



California Debt Limit Allocation Committee

901 P Street, Room 102
Sacramento, CA 95814

April 3, 2024

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 2:00 p.m. with the following Committee members present:

Voting Members: Patrick Henning, Chief Deputy Treasurer, for Fiona Ma, CPA, State Treasurer
Evan Johnson for State Controller Malia M. Cohen
Michele Perrault 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 12, 2024, Meeting – (Action Item)*

Chairperson Henning called for public comments:
None.

MOTION: Ms. Perrault motioned to approve the minutes of the February 12, 2024, meeting, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

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

Presented by: Marina Wiant

Marina Wiant, Interim Executive Director, reported that since the last meeting, she attended the National Council of State Housing Agencies (NCSHA) Legislative Conference in Washington, D.C., along with Tiena Johnson Hall and her staff. Together, they met with members of Congress to educate them on the impact of federal housing programs in our local communities and thanked them for their support to lower the 50% test. The Tax Relief for Families and Workers Act, which passed the House of Representatives, includes provisions to lower the 50% test to 30% and restore the 12.5% increase in 9% tax credits. Now that the Senate has returned from spring recess, there is a very narrow window to take up the tax bill before the April 15 tax filing deadline. Ms. Wiant hopes that will happen.

Ms. Wiant also attended Housing California's annual conference in Long Beach and spoke on a panel discussing streamlining the state's affordable housing delivery system with Gustavo Velasquez. In February, Ms. Wiant attended a grand opening for an affordable senior and veteran housing project in Vacaville, Pony Express Senior Apartments, a PEP Housing project that constructed [59] new affordable homes.

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Last month, the Treasurer, Ms. Wiant, and staff participated in a bus tour of Sacramento-area affordable housing projects, including the ribbon cutting for Cornerstone in South Sacramento, which includes a Mutual Housing hybrid 4%/9% project with 108 apartment homes alongside 18 single-family homes built by Habitat for Humanity.

Ms. Wiant congratulated D.C. Navarrette on his promotion to CDLAC Section Chief. D.C. has been with CDLAC for almost three years as a Program Manager, overseeing the award of tax-exempt private activity bonds. Prior to that, he worked as a manager in the Land Use and Planning Division at HCD. He also worked as a Senior Program Administrator for the San Diego Housing Commission. Prior to that, he worked at CTCAC as an analyst, so he brings a well-rounded background to the position.

This is the last week at CDLAC for Eddie Fairchild. Ms. Wiant thanked him for his great work.

Ricki Hammett, Deputy Executive Director, explained that Eddie has been with CDLAC since October 2022, and he will be leaving for a promotion to a manager position at HCD. Eddie has been responsible for reviewing applications for bond allocation and has assisted in the planning of CDLAC regulations changes. Ms. Hammett thanked him for his work and wished him the best.

Chairperson Henning called for public comments:

Matthew Callahan from Southern California Partners in Homeownership said that at the January meeting, the Committee considered staff recommendations to restore allocation in 2024 to the state's Mortgage Credit Certificate (MCC) Program, which was terminated by the Committee in 2020. The Committee agreed to revisit this recommendation at future meetings this year, and Mr. Callahan would like the Committee to restore the MCC Program at the next meeting. MCCs are an essential component of local homeownership programs because they help overcome the affordability barrier low-income individuals and families experience in buying homes.

Mr. Callahan said that MCCs leverage local affordable housing funds and attract millions of dollars in private mortgage capital. They are also an efficient use of the state's allocation cap because unlike tax-exempt mortgage revenue bonds, they can be delivered without any issuer fees, master servicers, investment banking costs, trustee fees, bond counsel charges, and financial advisor fees. Unlike mortgage revenue bonds, MCCs are always in the market and do not lose their value or benefit when interest rates change. Homebuyers can even request to have an MCC reissued when they refinance their mortgage to a lower interest rate. The MCC Program is also popular with local housing agencies; in January, there were speakers who supported restoring the MCC Program from the San Diego Housing Commission, the City and County of Los Angeles, Riverside County, the City and County of San Francisco, Santa Clara County, The Sacramento Housing and Redevelopment Agency, and member counties of the Golden State Finance Authority, which include San Bernardino County, Orange County, and all of the state's rural counties.

