects, spoke on behalf of both projects. He said RHF is a national non-profit organization which develops and operates affordable housing. Their goal is to provide housing to economically disadvantaged individuals, and RHF is presently home to 22,000 people in 29 states, Puerto Rico, St. Croix, and the District of Columbia. They currently operate 195 communities with about 47,000 people on their waiting list. Ralston Towers is a 176-unit Senior housing project in Modesto, CA which was built 50 years ago under the HUD Section 236 Preservation Program. It does not have a Regulatory Agreement in place. The developer is seeking to redevelop, refinance, and rehabilitate the community. As a 50-year-old 12-story high-rise, it has significant needs, including renovation of the elevators in the building. Due to the age of the building, infrastructure is critical to continue with the provision of affordable housing for seniors.

Mr. Hartman said Marple Manor is a 35-year-old property located in Modesto, CA which was built under the HUD Section 202 Supportive Housing for the Elderly Program. It also needs substantial rehabilitation. Both communities are in the Central Valley. RHF's goal is to renovate both properties.

Chairperson Ma asked how many units are in Marple Manor. Mr. Hartman said Marple Manor is a 150-unit community, including 1 manager's unit. The community houses 149 seniors and individuals with disabilities.

Andre Perry, Chief Operating Officer of the Retirement Housing Foundation, said RHF has been providing affordable housing for over 60 years with over 12,000 units nationwide. Their sense of urgency regarding both properties is due to their age. They are seeking to do elevator modifications and would like to close quickly because they are senior projects. RHF filed both appeals because of the large amount of surplus bonds available this year. Both projects combined are requesting approximately \$45 million in bond financing, which is only 6% of the \$700 million currently available in surplus bonds. Both projects are ready to proceed and have all their financing except for tax-exempt bonds. They do not require state tax credits or any other financing. If they are awarded today, they are projecting to close as early as the end of February 2023, or if given the full 180 days, they would close in April 2023. If the projects are not awarded today, they will have to wait until the next round of applications, which will have a negative impact on the residents of the properties and the properties' financing structure, due to the current environment of rising interest rates and construction costs.

Mr. Perry said when RHF put their appeals together, they looked at CDLAC's history of allocating surplus bonds. Last year, the demand for allocation of bonds was so great that CDLAC established a waiting list and surplus bonds were allocated to the three most prolific issuers at that time, which were CMFA, City of Los Angeles, and CalHFA. In this scenario, there are not enough projects that can use the available allocation. Many of the applicants that were unable to proceed were relying on state tax credits,



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unlike these two projects. Mr. Perry asked the Committee to grant the appeal because it is consistent with the Governor's policies regarding preservation of affordable housing.

Mr. Sertich said this is more of a request for the use of surplus bonds than an appeal, but it is a reasonable request. The regulations are vague about how a surplus can be used, but that authority appears to be given to the Committee. This issue is similar to Action Item 7 on the agenda, which will address the use of carryforward allocation. Mr. Sertich expressed concern that the Committee may run into this same issue next year because the need for state tax credits is growing.

Ms. Robles said staff has submitted a budget change proposal requesting additional state tax credits, which would help but not solve the problem entirely.

Chairperson Ma said it is unknown what the financing world will look like with the changing environment. Due to the amount of carryforward going into next year, the Committee is trying to deploy resources to get as many projects done as possible. She has personally supported acquisition/rehabilitation projects because the Committee has not allocated a lot of funds to those older buildings. Modesto needs disabled and senior housing because many people are moving there. She is sensitive to making sure seniors are not living in decrepit housing and are able to live the rest of their lives with dignity and respect in renovated housing. A project in Chinatown in Los Angeles has the same problem with disrepair in the building. Seniors are suffering due to power outages, flooding, inoperable washers and dryers, and broken-down elevators. Chairperson Ma wants to help acquisition/rehabilitation projects that need to be restored and renovated for working people, seniors, and individuals with disabilities.

Ms. Miller asked for clarification that allocating bonds to these two projects will not bump any other projects. Ms. Burgos confirmed this will have no impact on the Final Recommendation List.

