California Debt Limit Allocation Committee

CDLAC

Committee Meeting

Tuesday, September 30, 2025

1:00 PM

California Debt Limit Allocation Committee

Meeting Notice

MEETING DATE:

September 30, 2025

TIME:

1:00 p.m.

LOCATION:

901 P Street, Room 102, Sacramento, CA 95814

Virtual Participation

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

Click here to Join TEAMS Meeting (full link below)

Dial in by phone

916-573-6313

Find a local number

Phone conference ID: 842 430 087#

Interested members of the public may use the dial-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 dial-in number and TEAMS information are provided as an option for public participation.

Full TEAMS Link: https://teams.microsoft.com/meet/258610979142?p=ucMpn6esH5sxG23u9F

California Debt Limit Allocation Committee

Agenda

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**

2. **Approval of the Minutes of the August 5, 2025, Meeting**

3. **Executive Director's Report**
   Presented by: Marina Wiant

4. **Round 3 Award of Allocation of Qualified Private Activity Bonds for Other Exempt Facility (EXF) Projects (Cal. Code Regs., tit. 4, §5440)**
   EXF Recommendation List
   Presented by: Christina Vue

5. **Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Projects and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5052, 5101, 5132, 5230)**

Application Number	Project Name
CA-24-481	Sandstone Valley Apartments
CA-24-638, 639	JFM Villas Family, Senior
CA-24-648	Seventh Street Apartments
CA-24-494	Sutter Street Apartments*

   Presented by: DC Navarrette

6. **Supplemental Bond Allocation Request Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5240)**

Application Number	Project Name
CA-25-839	803 E. 5th Street
CA-25-840	1612 Apartments

   Presented by: DC Navarrette

7. **Public Comment**

8. Adjournment

* Subject to Committee vote for addition to the agenda. (Gov. Code, § 11125.3(a)(2))

California Debt Limit Allocation Committee

Committee Members

Voting Members:

- **Fiona Ma,** CPA, Chair, State Treasurer
- **Malia M. Cohen**, State Controller
- **Gavin Newsom**, Governor

Advisory Members:

- **Gustavo Velasquez**, Director of California Department of Housing and Community Development (HCD)
- **Vacant**, Executive Director of California Housing Finance Agency (CalHFA)

Additional Information

Interim Executive Director: Marina Wiant

CDLAC Contact Information:
901 P Street, Suite 213A, Sacramento, CA 95814
Phone: (916) 654-6340
Fax: (916) 654-6033

This notice may also be found on the following Internet site:
www.treasurer.ca.gov/cdlac

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, please contact CDLAC staff no later than five calendar days before the meeting at (916) 654-6340. From a California Relay (telephone) Service for the Deaf or Hearing Impaired TDD Device, please call (800) 735-2929 or from a voice phone, (800) 735-2922.

AGENDA ITEM 2
Approval of the Minutes of the August 5, 2025, Meeting

California Debt Limit Allocation Committee

901 P Street, Room 102
Sacramento, CA 95814

August 5, 2025

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 1 p.m. with the following Committee members present:

Voting Members:
Fiona Ma, CPA, State Treasurer, Chairperson
Malia M. Cohen, State Controller
Michele Perrault for Gavin Newsom, Governor

Advisory Members:
Gustavo Velasquez, Department of Housing and Community Development (HCD) Director
Erwin Tam for VACANT, California Housing Finance Agency (CalHFA) Executive Director

2. *Agenda Item:* **Approval of the Minutes of the June 18, 2025, Meeting**

Chairperson Ma called for public comments:
None.

MOTION: Ms. Cohen motioned to approve the minutes of the June 18, 2025, meeting, and Ms. Perrault 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, said that later at today's meeting, regulations related to the implementation of the 'One Big Beautiful Bill,' which passed on July 4, 2025, will be presented to the Committee. The Treasurer and stakeholders have been pushing for those changes at the federal level for many years. Ms. Wiant commended the CDLAC staff for their quick and diligent work to bring forth regulations to the Committee within a month to implement major changes to the program. Additionally, staff will be presenting recommendations for Round 2 awards today.

Chairperson Ma said many people in the room today have been advocating for this change in the bond requirement, and it will allow for more projects to be done, including projects that the Committee has not been able to get to, as well as perhaps some more innovative housing types, if the bonds are not competitive and there are excess bonds. She thanked the staff for their hard work on getting these changes out for public comment. She also thanked the public for making comments.

Chairperson Ma called for public comments:
None.

4. *Agenda Item:* **Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Projects and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5052, 5101, 5132, 5230)**
   Presented by: Christina Vue

Ms. Vue explained that CDLAC Regulation 5101 permits the Executive Director to grant extensions of up to 90 days upon demonstration that the circumstances necessitating the extensions were entirely outside of the project sponsor's control. Regulation 5101(d) permits the Committee to grant any additional extensions beyond those granted by the Executive Director. Twelve projects are here today to request a bond allocation issuance deadline extension and waiver of forfeiture of the performance deposit.

Chairperson Ma said she talked to the staff, and they do not have any issue with any of the requests.

Ms. Cohen asked if the project sponsors were here today.

Ms. Vue said the sponsors should be in attendance on Teams.