Mr. Callahan said it is his understanding that the Committee currently has hundreds of millions of dollars of carryforward allocation, so the MCC Program could be funded without any opportunity costs. The



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MCC allocation would immediately help low-income families experience the benefits of homeownership. Mr. Callahan asked when the MCC funding would be restored.

Chairperson Henning asked the staff to respond to Mr. Callahan after the conclusion of the meeting.

Chairperson Henning closed public comments.

4. ***Agenda Item: Resolution No. 24-005, recommendation of a Resolution Authorizing the Interim Executive Director of the California Debt Limit Allocation Committee to sign Contracts and Interagency Agreements on behalf of the Committee, not to exceed \$500,000. – (Action Item)***
Presented by: Ricki Hammett

Chairperson Henning said similar resolutions have been approved by the majority of the committees at the State Treasurer's Office to keep up with inflation.

Ms. Hammett explained that this resolution would update Resolution No. 21-005, which was previously approved.

Chairperson Henning called for public comments:
None.

MOTION: Ms. Perrault motioned to adopt Resolution No. 24-005, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

5. ***Agenda Item: Request to Extend the Bond Allocation Issuance Deadline for Qualified Exempt Facility Project and Request to Waive Forfeiture of the Performance Deposit (Cal. Code of Regs., tit. 4, §§5052, 5100) – (Action Item)***
Presented by: Ricki Hammett

Ms. Hammett explained that the applicant, California Municipal Finance Authority (CMFA), is requesting an extension of the issuance deadline for the McClellan Food Recovery Plant Upgrade Project (CA-23-106) from May 6, 2024, to December 31, 2024. This is a longer than usual extension because the project is in the process of obtaining a long-term purchase and sale agreement with a major petfood company for the additional output of their expansion. This is expected to be in place by the middle of this year, and the project would use the rest of the time to close out that transaction.

Chairperson Henning called for public comments:
None.

MOTION: Mr. Johnson motioned to approve the bond allocation issuance deadline extension and waiver of forfeiture of the performance deposit, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.



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6. **Agenda Item: Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Project and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4 §§5052, 5100, 5132) – (Action Item)**

Presented by: D.C. Navarrette

Mr. Navarrette explained that 803 E 5th St. (CA-23-401 and CA-23-679) was originally allocated \$28 million in Round 1 of 2021, which has closed. The project has since received a \$6.9 million supplemental allocation, which was approved by the Committee on February 6, 2023, and a second supplemental allocation of \$5.1 million, which was approved by the Committee on November 8, 2023. The project is requesting a 90-day extension to close both supplemental allocations simultaneously. This would move the due date from May 6, 2024, to August 4, 2024. This project will provide 95 special needs units in the City of Los Angeles. The applicant is the City of Los Angeles, and the developer is the Coalition for Responsible Community Development.

Chairperson Henning called for public comments:
None.

MOTION: Ms. Perrault motioned to approve the bond allocation issuance deadline extension and waiver of forfeiture of the performance deposit, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

7. **Public Comment**

Kim Pipkin, Executive Director of the Black Developers Forum (BDF), spoke in response to CTCAC's proposed regulations changes published in February. Ms. Pipkin said that BDF cannot support the upcoming developer fee changes until they have had a meeting with the Executive Director.

Ms. Wiant said Ms. Pipkin's comments pertain to CTCAC, not CDLAC.

Chairperson Henning said the CTCAC meeting would be held after the CDLAC meeting, and the Committee would notate her opposition. He invited Ms. Pipkin to either finish her comments or wait to speak at the CTCAC meeting.

Ms. Pipkin said she would wait to speak at the CTCAC meeting.

Cherene Sandidge, Chair of BDF, said Ms. Pipkin was correct in wanting to speak about this issue at both the CDLAC and CTCAC meetings. BDF has not had the privilege of enjoying a meeting with the new Executive Director to discuss the significant changes to the CTCAC regulations, which can only be understood by the individuals with boots on the ground. Ms. Sandidge asked Ms. Wiant to make it a priority to meet with BDF to discuss the changes. She expressed disapproval of the proposed CTCAC regulations published in February and opposes the changes. Ms. Sandidge expressed that the Committee cannot go back to holding backroom, silent meetings. BDF has put a lot of work into developing a relationship with CDLAC and CTCAC, and while she understands that there have been changes, CDLAC and CTCAC cannot go back to changing regulations without some sort of sounding board from the people who will be most affected.

8. **Adjournment**

The meeting was adjourned at 2:16 p.m.