Ms. Johnson Hall said this is a heartbreaking discussion and she agrees that a solution is needed for these types of projects. It is tough for the Committee to make a decision on these appeals because of the way the regulations are written, as Mr. Sertich stated previously. This is a problem the Committee will see again in 2023, and they should deal with it head-on. It would be a shame for these projects to have to get back in line and weather the storm of volatile interest rates and construction costs. Ms. Johnson Hall does not believe the Committee's intention was to make senior housing projects suffer, since seniors are one of the most vulnerable populations, especially in Modesto and the Central Valley region. She recommended that the Committee revisit this issue and reevaluate these types of projects in the future.

Mr. Velasquez said preservation is a piece of the puzzle in terms of affordable housing in the state, and resources have been deployed to projects that have Regulatory Agreements, which these projects do not have. The deadline for that funding is today, and the pool of potential projects is expected to widen going forward. The revenue forecast does not look promising, but to the extent that the Governor and Legislature continue to prioritize preservation, he agrees with Ms. Johnson Hall that this issue will need to be revisited statewide and by CTCAC and CDLAC. They will need to wait and see what additional funding is available in January for preservation projects.

Mr. Sertich said these projects are ready to move forward and have their funding together aside from bonds. The Committee has prioritized new construction this year for good reasons. They could roll the bonds forward and they may get more new construction projects, but they do not know what will happen next year, so he will move to fund them this year.



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MOTION: Mr. Sertich motioned to grant the appeals for both Marple Manor and Ralston Tower Apartments, and Ms. Miller seconded the motion.

Chairperson Ma called for public comments:

Mark Stivers from the California Housing Partnership said the regulations are clear about the waiting list being reserved for new construction projects, so a regulation change is needed if rehabilitation projects are going to be added to the waiting list. Bonds could also be added to the Other Rehabilitation pool, but that would need to be added to the meeting agenda. He said while everyone is sympathetic to rehabilitation projects, the Committee has focused on new construction. If other people had known they could have gotten on the waiting list for available bonds, or if they had known the Other Rehabilitation pool would be expanded in this round, many other projects would have applied and may have potentially scored higher than 90 points. They did not apply, assuming they did not have a chance. This is a fairness issue for the other applicants in the same position. Mr. Stivers is unfamiliar with these projects and has no comment on their merits, but he questions both the process and fairness for everyone else involved.

Chairperson Ma said the Committee has seen many changing conditions over the past 4 years, many of which were not anticipated. The first year was fairly stable, but a lot of adjustments were made during the pandemic. There may be even more carryforward than anticipated because there are still a few weeks left in the year. The Committee has tried to push out as many bonds and tax credits as possible to get projects moving. The ongoing housing crisis is a priority for the Governor and the Legislature, as evidenced by the number of bills authored this year, and there will likely be more next year. Chairperson Ma expressed understanding for Mr. Stivers' concerns about fairness. There should be a conversation about broadening the waiting list next year so the Committee does not have to make these exceptions. There were many things the Committee did not anticipate, including rising interest rates, this level of inflation, and the war. In this case, they should try to get the bonds out to these rehabilitation projects to ensure residents have quality homes in their retirement. She supports this appeal.

William Wilcox, Bond Program Manager for the San Francisco Mayor's Office of Housing and Community Development, expressed support for preservation as it is one of San Francisco's most dire needs. They have 400 units across 6 projects that did not apply because they believed they were unable to get additional points on the waiting list. They also believed this scenario would not happen because the regulations specifically forbid it. Mr. Wilcox asked the Committee to change the policy globally, either by allocating additional funds to Other Rehabilitation, with prioritization for projects like theirs with major life safety needs, or by creating another round later in the year to fund these projects, after the last new construction round. They have several projects that would have applied. They have significant needs across their portfolio, including over 1,400 units that need rehabilitation which would cost over \$50,000 per unit, which is beyond their existing reserves. Losing this resource has been a major hit and will cause huge problems. They have had to divert other resources from new construction to rehabilitation. Mr. Wilcox asked the Committee to develop a more holistic approach for next year and prioritize funding rehabilitation projects instead of approving just these two projects that took a route that was not technically available.