Ms. Cohen declined to hear from the sponsors.

Chairperson Ma called for public comments:
None.

MOTION: Ms. Cohen motioned to approve the request to extend the bond allocation issuance deadline and waive forfeiture of the performance deposit for all 12 projects, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

5. *Agenda Item:* **Resolution No. 25-006, Adoption of Emergency Rulemaking for Amendments to the California Debt Limit Allocation Committee Regulations (Cal. Code Regs., tit. 4, § 5000 et seq.) (Gov. Code, § 8869.94.)**
   Presented by: D.C. Navarrette

Mr. Navarrette explained that on July 22, 2025, CDLAC published a Notice of Proposed Emergency Rulemaking and opened a public comment period. The staff accepted public comments through July 29, 2025, and then reviewed all comments and finalized recommendations for consideration and adoption. The amendments include Sections 5033, 5101, 5233, 5240, and 5241. Any emergency rule or regulation adopted by the Committee pursuant to Chapter 11.8 of the Government Health and Safety Code shall be conclusively presumed to be necessary for the immediate preservation of public peace, health, safety, or general welfare within the meaning or purposes of Section 11346.1 of the Government Code. The emergency rulemaking for amendments would take effect immediately upon adoption.

Chairperson Ma called for public comments:

Cherene Sandidge from the Black Developers Forum (BDF) said she truly understands where the staff was trying to go with these regulations, but it would be very concerning if they were implemented in the last round of this year. A lot of projects started work a couple of years ago, and this will make pricing worse. Investors are already pushing pricing down to around 80 cents, and this will cause another gap for projects. Also, banks will be increasing the taxable portion of the bond allocations to make up for some of the risk of having such a low amount of taxable debt. There will be gaps, and people will push back and say that they have gaps in their projects due to financing because the banks will want an increase in the interest reserves at the higher taxable rate. Developers have had so many difficulties getting investors to come to the table, which is probably why there is a list of 15 projects before the Committee today that could not get their financing in place. Ms. Sandidge said at a previous meeting that this was an issue, and now it is a bigger issue.

Ms. Sandidge said she understands that if the rate of bond allocation is capped, more projects will get through the system, and everyone wants to see that happen. Unfortunately, doing it so fast and without having an opportunity to strategically look at the effect is problematic for a lot of developers. Cities are trying to keep up, and there are a lot of unknown consequences that will happen as a result of this moving so fast. Perhaps it should happen more gradually to allow people to prepare themselves for the drastic changes. This will not make the situation better, except maybe politically. People want to house the homeless, and developers are moving as fast as they can. However, this particular bill is only going to make financial gaps that will be nearly impossible for developers to fill. Ms. Sandidge asked the Committee to slow down the process in terms of reducing the bond cap to 25-30% and to allow this to start sometime next year. This would provide an opportunity to study the impact of these changes.

Caleb Roope from the California Housing Consortium (CHC) said CHC had a working group meeting, and he would like to share the group's support for the state trying to get more allocation out the door and fund more projects. CHC wrote a comment letter to that effect. Mr. Roope suggested spreading out the closing deadlines because there will be a large volume for the state to process. There are a lot of appraisers, lenders, attorneys, and others involved in closing these transactions. HCD is doing a lot of projects and may have something to say about this. Spreading out the deadlines would help, and perhaps it could be handled administratively or through a future regulation change. It is a pressing issue to address how projects flow into the system as well as some of the issues Ms. Sandidge mentioned about the market's ability to adjust the tax credits and absorb the additional allocation. The good news is that Fannie Mae and Freddie Mac both announced a $1 billion increase in the amount of equity they will put into the market to buy tax credits. That is a total investment of $2 billion, which is meaningful in a $25-30 billion market. California is doing a great job of being at the forefront of this.

Louis Liss from Eden Housing thanked CDLAC for their hard work implementing the emergency regulations. Eden Housing appreciated the response to their comment letter about bifurcated closing, in which the staff indicated that bifurcated closing is not disallowed by the regulations and that they would provide guidance to developers. Eden Housing would like the guidance to be provided as soon as possible, especially if developers want to run it by their investors and be able to make a decision about voluntarily returning bonds by the end of the month.

William Leach from Kingdom Development thanked the Committee for considering the emergency regulation changes. This will provide a lot of extra resources that California can use, and it is a one-time only opportunity; if the Committee does not race now, the extra resources cannot be obtained. While it will be challenging for these bonds to clear the market, Mr. Leach would rather have them than not have them. He thanked the Committee and staff for considering this opportunity for projects to give resources back. He said his reading of the regulations is that if developers give back some of their bond allocation but cannot exactly meet 30%, there is an opportunity to demonstrate to the Executive Director's satisfaction why that is the case. If a project needs a 32% allocation for a tax counsel reason, the project may be able to display that. Mr. Leach believes it is written in the regulations. He thanked the Committee for their speed and flexibility. Kingdom Development will help some of its sponsors give some bonds back so they can be allocated in the future.

