



California Debt Limit Allocation Committee

915 Capitol Mall, Conf Rm 587
Sacramento, CA 95814

March 15, 2023

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 11:00 a.m. with the following Committee members present:

Voting Members: Fiona Ma, CPA, State Treasurer
State Controller Malia M. Cohen
Gayle Miller for Governor Gavin Newsom

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

2. *Agenda Item: Approval of the Minutes of the February 1, 2023 Meeting – (Action Item)*

MOTION: Ms. Miller motioned to approve the minutes of the February 1, 2023 meeting, and Ms. Cohen seconded the motion.

Chairperson Ma called for public comments:

Linda Hobbs introduced herself as a 72-year-old disabled resident of a senior housing project managed by Aperto Property Management. She said another resident physically attacked her more than two months ago and Aperto Property Management was notified in writing and has taken no action.

Chairperson Ma asked Ms. Hobbs to provide her contact information for staff to follow up with her after the meeting.

Chairperson Ma closed public comments.

Motion passed unanimously via roll call vote.

3. *Agenda Item: Executive Director's Report*

Presented by: Nancee Robles

Ms. Robles discussed the following topics:

New Staff: CDLAC has one new team member, Judy Pernell-Stevens. Judy is a retired annuitant who previously worked at the State Treasurer's Office at the California Pollution Control Financing Authority. She will assist CDLAC with procedures and special projects.

Office Move: The Treasurer's Office is moving to the Bonderson building at 901 P Street on March 29, 2023, while the current building is restored. After the next meeting on March 27, 2023, Committee

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meetings will be held at the Bonderson building. The Committee will continue to offer public participation through Teams and conference call-in, and that information will be available on the CDLAC website and on meeting agendas.

Update on Rent Limits: HUD develops income limits based on median family income estimates and fair market rents, which affect CDLAC applications. The fair market rents, which are established by HUD each year for the Section 8 program, were most recently updated in October 2022. Rent limits were expected to be released on April 1, 2023, but have been delayed until May 15, 2023. Staff must wait for these figures before updating Attachment 40 of the application. Additionally, the fair market rents impact the rent savings benefit section of the CDLAC tiebreaker. The delay in the rent limits will not allow adequate time for staff to update application forms and will not provide applicants enough time to update their applications for the second round, which begins on May 23, 2023.

Meeting Update: Later today, CDLAC and CTCAC will post agendas for meetings to be held on March 27, 2023. The purpose of these meetings is to address the impact of the recent FDIC takeover of banks, including Silicon Valley Bank (SVB), on affordable housing developments. SVB has been lending and investing in affordable housing in California for many years, and while the government has assured SVB depositors that their funds are safe and accessible, there is no determination of what will happen to the construction loans affordable housing developers were drawing on to pay their vendors. Staff is researching the number of projects this may affect in the short and long-term. They will continue to research and be prepared to offer recommendations at the upcoming meetings. Staff will ask the Committee to delegate authority to the Executive Director, which will enable them to act quickly to assist affordable housing projects. The meetings will be open to the public.

Chairperson Ma said she has received calls about Silicon Valley Bank. She asked stakeholders to contact Ricki Hammett, Deputy Executive Director, to provide comments and share the impact on their projects.

Ms. Cohen thanked Chairperson Ma for the informative statement she posted on the STO website.

Ms. Miller asked when the rent covenants from HUD will be incorporated by CDLAC.

Ms. Robles said they will be incorporated as soon as they are received, which she anticipates will be before Round 3 this year.

Chairperson Ma called for public comments:
None.

4. ***Agenda Item: Resolution No. 23-011, Request to Waive Forfeiture of Performance Deposit for the Return of Supplemental Allocation for a Qualified Residential Rental Project (Cal. Code Regs., tit. 4, §5052) – (Action Item)***

Presented by: Christina Vue

Ms. Vue said the sponsor of Southside Senior Housing (CA-22-545) is requesting a waiver of forfeiture of their performance deposit, following the return of their supplemental allocation.



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Corey Feldpausch, Director of Asset Management and Development for John Stanley Inc., the developer of Southside Senior Housing, said the project is a 50-unit, new construction, affordable housing project on the south side of Los Angeles. The sponsor is requesting a waiver of the forfeiture of their \$1,398 performance deposit. They would like to use those funds for other expenses. The project's construction lender determined the cost of the attorney and bond issuance fees would reduce the net proceeds needed to cover cost increases. The project is approximately 30% complete and has experienced delays due to substantial rainfall. Hard and soft costs for affordable housing projects across the country have increased.