Chairperson Ma expressed sensitivity to the needs of San Francisco, including the need for both new construction and acquisition/rehabilitation. She has kept this issue at the forefront whenever possible. San Francisco, Los Angeles, and other cities with older buildings may be able to apply next year.



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Caleb Smith from the City of Oakland Housing and Community Development Department agreed with William Wilcox. Preservation is also a huge priority for Oakland, and they have a considerable amount of older housing into which they have made investments. With the recent passage of a new local affordable housing fund, they are looking forward to making new investments at a considerable level moving forward. However, they also believe the process needs to be fair and transparent so cities like San Francisco, Oakland, and many others across the state can access these critical resources. A global solution would be appropriate, and the fairest way to immediately put extra bonds to use would be to award them to applicants on the list for Round 2.

Chairperson Ma said that is reasonable for next year.

Mr. Sertich addressed Jennifer Baldwin, General Counsel for the State Treasurer's Office. He asked for confirmation that the Committee is acting correctly.

Ms. Baldwin said Section 5038 addresses appeals to Final Recommendations broadly in terms of discretion. It states: "Any applicant who timely appealed the preliminary determination and is dissatisfied with the final recommendation in connection with the Application or received no preliminary recommendation may present its case to the Committee at the Allocation meeting at which the Application is considered." It does not address this issue with the level of granularity the Committee is discussing.

Ms. Miller said the Appeals section of the regulations should be taken into consideration in combination with the distribution of the pools. Mr. Stivers' argument that nobody else would have known to appeal based on the regulations is a fair point. Whether or not it is contrary to the regulations is tricky, but the Committee should not just be looking at the Appeals section. This issue has plagued the Committee in terms of creating consistency, so everyone knows when to appeal. She also agreed with Chairperson Ma that not taking the opportunity to award these bonds now is also complicated. There is no simple answer. Ms. Miller asked Mr. Stivers if she understood his point correctly.

Mr. Stivers said based on his understanding of the appeals process, appeals are generally based on points and tiebreakers. These projects seem to have appealed to get on the waiting list.

Ms. Burgos said there is another appeals process where applicants can appeal staff determinations about points and tiebreakers, on which the Executive Director decides. If the applicant disagrees with the decision, it is brought to the Committee. Sections 5037 and 5038 specifically address appeals to the Final Recommendation List; those appeals are brought directly to the Committee.

Mr. Stivers said Section 5231 states that "at the last allocation meeting of the year, the Committee shall establish a waiting list of New Construction projects that have not received an allocation." There is a specific section of the regulations addressing the addition of projects to the waiting list. Regarding the allocation pools, the Committee decided in January to fund a certain number of bonds in the Other Rehabilitation pool, and these projects were not awarded from that pool. These projects are either being put on the waiting list, which is not consistent with the regulations, or money is being added to the pool, which the Committee has not decided to do. Mr. Stivers said he would not normally comment on appeals for points and tiebreakers, but this is more of a global resource allocation issue than an appeal.

Chairperson Ma said the regulations are broad and give the Committee latitude to overrule regulations that were set by the Committee, which they sometimes do. Sometimes they must make exceptions. She understands the importance of processes, procedures, and transparency, but the bottom line is to create



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housing. They are trying to get resources out. They have carryforward now, and it will likely increase by the end of the year. It is responsible for the Committee to try to fund projects if they are ready to go. These projects followed procedures and appealed. Chairperson Ma said the waiting list should be broadened and should not have been so specific, but the Committee's priority over the past 3 years was new construction.

Chairperson Ma closed public comment.

Motion passed unanimously via roll call vote.

6. **Agenda Item: Round 2 Award of Allocation of Qualified Private Activity Bonds for Qualified Residential Rental Projects (Cal. Code Regs., tit. 4, § 5037) – (Action Item)**

Presented by: D.C. Navarrette

Mr. Navarrette said CDLAC received 100 applications on August 9, 2022 for funding. Including the appeals, staff is presenting a total of 53 awards for a total of 5,246 units, which is \$1,569,904,516.00 of 2022 bond cap plus \$96,693,584.00 of carryforward, for a total of \$1,666,598,100.00. All projects have been reviewed for compliance with federal and state laws and are being recommended for approval.

MOTION: Mr. Sertich motioned to approve the recommendation, and Ms. Miller seconded the motion.