Mr. Leach said it has been increasingly challenging to place equity and meet the 180-day readiness deadline due to challenges with getting financing and permits ready on time. He understands that the Committee has been fatigued by developers asking for extensions, but he would like them to understand that it is getting more challenging to do this in a 180-day window. If developers have to promise they will meet that deadline in order to get the award, they will do so. In the future, the Committee might consider easing that requirement or providing different options. The more the closing process can be fanned out, the more the market, attorneys, and escrow companies can clear smoothly. Everyone meeting a 180-day readiness deadline in today's challenging environment will be increasingly tough. Mr. Leach said that although there is no action for the Committee to take on this immediately, he would like them to consider it.

Kent Neumann from Tiber Hudson, a law firm based in Washington, D.C., said his firm specializes in doing 4% tax credit deals around the country, with California being their top state for the past several years. He thanked the Committee and said there are concerns in the marketplace about transactions that are limited to the minimum amounts for tax-exempt debt going forward. In the current environment, taxable interest rates are significantly higher than tax-exempt interest rates. Mr. Neumann's firm has been advocating for allocating authorities to accept the higher of 30% of aggregate basis or permanent supportable debt to allow the full supportable transaction to be done at tax-exempt levels. When these changes were proposed several years ago, rates were much lower, and a lot of transactions were able to work at the lower interest rates, whether taxable or tax-exempt. In the current environment, adding even a relatively small portion of taxable debt to transactions can be very challenging and expensive. California has done an amazing job of implementing recycled bonds, so building out that program to be more robust as a supplement to private activity bonds would also be favorable in these conditions.

William Wilcox from the San Francisco Mayor's Office of Housing and Community Development (MOHCD) asked the Committee to think about requiring projects closing in 2026 to resize their bonds. This could leverage a lot more allocation, and all of MOHCD's projects closing in 2026 will return bonds. It would be more efficient and effective to push more projects to come back in and it would fund many more projects. CDLAC was oversubscribed by 4:1 in the last round, so the proposed changes in the upcoming round will not address the oversubscription. The incentives offered are a great way to get people to the table, and the developer fee in particular should still be included to offset costs. It would also be helpful to expand those incentives to 2024 Round 2 projects that might have an October closing deadline and are still in the process. MOHCD has a project that could return over $30 million in bonds, which is about two projects' worth. This is worth considering in order to make the best use of these resources. He thanked the staff for working nimbly on this because it is a huge opportunity.

Nevada Merriman from MidPen Housing said her organization participates in CHC's working group. She echoed Mr. Roope's and Mr. Liss's comments. For the past decade, federal tax credit expansion has been number one on MidPen's agenda in terms of systems reform to increase production. This is a momentous moment, and the staff has stepped up. She thanked them for working quickly, and she envisions that these changes will require a considerable amount of staff time. She appreciates the energy and dedication to affordable housing that has been demonstrated.

Tommy Beadel from HVN Development applauded the staff for their quick efforts. At the June 18, 2025, CDLAC meeting, Ms. Wiant shared that Round 3 would be reallocated if the 'One Big Beautiful Bill' was passed. Mr. Beadel appreciates the creativeness to get bonds back from projects that are going to close in 2026 so that CDLAC can allocate more projects. With more projects being allocated in 2026 and all the challenges with tax credit pricing that other commenters have mentioned, Mr. Beadel would like to encourage the staff to consider providing more time to close these deals. The infrastructure behind the developers, including the attorneys, market study companies, tax preparing firms, and audit firms, are limited in their ability to do more projects. The number of projects they take on will double across the U.S. with this change in bond allocation. This is not just an issue of readiness to proceed; it is a capacity constraint on the industry from all the support necessary to effectuate the closing of a tax credit project. As the staff reviews regulations going into 2026, Mr. Beadel encourages them to allow more time for closing these deals.

Melvin Cowan from BDF and Enough Housing thanked the Committee for their ongoing efforts to balance fiscal integrity, regulatory fairness, and creating housing in California. He said he would like to uplift Legacy Village at Maria's Place, a shovel-ready project in Vallejo designed to meet the moment. This project will deliver 55 units of permanent supportive housing, a behavioral health urgent care drop-in center, a universal basic income pilot for unhoused residents, workforce development, and peer employment pathways, all of which are supported by deep collaboration with community agencies and service providers in the community. This matters because communities are facing compounding prices, housing insecurity, behavioral health disconnect, and economic fragility. Developers like Mr. Cowan and his black, indigenous, and emerging peers, are met with an underwriting system that demands $8 million in liquid assets and institutional backing that too few of them are afforded.

Mr. Cowan echoed the comments made by BDF leadership; investors are pulling back, equity pricing is dropping, and the underwriting environment increasingly shuts off developers of color and community-based projects. Legacy Village has everything needed to proceed except the institutional capital and upfront public funding that projects in higher-resource areas often receive by default. That gap is not about merit or vision; it is structural. The project is politically supported by local and state leaders and backed by a county-wide network of service providers and systems partners, and it is designed to bring a $4 return for every $1 invested through reduced emergency system costs, public health improvements, and local job creation.