Chairperson Ma called for public comments:

None.

MOTION: Ms. Cohen motioned to adopt Resolution No. 23-011, and Ms. Miller seconded the motion.

Motion passed unanimously via roll call vote.

5. *Agenda Item: Resolution No. 23-012, Request to Waive the Maximum Bond Allocation Amount (\$75,000,000) for Qualified Residential Rental Project (Cal. Code Regs., tit. 4§5232) – (Action Item)*

Presented by: D.C. Navarrette

Mr. Navarrette explained that Azuriik (CA-23-479) is requesting a waiver of the \$75,000,000 maximum bond allocation. The project is a 400-unit, non-targeted, new construction development located in National City. The project applied in the current round with a total bond allocation request of \$99,210,668.

Anthony Stubbs from California Municipal Finance Authority (CMFA) spoke on behalf of the project. He said the project is requesting an exception to the \$75,000,000 maximum bond allocation.

Ms. Miller asked if the project is requesting a supplemental allocation now.

Mr. Stubbs said the project is not requesting a supplemental allocation. The request is for a larger allocation than the maximum allowed.

Mr. Navarrette clarified that the project has applied for funding in Round 1 of 2023 and has not previously been awarded an allocation.

Mr. Stubbs stated Azuriik is a large project with subterranean parking. The large request is partly because the Affordable Housing and Sustainable Communities (AHSC) Program does not allow phased development.

Ms. Miller asked if the project is seeking the opportunity to compete in Round 1.

Ms. Stubbs responded affirmatively.

Chairperson Ma called for public comments:

None.



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Chairperson Ma expressed appreciation for developers taking on large projects.

MOTION: Ms. Miller motioned to adopt Resolution No. 23-012, and Ms. Cohen seconded the motion.

Motion passed unanimously via roll call vote.

6. *Agenda Item: Resolution No. 23-013, 23-014, Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Project (Cal. Code Regs., tit. 4 §§5100,5133) – (Action Item)*

Presented by: D.C. Navarrette

Mr. Navarrette reported that two projects have requested extensions to the bond allocation issuance deadline.

The first project, Cortez Hill Apartments (CA-22-456), is an 88-unit, non-targeted, new construction development in San Diego. The project received an allocation of \$19,305,000 on June 15, 2022. The applicant is the San Diego Housing Commission, and the developer is Community Housing Works.

The second project, Manchester Urban Homes (CA-21-724), is a 122-unit, non-targeted, new construction development in Los Angeles. The project received an original allocation of \$35,933,000 on December 8, 2021. Additionally, the project received a supplemental allocation of \$4,692,000 on November 30, 2022. The applicant is the City of Los Angeles, and the developer is Abode Communities.

Chairperson Ma invited representatives from both projects to speak.

Anna Slaby from Community Housing Works spoke on behalf of Cortez Hill Apartments. She said this extension will allow the project to close on its financing and provide much needed housing in downtown San Diego.

Lara Regus from Abode Communities spoke on behalf of Manchester Urban Homes. She said the project received a supplemental bond allocation last year, which was needed due to cost increases. The developer had been working for months to secure the financing needed to close the funding gap, and that financing was secured in the past few weeks in partnership with HCD and the City of Los Angeles. She expressed appreciation for the new mayor and councilmember who have supported the project. The project now needs a 90-day extension in order to allow time to close on the financing. If the extension is granted, closing will occur in June 2023.

Lori Gay from Neighborhood Housing Services of Los Angeles County thanked the Committee for believing in and championing projects that help working families.

Ms. Miller said she understands Cortez Hill Apartments is requesting an extension due to a HUD issue. She asked if Manchester Urban Homes previously received an extension.

Emily Burgos, Section Chief for CDLAC, said Manchester Urban Homes was included in the blanket 90-day extension that was provided to all projects in the last round of 2021. Projects seeking supplemental allocations were given time to receive those awards and close. This project was the last from the City of Los Angeles to receive a supplemental award. The City of Los Angeles staggered their applications to ensure their staff had adequate time to process the applications.



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Ms. Miller stated it is important not to set a precedent of approving multiple delays because that would slow down the production of housing across the state. She asked Mr. Velasquez to comment on HCD's role in the funding of Manchester Urban Homes and confirm closing can occur within 90 days.

Mr. Velasquez confirmed it is feasible to get this project off the ground in 90 days, and he encouraged the Committee to consider granting the extension.