Chairperson Ma called for public comments:

None.

Motion passed unanimously via roll call vote.

7. **Agenda Item: Disposition of Potential Returned Allocation – (Action Item)**

Presented by: Emily Burgos

Ms. Burgos said at the last Committee meeting, they discussed the possibility of the return of a non-QRRP allocation before the end of the year. Staff has brought forward a resolution delegating authority to the Executive Director to assign any allocation to the QRRP pool that is not already in the QRRP pool before it is carried forward into next year.

Mr. Sertich said he supports this, and the carryforward should be considered next year in the initial allocation of pools. They should attempt to balance the pools.

MOTION: Mr. Sertich motioned to approve Resolution 22-011, and Ms. Miller seconded the motion.

Chairperson Ma called for public comments:

None.

Motion passed unanimously via roll call vote.

8. **Agenda Item: Request to Approve a Regular Rulemaking to CDLAC General Provisions and Qualified Residential Rental Projects (Cal. Code Regs., tit. 4, §§ 5000-5241) – (Action Item)**

Presented by: Emily Burgos

Ms. Burgos said staff are continuing the rulemaking process, and in July they presented an emergency package which was approved by the Committee. Those regulations have been seasoned for one round, and staff is now asking the Committee to make those regulations permanent.



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MOTION: Mr. Sertich motioned to approve Resolution 22-012, and Ms Miller seconded the motion.

Chairperson Ma called for public comments:

Zeenat Hassan, Staff Attorney at Disability Rights California, said she supports CDLAC making these regulations permanent. They include helpful provisions that make it harder for housing providers with a history of discriminatory practices to continue those practices using bond financing. This is a good example of how to affirmatively further fair housing. However, CDLAC still has not amended its regulations to include some fundamental accessibility and non-discrimination protections for tenants. Her organization provided public comment on this when the emergency regulations were being developed, and CDLAC chose not to make changes at that time. If CDLAC does not plan to address those issues in this round of regulations, Ms. Hassan urges them to make it a priority in 2023 through a regular, non-emergency process. Inaccessible housing is still a critical problem for people with disabilities all over the state, and there are fundamental things CDLAC can do remove barriers to housing access. Her organization is available to meet with CDLAC staff to provide technical assistance.

Chairperson Ma closed public comment.

Motion passed unanimously via roll call vote.

9. Agenda Item: Adoption of the 2023 CDLAC Meeting Calendar and Award Schedule – (Action Item)

Presented by: Ricki Hammett

Ms. Hammett said CDLAC regulations require CDLAC to give notice, as soon as practicable after the start of the calendar year, of the dates and deadlines to submit applications for each application round. Additionally, staff is recommending that CDLAC hold 3 public meetings to award allocations to applications for Qualified Residential Rental Projects. This schedule has been prepared in coordination with the CTCAC schedule for 4% state tax credits. This resolution allows for the adoption of the 2023 CDLAC Meeting Calendar and gives the Interim Executive Director authority to alter the meeting dates to carry out the priorities of the Committee and administrative efficiencies. There are three columns in the meeting schedule. The first column, Qualified Residential Rental Project Application Deadlines, lists three dates for 2023: February 7, May 23, and September 6. The second column is 2023 Committee Meeting Dates/Times; currently there are 6 meetings scheduled. The January 18 meeting will be informational. The meetings on May 10, August 23, and December 6 are related to the QRRP application deadlines, where the awards will be announced for the three rounds. The July 26 and November 8 meetings align with CTCAC's 9% tax credit schedule.

Chairperson Ma asked if private activity [other exempt facilities] bonds are on the schedule. Ms. Hammett said the schedule currently only reflects QRRP application rounds.

Chairperson Ma asked if meeting dates will need to be added if the Committee addresses private activity [other exempt facilities] bonds in January. Ms. Robles said they will be incorporated into the existing meeting dates; this will be clarified after the January meeting.

Chairperson Ma said the Governor's state law regarding teleconference meetings expires July 1, 2023, unless it is extended. Additionally, the State Treasurer's Office will be moving to another building sometime in 2023 while the current building is renovated. There is no confirmed moving date yet, but the



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Committee will do its best to inform the public of the new meeting location as soon as there is a date set by the Department of General Services.