Mr. Cowan asked the Committee to integrate equity-centered readiness metrics into the upcoming emergency rulemaking to reflect the reality and strength of shovel-ready, community-rooted projects that may not have pre-committed capital but are demonstrating deep regional alignment and feasibility. Also, behavioral health infrastructure and wrap-around services should be recognized as readiness assets rather than risks. These components are essential to long-term housing stability and should be scored accordingly. Mr. Cowan also asked the Committee to reconsider deposit requirements and points penalties that disproportionately affect developers who are locked out of the traditional financing system through no fault of their own. Lastly, Mr. Cowan asked the Committee to plan ahead for the 2025 percent test reduction, which could further saturate a market already inaccessible to smaller developers. Without safeguards, there is a risk of expanding eligibility while narrowing access. Mr. Cowan is not asking for any favors; he is offering real, replicable, solutions. His project is shovel-ready, community-led, and equity-aligned. With the right capital structure and regulatory support, projects like his and others can pave a pathway forward.

Ben Barker from California Municipal Finance Authority (CMFA) said everything is great and regulations are going well. Mr. Neumann brought up the topic of the spread between taxable and tax-exempt financing. As soon as the regulations came out, every deal CMFA was working on was looking for recycled bonds. Everyone receiving a bond allocation, regardless of who the issuer is, needs to be actively working to preserve all the allocation. When recycled bonds can be used instead of taxable financing, it provides a huge portion of gap filling. There is about a 105 basis point difference between recycled and tax-exempt bonds right now. Developers are reducing their bond allocation to 30%, so the additional 20% bond allocation that they would have had needs to be filled. Right now, the only opportunity is to fill it with taxable debt, which increases the overall capital stack and makes projects less efficient. It is important for the entire industry to look for the opportunity to preserve previous bond allocation with whatever programs are available so they can be reused and put into new projects to lower their cost of capital. Spreading out the closing dates is also important, which Mr. Barker thinks can be done administratively.

Ms. Wiant said the staff is proposing an automatic 120-day extension for Round 2 projects that elect to return bonds. This will be discussed in Agenda Item 6. The staff appreciates the comments and will take them into consideration for the fall regulations package. They will rethink what readiness should mean moving forward.

Mr. Barker said it should not be expected that recycled bonds will fill the 20% gap on every deal. This is an industry-wide effort, and everyone needs to work toward preserving whatever allocation they have right now.

Jacob Martin from Kingdom Development said he appreciates the staff's diligence in getting these regulations out in a timely manner and for the resolution for projects previously awarded in Round 1 and Round 2 of 2025. He asked if projects seeking a reduction in bonds, based on the resolution, would be eligible to request the waiver for 40% of the project's aggregate basis.

Ms. Wiant responded affirmatively. The updated final draft resolution that was shared last Friday cross-references the regulations section that discusses the 30-40% bond allocation amount.

Chairperson Ma asked Ms. Wiant if she would like to address the public comments.

Ms. Wiant said the staff received public comments from stakeholders who wanted CDLAC to be more aggressive and mandate that Round 2 projects reduce their bond allocation to 30%. The staff also received comments from stakeholders who had concerns about CDLAC moving too quickly. With this regulations package, the staff tried to balance the industry writ large to make the most efficient use of the resources. The incentive is limited to 2025 projects in the proposed resolution because the staff felt that 2024 projects should be closing. Even though CDLAC is incentivizing and encouraging projects that are able to return their bond awards to get down to the 30-40% range, they also want projects that are on time and ready to close to move forward and close so that units can be built in a timely manner. Those factors were all considered when the staff put this package together. Ms. Wiant acknowledged that there are credit pricing challenges in the industry; even prior to these regulations, there were already credit pricing challenges. The staff reduced the minimum credit pricing amount in the application earlier this year because the credit pricing was going down. They generally want projects to be able to close on time if they can.

Ms. Wiant said the Committee has also demonstrated their willingness to accommodate when necessary. Prior to the program becoming competitive, when it was run as an over-the-counter program, projects only came in for bond allocation when they were ready to go and could close almost immediately after getting their award. The reason CDLAC kept the tight readiness prioritization once the program went competitive was because, given the demand, they wanted to make sure the allocation would be used efficiently and quickly. They do not want to get into a situation where they are losing carryforward. If a project received a 2024 award when it was not really ready, and CDLAC continues to give extensions, there is always a risk that at some point, those bonds will be lost because they can only be carried forward for three years. The staff considered all these factors as they were putting forth the regulations and trying to balance all those interests.

Chairperson Ma asked for clarification that the regulations package is up for a vote today.

Ms. Wiant responded affirmatively.

Chairperson Ma asked what would happen if the Committee did not vote for the regulations package and if there would be an opportunity to change anything today.

Ms. Wiant said the Committee could make a recommendation to approve the regulations with changes made on the dais. However, there was a public comment period, and the staff responded to the public comments in the final proposed version that is before the Committee today.

Chairperson Ma asked if there were a lot of public comments.

Ms. Wiant responded affirmatively.

Mr. Velasquez asked Ms. Wiant to clarify the timing of the fall regulations package versus the package presented today.

Ms. Wiant said the staff typically puts forth a fall regulations package around the last meeting of the year to propose changes for the next year. They welcome comments proactively from stakeholders. The emergency regulations are being presented to the Committee today to take quick action based on federal changes. The staff is still considering what additional changes will be necessary for 2026. Ms. Wiant has made note of many of the public comments today and will consider them for the package that would take effect in 2026.