Ms. Johnson Hall said she knows this community well because she grew up 10 blocks from the site of Manchester Urban Homes. Affordable housing is sorely underrepresented and needed in the community. She congratulated the developers for their work on this project.

Chairperson Ma called for public comments:

Georgina Tamayo from the City of Los Angeles Bond and HHS Unit said the city just awarded \$7 million to Manchester Urban Homes this month to fill a financing gap. A 90-day extension is needed in order for the city to finalize the loan agreement for that financing.

Chairperson Ma closed public comments.

MOTION: Ms. Cohen motioned to approve Resolution No. 23-013 and 23-014, and Ms. Miller seconded the motion.

Motion passed unanimously via roll call vote.

7. Agenda Item: Recommendation for Award of Allocation to Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Round 1) – (Action Item)
Presented by: Emily Burgos

Ms. Burgos presented one Exempt Facility project recommended for award in 2023 Round 1, TPI-Holloway Lost Hills Recycling Project (CA-23-102). The project is a metal recycling facility in Kern County with a requested allocation of \$150,000,000.

Chairperson Ma invited representatives from the project to speak.

Mark Huddle from Ice Miller, LLP, bond counsel for the project, said his firm was also counsel for another TPI project that closed at the end of last year. TPI disposes of solid waste in an environmentally friendly way, employing Archimedes screw technology in an up-to-date method to reuse metals that would otherwise leach into groundwater and take up landfill space.

Derek Whitwer from TPI said his company holds proprietary technology for recovering metals that could not otherwise be recovered from auto shredder residue. The company plans to mine auto shredder residue from the Holloway landfill. The metals recovered from this process are primarily non-ferrous, such as copper, aluminum, and stainless steel, as well as some precious metals. This will reduce landfill volume by approximately 20%. The process will pull over 90% of the metals from the auto shredder residue, making it inert. Construction of the facility is expected to take approximately 18 months.

Chairperson Ma asked if other companies are doing the same type of recycling.

Mr. Whitwer indicated there are other companies recycling those metals, but TPI's technology is proprietary and patented. TPI is the only company that can recover metals from auto shredder residue in



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amounts as small as 3 microns, which is the size of the smallest known bacteria. TPI is able to recover metals that would otherwise be disposed of, since there is no other commercial method to extract them from auto shredder residue.

Chairperson Ma expressed interest in visiting the facility once it is operational.

Mr. Huddle said TPI's technology does not emit as many airborne particles as some of its competitors' technology. There is proven investor interest in these facilities, and TPI has other facilities that are beginning operations in other locations.

Chairperson Ma called for public comments:
None.

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

Motion passed unanimously via roll call vote.

8. ***Agenda Item: Recommendation for Award of Allocation to Qualified Private Activity Bonds for Industrial Development Bond (IDB) Projects (Round 1) – (Action Item)***

Presented by: Emily Burgos

Ms. Burgos introduced JBR, Inc. Project, doing business as Rogers Coffee, the Industrial Development Bond applicant recommended for award in 2023 Round 1. The requested bond allocation amount is \$6,000,000.

Although no representatives were present to speak on behalf of the project, Ms. Burgos reminded the Committee that they spoke at the last meeting.

Chairperson Ma called for public comments:
None.

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

Motion passed unanimously via roll call vote.

9. ***Agenda Item: Resolution No. 23-015, Reduction in the Tiebreaker Calculation for Qualified Residential Rental Projects Awarded Supplemental Allocation Where the Original Allocation was Awarded in Round 2 of 2022 or Later (Cal. Code Regs., tit. 4 §5240) – (Action Item)***

Presented by: Emily Burgos

Ms. Burgos explained that when the Committee established an off-the-shelf supplemental application process, there was a discussion about establishing consequences for applicants who applied for a supplemental allocation after the Supplemental Allocation Pool was established. The Committee approved regulations in July 2022 which stated that for any project awarded in Round 2 of 2022 or later that applied for a supplemental allocation, there could be no increase developer fee and the project sponsor would be subject to a reduction in its tiebreaker calculation determined by the Committee for a period of one round following the award of the supplemental allocation. Staff is recommending a 2% tiebreaker reduction formula for these projects. This recommendation is based on the available data, which only includes 2022 Round 2 because that is the only round that has been completed with the new



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tiebreaker. Staff recommends taking a measured approach in assessing this reduction. The 2% reduction will affect some projects' competitiveness without being devastating to a sponsor's entire portfolio. Per the regulations, the Committee has the authority to adjust the formula if necessary.