MOTION: Mr. Sertich motioned to approve Resolution 22-013, and Ms. Miller seconded the motion.

Mr. Velasquez said last year, HCD consolidated 6 programs into one competition called the Super NOFA. This was done per AB 434 to consolidate and streamline programs across the spectrum of the affordable housing financing system. They were mindful to sync the timing of those awards with the rounds for tax-exempt bonds. The first Super NOFA round is in early February, for which HCD received almost 250 applications, almost 150 of which are being appealed. Due to the extraordinary number of applications and appeals, the award process may be slightly delayed. This means it may be difficult for many applicants to apply for the first CDLAC round, although they should still be able to make it in time for the second and third rounds. Mr. Velasquez wanted to relay this information to the development community who put a lot of work into applying for the Super NOFA.

Chairperson Ma called for public comments:

Mark Stivers from the California Housing Partnership said he supports the calendar, but because the second round of 9% tax credits will be awarded later than they historically have been, he is requesting that the next time CTCAC regulations are changed, credit year exchanges are allowed for Round 2 projects. In the 9% program, projects must complete construction by December 31 of the second year after they are awarded, which has always been tight for Round 2 projects to meet. It takes 6 months to close, and there is a construction cycle of 20 months, so it is always difficult to make that deadline. Pushing the awards back 1-2 months makes it even more difficult. While it is not possible to change the federal deadline, the Committee could allow a credit year exchange wherein projects would be awarded allocations next year, and then in January 2024 they could return the 2023 credits. CTCAC would then roll them over and give them back as 2024 credits. This would give projects more time for construction. While this will not occur until the end of next year, it is important to address with the next CTCAC regulation change as it would create comfort in the development community.

Mr. Sertich said that is a CTCAC issue, but it makes sense to streamline the process.

Chairperson Ma closed public comment.

Motion passed unanimously via roll call vote

10. *Agenda Item:* **Public Comment**

Cherene Sandidge said if there continues to be a large surplus, the Committee should look at increasing the funding for the pools, specifically the BIPOC pool. It is difficult when there are excess bonds left and projects are sitting on the sidelines. She would like to see the Committee address what will happen with surplus money because every year there is a possibility of a surplus as projects fall out. It will be better for planning purposes if there is a policy in place to address how the surplus will be addressed, either by allocation to certain pools or by establishing a waiting list. It is a shame that there is at least \$700 million in surplus, possibly up to \$1 billion, and there are projects sitting on the sidelines. Ms. Sandidge heard the conversation about the Modesto projects, and she understands and wishes them luck. However, it is alarming that other projects could have applied. Flexibility is important, and it may be necessary to establish a procedure but not set a dollar amount. She will give it more thought, but she believes there is a better solution than publishing the annual allocation per state.



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Alexis Laing from Laing Companies said there are projects in the pipeline assuming receipt of 4% and 9% tax credits, and the calendar dates do not allow for applicants to know if they will be awarded tax credits before the commitment funds are due to CDLAC and CTCAC. If the calendar will remain the same, it would be helpful if the Committee could give developers additional time to remit their performance deposits if they are part of a hybrid or simultaneous project. The current dates do not work for applicants with 4% and 9% credits at the same time. Ms. Laing is a BIPOC emerging developer, and she is counting on being able to apply for both the Super NOFA and CDLAC Round 1 next year. Since Mr. Velasquez indicated HCD will not be able to meet that deadline, projects will need to wait until Round 2. It would be helpful if the CDLAC Round 1 deadline was moved or if HCD would provide awards prior to the Round 1 deadline.

Mr. Sertich said that we need to continue to work together better with all the state housing funds and make sure funds are distributed as efficiently as possible. Many of the issues addressed in the meeting today have shown some of the cracks in the system.

Chairperson Ma said there has been a lot of progress in 4 years. She thanked Mr. Velasquez and his team at HCD for their hard work developing the new Super NOFA program. The programs at the State Treasurer's Office encountered the same issues when they were first developed, including having to push applications back from the first round to the second round.

11. *Agenda Item:* **Adjournment**

The meeting was adjourned at 10:08 a.m.