Chairperson Ma asked when the regulations presented to the Committee today would take effect.

Ms. Wiant said they would take effect upon Committee approval. The regulations package for 2026 will be presented later this fall. The staff normally puts out draft regulations in September or October with a longer public comment period and then presents the final recommendations to the Committee at the December meeting. Those regulations would also take effect immediately upon Committee approval, but they would generally impact 2026 projects.

Mr. Velasquez said he asked Ms. Wiant to explain that timing because of Chairperson Ma's question about when the regulations would take effect. If the Committee were to approve the regulations package today, there would still be an opportunity for the Committee to make revisions for the fall package.

Ms. Wiant said this package would take effect immediately. The biggest change being proposed is to set a new maximum bond request amount of 30%, or 40% if a project is carrying the bonds into its permanent financing. This would begin in Round 3 this year, for which applications are due in September. These changes will be permanent from now on, but there is an opportunity to make changes.

Ms. Perrault asked Ms. Wiant to confirm the dates for Round 3.

Ms. Wiant said applications are due on September 9 and awards will be made at the November 19 meeting.

Ms. Perrault said there would also be some flexibility in the regulations for 2025 Round 2 projects to reduce their bond allocation percentage.

Ms. Wiant said that is correct, but that will be discussed in Agenda Item 6. That item is a resolution to incentivize voluntary return of bond allocation for projects awarded today.

Ms. Cohen said she is glad Ms. Wiant had an opportunity to respond to public comments. She is listening to the public comments here today, but she did not read all of the public comments that were received previously. She asked Ms. Wiant to reflect on her initial reactions to the public comments received during the public comment period.

Ms. Wiant said the comments were generally very similar to what was heard today. The comments were very supportive overall, with very few minor concerns.

Ms. Cohen said there is a proposed incentive for a deadline extension and tiebreaker benefit for a future project. She asked Ms. Wiant if that future tiebreaker benefit would support the development of less competitive projects.

Ms. Wiant said yes, it arguably would support those projects. That resolution is Agenda Item 6.

Joe Boniwell, counsel for CDLAC, said the Committee could decide to discuss Agenda Item 6 together with Agenda Item 5, as long as there was a separate public comment period before the vote for Agenda Item 6.

The Committee decided to discuss Agenda Item 6 separately.

Chairperson Ma closed public comments.

MOTION: Ms. Cohen motioned to adopt Resolution No. 25-006, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

6. *Agenda Item:* **Resolution No. 25-007, Incentivizing Voluntary Return of Excess Bond Allocation**
   Presented by: Marina Wiant

Ms. Wiant explained that the staff did not feel that it was appropriate to make it compulsory for Round 2 projects to have to change their bond requests, but in order to preserve additional resources for projects that are unlikely to close prior to 2026, the staff created a resolution to incentivize the voluntary return of excess bonds for Round 1 and Round 2 projects. Anyone who wants to take advantage of this policy should let the staff know by August 31. The staff is already working on guidance, which should hopefully be posted this week, so that applicants can start preparing the required documentation. The reason the schedule is tight is so the staff will know how many bonds are being returned so those bonds can be made available for Round 3.

Ms. Wiant explained that in exchange for voluntarily reducing their allocation, projects would be eligible for an automatic 120-day extension and an option to choose either a tiebreaker benefit or a developer fee increase. The developer fee is guided by the CTCAC regulations, so that will be discussed later. For the tiebreaker benefit, the staff is proposing that for every 5% of returned bonds, the developer would receive a 1% tiebreaker benefit for one project in either Round 3 of 2025 or a project in 2026 not requesting state credits. The staff is attempting to not give a double benefit to a project. If a developer had multiple projects returning bonds, the benefits would be combined to apply to only one project. This would allow a lower-scoring project to get a much higher score. This is balanced by the public benefit of other projects in future rounds receiving an allocation due to more bonds being available in Round 3. This item received the most public comments. The reason the staff wanted to provide a choice of either a developer fee increase or a tiebreaker benefit is that there are some projects that will not be able to benefit from a developer fee increase, and the staff wanted to provide an option for them as well. There are also developers who may not have a robust pipeline, so a tiebreaker benefit might not benefit them, whereas a developer fee increase would be a benefit. That is why it was important to provide both options. Most of the public comments received were from stakeholders who were less supportive of a tiebreaker benefit.

Chairperson Ma called for public comments:

William Leach said he is supportive, but he wants to add one piece of context. In some cases, some people might opt for the developer fee increase not to actually collect the developer fee, but to get extra tax credits that are generated by the developer fee. That might help offset the increased construction interest they may pay because they are using taxable debt instead of tax-exempt debt. The developer fee is often thought of as compensation, but many times, the developers are not collecting the fee and instead turning it into tax credits so that it can cover the rest of the gap.

Caleb Smith from the City of Oakland Department of Housing and Community Development said he supports what CDLAC is doing to encourage more projects to opt into the reduced basis test, and it is very good that the staff has taken such swift action on this front. In their comment letter, the City of Oakland encouraged the Committee to consider making this mandatory to maximize the change, but they understand that the Committee is not going in that direction today, and they are still glad to see this voluntary action. Mr. Smith asked why the staff chose not to create a waiting list of projects that were not funded in Round 2. That could be an opportunity to move projects more efficiently through the process because there were a lot of strong projects in Round 2 that narrowly missed out on a bond allocation.