Ms. Miller asked staff to do some additional scenario planning and delay action on this item until the next meeting on March 27, 2023. The tiebreaker will potentially apply to projects for the next 12 months, and the Committee should consider more options.

Ms. Burgos asked what types of scenarios the Committee would like to see. The current regulations specify a tiebreaker reduction for one round, so it will not last 12 months. The reduction would only be assessed for one round following the award of a supplemental allocation.

Ms. Miller said more analysis should be done, and she would like to hear public comments on this issue.

Chairperson Ma asked for more information on the purpose of imposing a penalty.

Ms. Burgos said the Committee's concern was that if the supplemental allocation were too easy to obtain, applicants would purposely under-request their initial allocation in order to be more competitive. Staff did not know what that penalty should be when they drafted the regulations. The consensus from both the Committee and the public was that the assessment of negative points would be too severe because it would prevent a developer from receiving any awards. A tiebreaker reduction, to be determined in the future, was decided on and included in the regulations.

Chairperson Ma asked Ms. Burgos how staff decided on a 2% tiebreaker reduction.

Ms. Burgos responded that staff attempted to take a measured approach and not make the assessment too devastating for any developers. It is challenging because staff developed an intricate scoring system to rank projects, and there is now the potential for scores to be reduced because of previous requests. The purpose of the penalty is to create an incentive for applicants to request the full allocation they need upfront rather than relying on supplemental allocations.

Ms. Miller said this decision is difficult due to the current market. She reiterated that she would like to hear public comments and defer action on this item until the next meeting on March 27, 2023.

Ms. Burgos said she anticipates hearing public comments regarding the difficulty of requesting a 50-55% allocation upfront in order to avoid needing a supplemental allocation.

Ms. Miller proposed a sliding scale as a potential option for a penalty. The proposed 2% tiebreaker reduction is a blunt solution to the problem.

Ms. Burgos explained the regulations offer the Committee flexibility in establishing the tiebreaker reduction. Staff intended for the Committee to be able to make changes to the penalty without changing the regulations with each fluctuation in the market.

Chairperson Ma asked for clarification that the penalty will only be assessed for one round.

Ms. Burgos confirmed that is correct; the tiebreaker reduction will be assessed for one round following the award of a supplemental allocation. Some applicants have already received supplemental allocations, but because there was no tiebreaker reduction in place at the time, those applicants will not receive the



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tiebreaker reduction until the next round, assuming the reduction has been established by the Committee by then. It is not possible to have fluctuating tiebreaker scores in the middle of the current round.

Chairperson Ma asked if applicants would avoid a tiebreaker reduction if they returned a supplemental allocation by a certain time.

Ms. Burgos responded the issue is not whether an allocation is returned. If an applicant was awarded an original allocation after the establishment of the Supplemental Allocation Pool and then later applied for a supplemental allocation, they will receive a penalty for applying for the supplemental allocation. The intent is to discourage applicants from under-requesting their initial allocations and then easily obtaining a supplemental allocation.

Chairperson Ma asked how many applicants are currently in that situation.

Ms. Burgos responded that 6 applicants from Round 2 of 2022 have requested supplemental allocations as of yesterday.

Ms. Miller said there seems to be a never-ending cycle of supplemental allocations, and this is an important problem to solve.

Ms. Burgos stated applicants are using figures that are likely already 6 months old when they apply, and then it takes another 3 months for CDLAC to make awards. After an allocation is awarded, the project has 6 months to close the bond and meet the 50% test. That is followed by a 2-year construction timeline, after which the 50% test has to be met again. As a result, applicants must project figures 3-4 years into the future. Threading the needle between 50-55% in the current market conditions is difficult. This creates a perpetual need for supplemental allocations.

Ms. Miller asked if developers might skip this round and wait for the next round because it is too confusing. The Committee would need to decide on this issue prior to every round.

Ms. Burgos replied the Committee does not have to establish a new tiebreaker reduction every round; it could be left the same. However, if the reduction is perceived to be too severe, developers may choose to sacrifice one project and return an allocation if they know they have multiple projects to submit in the next round. There are many factors to consider.