Chairperson Ma said she did not understand the question.

Ms. Wiant said Mr. Smith asked why staff did not go further into the sort for Round 2 applicants and fund more of those projects. The challenge was a staff capacity issue. Since Round 3 is about to begin in a month, the staff does not have the capacity to review Round 2 applications on top of the changes to the applications for projects returning bonds. At a minimum, the applications will have to be re-

reviewed to confirm feasibility for those projects. The staff will be working on that leading up to the beginning of Round 3, and they do not have the capacity to also review Round 2 applications.

Cherene Sandidge said she is confused by the proposed incentives. The tiebreaker calculation is based on public and private funding sources. Bringing down the tax-exempt debt also brings down the tiebreaker score. Ms. Sandidge does not see how giving a project a 1% tiebreaker bump for turning in bonds is an incentive. Also, a lot of cities and counties already have developers deadlocked on the developer fee. Ms. Sandidge had to spend hours with Contra Costa County asking for the BIPOC bump, and they are making the project hold back on the developer fee. She does not anticipate that cities will allow for an extra developer fee. She appreciates the effort to give more of a developer fee because developers need more, but a lot of lenders are underwriting based on the developer fee and how much they are able to hold back from the developer until the 8609 is issued. She does not understand how either of these options is an incentive to return bonds.

Ms. Wiant clarified that a future project would have a tiebreaker score that would be a percentage. The project would get an additional 1-5% added onto that score depending on how many bonds were returned on a previous project.

Ms. Sandidge said that in order to calculate the tiebreaker, there has to be a public or private benefit. She asked if that would still be part of the tiebreaker calculation.

Ms. Wiant said leverage is part of the tiebreaker score, but it is not all of the score.

Ms. Sandidge said that since the tax-exempt portion of the debt is being truncated, the tiebreaker leverage score will be reduced. She does not understand how the project will still be competitive before adding on the incentive for returned bonds.

Ms. Wiant said projects that will be returning bonds have already been awarded and have already been scored. Everyone will be in the same tiebreaker scheme in the future with the 30% test. For future projects, everyone will be on the same playing field in terms of the tiebreaker numerator and denominator. That calculation will result in a percentage score, and then an additional incentive will be added on top of that. The concept is similar to the supplemental allocation penalty where there is a percentage reduction in the tiebreaker. This incentive would be adding a percentage.

Ms. Sandidge said this needs to be studied more. She likes to see boots on the ground, and she likes to see how things will actually be affected. The developer fee sounds good, but it will hinder developers. She would like to see a drawing of the tiebreaker calculation to see if there is any benefit, especially as a developer who received a bond allocation in Round 2.

Ms. Wiant said that if Ms. Sandidge does not see a benefit, she will not be compelled to return bonds.

Chairperson Ma said it is an incentive that may be applied to a future project.

Chairperson Ma closed public comments.

MOTION: Ms. Perrault motioned to adopt Resolution No. 25-007, and Ms. Cohen seconded the motion.

The motioned passed unanimously via roll call vote.

7. *Agenda Item:* **2025 Round 2 Award of Allocation of Qualified Private Activity Bonds for Qualified Residential Rental Projects (Gov. Code, § 8869.85; Cal. Code Regs., tit. 4, § 5080)**
   Presented by: D.C. Navarrette

Mr. Navarrette reported that on May 20, 2025, the staff received 129 applications. They are recommending 50 applications for allocation, totaling $2,021,132,158. This represents 7,265 total units, 7,187 of which are low-income units and 602 are homeless units. The staff has reviewed the applications for compliance with federal and state requirements and recommends the list for approval.

Chairperson Ma called for public comments:
None.

MOTION: Ms. Cohen motioned to approve staff's recommendation, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

8. **Supplemental Bond Allocation Request Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5240)**
   Presented by: Marina Wiant

Chairperson Ma asked Ms. Wiant if she has any issues with any of the supplemental bond allocation requests.

Ms. Wiant said she does not have any issues, but she would like to flag that three of the four projects – all except Larkin Pine (CA-25-662) – are certainly closing in 2025, and they need the supplemental allocations to meet the 50% test. Larkin Pine has also requested an extension and is planning to do a bifurcated closing. If the bifurcated closing works out and the project opts to return bonds, it will also return the supplemental allocation.

Chairperson Ma called for public comments:

Tommy Beadel asked if any of these projects could just reduce their allocation to meet the 25% test and not require additional bonds.

Ms. Wiant said the projects would have to delay their closing until 2026 for that to work, and the staff has confirmed that they are on track for a 2025 closing.

Mr. Beadel asked if that includes the projects allocated in Round 1 of 2025.

Ms. Wiant said that is what the staff was told by the developers, except for Larkin Pine, which is likely going to opt into returning bonds. If the project did opt in, the supplemental allocation would be returned.

Mr. Beadel asked if the projects could take this additional allocation and then give it back within the next 25 days.

Ms. Wiant said the staff confirmed with them prior to the meeting that they were planning to close in 2025.