Chairperson Ma called for public comments:

William Leach from Kingdom Development said it is important to have a policy deterring applicants from requesting supplemental allocations. Supplemental allocations are helpful to the developer community in the event of unforeseen cost increases. However, staff identified a legitimate concern that if everyone can come back for a supplemental allocation, it is more competitive to under-request an original allocation because staff considers applicants' efficiency in the use of bond resources during the application review process. Supplemental allocations are necessary, but it is also important to have a deterrent in place. Kingdom Development makes an unofficial projection of which applicants they anticipate will be awarded each round, and they estimate that scores range from 96-140%. Based on their projections, approximately 7% of the projects awarded are within 2% of the next highest scoring project. Based on the 36 projects awarded, approximately 3 of those projects may have lost an award if a 2% tiebreaker reduction had been applied. The proposed 2% tiebreaker reduction will not cause applicants to lose their chance of being awarded an allocation, but there will likely occasionally be situations where applicants



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are on the cusp of being awarded an allocation and lose that award due to the penalty. Based on a rough estimate, 7% of the awards made in the future could be impacted by the tiebreaker reduction. This seems to be a measured approach that will not impact an extreme number of awards. If the Committee deems the impact too severe, the percentage can be reduced next year. Although a 2% tiebreaker reduction is arbitrary, it is a reasonable solution and Mr. Leach supports it.

Robin Zimbler from Freebird Development Company said she is one of the 6 applicants from Round 2 of 2022 who requested a supplemental allocation. She suggested the best way to solve this problem is to allow applicants to request up to 60% upfront. There is a long time between the application and closing, and the world is still unpredictable which is causing the large number of supplemental applications. Ms. Zimbler supports the Committee assessing a penalty, and if the maximum percentage were raised to 60%, the penalty could be stiffer. However, she is concerned about the penalty being assessed now since the 2022 Round 2 awards were made so long ago. She recommends starting to assess the penalty to applicants in Round 1 of 2023 because supplemental allocations were already awarded for 2022 Round 2 applicants before they knew what the penalty would be. Ms. Zimbler tried to wait to apply for a supplemental allocation until she knew what the penalty would be, but when she heard other projects from that round were already being awarded, she decided to apply. There are ways her project could adjust if it either did not receive a supplemental allocation or if it received a penalty for a supplemental allocation, but those adjustments would be detrimental to the project. For example, an elevator could be eliminated to save \$300,000, but since it is a 50% homeless project, that would not be a good idea. She expressed support for the implementation of a penalty, but she asked the Committee to consider not assessing that penalty to applicants prior to Round 1 of 2023 due to the Committee's delay in deciding the penalty.

Darren Bobrowsky from USA Properties Fund agreed with Mr. Leach's comments. He said this is an extremely challenging time to finance affordable housing due to increased construction costs and inflation. Interest rates on construction loans have more than doubled, so a \$2.5-3 million interest line item on a construction loan has become \$5-6 million. It is difficult to meet the 50% test. However, there should be a penalty for supplemental allocation requests. The regulations state the penalty should be applied for projects starting in Round 2 of 2022, so the Committee does not have the option to change that to Round 1 of 2023. The regulations also state the penalty should be applied for one round following the award of a supplemental allocation. Therefore, if an applicant was awarded a supplemental allocation prior to Round 1 of 2023, that penalty must be applied during this round. This could present scoring challenges for CDLAC staff, but there is not enough time to change the regulations now. Mr. Bobrowsky reiterated his support for staff's recommendation of the 2% tiebreaker reduction.

Courtney Pal from Resources for Community Development said her company is not one of the applicants in danger of receiving a tiebreaker reduction right now. She understands the need to modify the supplemental allocation system to remove the incentive for developers to underestimate their initial bond allocation request, but she believes the penalty should not be assessed in a way that penalizes developers who request supplemental allocations in good faith. As Mr. Bobrowsky mentioned, developers have experienced extraordinary increases in financing and construction costs over the past year. These pressures may persist throughout 2023 and beyond, so developers who need supplemental allocations due to inflation should not be penalized due to unpredictable market conditions outside of their control. Ms. Pal proposed amending the regulations so punitive measures are not imposed in an inflationary environment. The tiebreaker reduction should be waived or reduced to 0% if a supplemental allocation is requested after an interest rate inflation exceeds a particular threshold. This would still discourage developers from underestimating their initial request because developers would not know at the time of their application if the future interest rate environment would facilitate a penalty for a supplemental



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application. However, it would still account for market instability and inflation, which are creating challenging conditions for developers.

Chairperson Ma closed public comments.

Ms. Miller said the staff did an amazing job trying to solve this problem. The Committee is attempting to create an incentive for applicants to request the lowest possible supplemental allocation. She proposed a sliding scale wherein a smaller supplemental allocation request would result in a lower penalty. The proposed 2% flat tiebreaker reduction seems too blunt since it will potentially be too high for some applicants and too low for others. The amount of supplemental allocation requested should be commensurate with the penalty assessed.