Chairperson Ma closed public comments.

MOTION: Ms. Perrault motioned to approve the supplemental bond allocation requests, and Ms. Cohen seconded the motion.

The motion passed unanimously via roll call vote.

9. **Public Comment**

Cherene Sandidge thanked Chairperson Ma for attending BDF's 'Rebuild Black Altadena' event. She presented Chairperson Ma with a certificate of appreciation. She also presented a certificate to Mr. Velasquez for providing a video for BDF's website. BDF has many projects applying for bond allocations that will be submitted by the August 21 deadline. Ms. Sandidge attended a call with all the political and philanthropic organizations involved with the rebuilding effort. She encouraged anyone who has not gone down to Pasadena to see what happened to go see it because it is almost like being in another country. The fire was so consuming, and the issue is so emotional. She can understand the community wanting to take their time to move through this process. BDF wanted to provide training and show that their political leadership had the will and the support to rebuild black Altadena.

Chairperson Ma said it was a great convening. Efforts are being made to figure out how to rebuild faster. She heard on the radio last week that there is a master plan developer that is going to rebuild faster and more efficiently and hopefully get insurance quicker. One proposal for how communities could rebuild faster was to use one contractor and have a couple of options for housing layouts. Chairperson Ma does not know how many homes are going to be rebuilt that way, but it is promising.

10. **Adjournment**

The meeting was adjourned at 1:57 p.m.

AGENDA ITEM 3

Executive Director's Report

AGENDA ITEM 4

Round 3 Award of Allocation of Qualified Private Activity Bonds for Other Exempt Facility (EXF) Projects (Cal. Code Regs., tit. 4, §5440)

Application No. 25-108

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 30, 2025
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN EXEMPT FACILITY PROJECT

Prepared by: Anthony Wey

Applicant: **California Pollution Control Financing Authority**

Allocation Amount Requested: $3,500,000

Project Information

Name: **Poso Creek Family Dairy, LLC**
Project Addresses: 13437 Gun Club Road
Project Cites, Zip Codes: Wasco, CA 93280
County: Kern

Project Sponsor Information:

Name: Poso Creek Family Dairy, LLC

Address: 13437 Gun Club Road, Wasco, CA 93280

Principals: Rayme Mackinson

Contact: Rayme Mackinson
Phone: (608) 482-1198

Project User Information:

Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:

Bond Counsel: Orrick, Harrington & Sutcliffe LLP
Bond Underwriter Firm: The Frazer Lanier Company
Credit Enhancement Provider: AG Texas Farm Credit

Project Sponsor's Principal Activity:

Collecting, containing, and removing animal waste produced on site.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): No

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	3,500,000
Other Company Sources	$	1,120,000
Total Sources	$	4,620,000
Uses of Funds:		
Site Preparation	$	300,000
Construction of New Buildings	$	3,441,000
Utilities Connection	$	142,000
Acquisition/Installation of New Equipment	$	430,000
Legal, Permits, etc.	$	1,000
Bond Issuance Expenses (Including Discount)	$	270,000
Letter of Credit or Bond Insurance Fee	$	36,000
Total Uses	$	4,620,000

Description of Proposed Project:

The Poso Creek Family Dairy, LLC project is comprised of a heifer replacement facility in support of their dairy operations that operate under P&D Dairy. Most of the capital expenditures associated with the Project include site grading and sloping to aid in the collection, containment and removal of waste animal manure produced on site. Pumps and piping will be installed to aid in the removal and transport of the waste animal manure. The collected waste will be recycled and processed through an anaerobic digester collecting natural gas that will be dispersed through a local pipeline. The residual solids will be used as a nutrient supplement on the surrounding farm ground.

Environmental Impact:

1) Air Quality:
The project will significantly improve air quality by reducing greenhouse gas emissions. Dairy digesters capture methane and prevent it from being released into the atmosphere. The project reduces other air pollutants like ammonia.

2) Water Quality:
Manure management filters and purifies the water, protecting groundwater quality and reducing the risk of contamination.

3) Energy Efficiency:
Converting dairy manure into biogas, creates renewable energy. The captured methane can be upgraded to renewable natural gas and injected into the pipeline for use in vehicles or for heating. Alternatively, it can be used to generate electricity.

4) Recycling of Commodities:
Animal manure will provide essential nutrients for plant growth and acts as a soil amendment, improving organic matter content, water holding capacity, and overall soil health.

5) Economic Benefits:
Digester projects create local construction and long-term jobs and generate revenue for dairy operations, resulting in a more long-term better sustainable business and environment.

Local Government Support:

The Applicant provided a letter of support from the government entity where their company is currently located.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends approval of $3,500,000 in tax exempt bond allocation.

Application No. 25-109

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 30, 2025
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN EXEMPT FACILITY PROJECT

Prepared by: Anthony Wey

Applicant: **California Public Finance Authority**

Allocation Amount Requested: $11,495,000

Project Information:

Name:	**AggrePlex of Modesto**
Project Addresses:	3093 Finch Road
Project Cites, Zip Codes:	Modesto, CA 95354
County:	Stanislaus

Project Sponsor Information:

Name:	AggrePlex of Modesto LLC
Address:	3093 Finch Road, Modesto, CA 95354
Principals:	Anthony Cialone
Contact:	Anthony Cialone
Phone:	(239) 530-8482

Project User Information:

Name:	Same as Project Sponsor
Address:	Same as Project Sponsor
Contact:	Same as Project Sponsor
Phone:	Same as Project Sponsor

Project Financing Information:

Bond Counsel:	Miller, Canfield, Paddock and Stone, P.L.C.
Bond Underwriter Firm:	E.F. Hutton & Co.