Ms. Burgos stated her understanding from the Committee's discussions last year was that the goal was to disincentivize applicants from under-requesting their original allocation, rather than incentivizing applicants to request the lowest supplemental allocations possible. At the time supplemental allocations are requested, applicants must attempt to thread the needle between 50-52%. They may not have much leeway in the amount of supplemental allocation they are requesting.

Ms. Miller said the Committee does not want applicants to build a supplemental allocation into their initial application. The market is unpredictable right now, so the Committee should avoid a flat penalty in favor of a solution with more flexibility. She would also support increasing the 55% limit to 60%.

Ms. Burgos asked Ms. Miller if she feels a 2% tiebreaker reduction is too much for some applicants and not enough for others.

Ms. Miller responded affirmatively. She would prefer a sliding scale because the market can change a lot between the time of an application and the time of an award. The penalty system should build in some understanding of potential shifts in the dynamic market. A scale of 1-3% would provide staff and the Executive Director more flexibility. The Committee will know more after the staff completes their analysis next week. Ms. Miller is concerned about the current regional bank issue and its impact on the housing market. In a perfect world, the proposed 2% tiebreaker reduction for all applicants would be an appropriate penalty, but in the current market environment, it could create more complications.

Ms. Burgos asked for feedback from both the Committee and the public on the appropriate range of consequences for projects receiving penalties. Staff needs direction on what would be considered too much of a consequence for projects requesting supplemental allocations, i.e., not receiving an award or losing an award to the next highest ranked project. Staff could create a sliding scale based on the percentage of the original allocation request. The Executive Director already has authority to award supplemental allocations under 10% of the original request and under 52% of the project's eligible basis plus land. The Committee will need to provide direction on the appropriate range of consequences.

Ms. Johnson Hall agreed with Ms. Miller that this issue should be examined more closely. She asked Ms. Burgos if she thinks the Committee should consider the size of the project. One of the public comments addressed that issue and it could add further complications.

Ms. Burgos said it is difficult to base the penalty on the percentage of the original allocation because smaller projects tend to need larger percentages. She understands Ms. Johnson Hall's point that smaller projects should not be penalized for requesting a larger percentage.



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Ms. Miller proposed considering the ratio of the supplemental allocation to the original allocation.

Ms. Burgos reiterated Ms. Johnson Hall's point that smaller projects tend to be disadvantaged when comparing the percentage of the supplemental request to the original request because there are built-in base costs for every project. The solution may be a multi-layered sliding scale.

Chairperson Ma asked staff to do more analysis, consider input from the public, and put this item back on the agenda at the next meeting on March 27, 2023.

The Committee took no action on this item.

10. *Agenda Item: Public Comment*

Stephanie Park from Little Tokyo Service Center said her company is a community-based developer in Little Tokyo in Los Angeles. Little Tokyo Service Center sent a letter to all Committee members and staff yesterday regarding the Committee's expected interpretation of the CDLAC regulations regarding the 50% cap on 120-point scoring projects. Based on staff's correspondence with California Housing Partnership (CHP), which was used to determine CHP's sort analysis methodology for the Round 1 applications, CDLAC will likely award allocations to 120-point scoring projects until 50% or more of the available allocation has been awarded in each pool or set aside. This will have the effect of awarding exclusively 120-point scoring projects in the Los Angeles geographic region. Ms. Park is concerned this will contradict the intent of implementing the 50% cap on 120-point scoring projects. Additionally, per Section 5230(j) of the regulations, the Committee has the ability to make awards to 120-point scoring projects until approximately 50% of the available allocation has been made in the pool or set aside. Los Angeles is the third largest geographic allocation category, so this result is likely to occur again across other categories if this is the direction the Committee takes in deciding allocations.

Ms. Park stated Little Tokyo Service Center is responsible for executing the Little Tokyo community's vision for self-determination, and its role is to combat the historical inequities that have contributed to low-opportunity area designations. After reviewing the maps previously, Little Tokyo Service Center found that low-resource areas corresponded almost 1:1 with historic redlining maps, particularly in the City of Los Angeles. Ms. Park asked the Committee to reconsider its interpretation of that section of the regulations and consider the language stating "approximately 50%" when making awards in order to meet the spirit of implementing the 50% cap on 120-point scoring projects. She asked the staff to continue this conversation with Little Tokyo Service Center.

11. *Agenda Item: Adjournment*

The meeting was adjourned at 12:03 p.m.