Project Sponsor's Principal Activity:

Processing diverted waste glass into activated supplementary cementitious materials.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): No

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	11,495,000
Other Company Sources	$	12,752,508
Total Sources	$	24,247,508
Uses of Funds:		
Acquisition/Installation of New Equipment	$	18,787,208
Bond Issuance Expenses (Including Discount)	$	644,025
Working Capital	$	2,000,000
Capitalized Interest	$	1,436,875
DSRF	$	1,149,500
Placement Fee	$	229,900
Total Uses	$	24,247,508

Description of Proposed Project:

The AggrePlex of Modesto (AOM) facility will house cutting-edge Microtec micronization and classification technology to process diverted waste glass into activated supplementary cementitious materials (SCMs). These products will be marketed to concrete producers and construction companies in Northern California and beyond, particularly those committed to low-carbon, sustainable building materials.

Environmental Impact:

1) Air Quality:
The project mitigates air pollution by reducing emissions typically associated with conventional cement production. By incorporating innovative technologies, such as mechanochemical activation and high-efficiency grinding systems, the facility minimizes particulate matter (PM10 and PM2.5) and greenhouse gas emissions.

2) Water Quality:
The project implements closed-loop water recycling systems that minimize wastewater discharge and conserve water resources. The advanced cleaning and polishing processes for glass feedstock reduce the potential for contaminants entering groundwater or surface water sources. The facility is designed to prevent pollution of environmentally sensitive areas through robust stormwater management systems and adherence to best practices for water conservation.

3) Energy Efficiency:
The project is designed to achieve significant energy savings through advanced production systems that reduce energy consumption by 30% compared to conventional processes. This includes integrating high-efficiency equipment, optimized material flow systems, and adherence to stringent energy standards promulgated by the California Energy Commission. The facility's retrofitting incorporates energy-efficient lighting, insulation, and HVAC systems, further reducing the overall energy demand.

4) Recycling of Commodities:
The facility is projected to process 150,000 tons of post-consumer and industrial glass annually, diverting this material from landfills and integrating it into the manufacturing of high-performance, low-carbon concrete products. By recycling glass into ground glass pozzolan, the project reduces dependency on virgin materials and supports the circular economy.

5) Safety and Compliance:
The facility’s operations will be monitored under a rigorous QA/QC program to ensure compliance with all federal, state, and local environmental requirements, reinforcing its commitment to sustainable practices.

6) Consumer Costs Savings and Efficiencies:
The project provides economic benefits to consumers in the local construction industry by producing cost-effective, low-carbon concrete alternatives. The increased availability of sustainable building materials at competitive prices helps prevent fee increases associated with traditional cement and concrete production.

Local Government Support:

The Applicant provided a letter of support from the government entity where their company is currently located.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends approval of $11,495,000 in tax exempt bond allocation.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 30, 2025
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN EXEMPT FACILITY PROJECT

Prepared by: Anthony Wey

Applicant: **California Municipal Finance Authority**

Allocation Amount Requested: $100,000,000

Project Information

Name: **Republic Services, Inc. Project**
Project Addresses: Multiple sites in California
County: Santa Barbara

Project Sponsor Information:

Name: Republic Services, Inc.

Address: 18500 N. Allied Way, Phoenix, AZ 85054

Principals: Calvin Boyd

Contact: Calvin Boyd
Phone: (480) 627-7098

Project User Information:

Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:

Bond Counsel: Orrick, Harrington & Sutcliffe LLP
Bond Underwriter Firm: Bank of America

Project Sponsor's Principal Activity:

Financing improvements to existing landfill facilities.

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): No

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	100,000,000
Total Sources	$	100,000,000
Uses of Funds:		
Bond Issuance Expenses (Including Discount)	$	2,000,000
Landfill/Cell Construction Development	$	98,000,000
Total Uses	$	100,000,000

Description of Proposed Project:

The project consists of financing solid waste disposal facilities, as follows: improvements to existing landfill facilities, additions and improvements to the leachate collection and treatment system, additions and improvements to the methane gas systems, installation of new liners for intermittent and final closure of completed sections of the landfill facilities, site improvements, acquisition of equipment to be used at the landfill facilities, and acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service.

Environmental Impact:

1) Air Quality:
Transfer Stations and Manufacturing Recycling Facilities– improving capacity and efficiency in many locations will reduce air pollution by reducing the length of truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas.
Leachate and Methane Gas Recovery Systems – Republic Services, Inc. will continue to address the challenge of gas seepage from landfills located within the State of California

2) Water Quality:
The construction of new landfill cells at the landfill facilities included in the Project will ensure protection of groundwater due to state-of-the-art liners and systems for mitigating infiltration and runoff of water seeping through the refuse.

3) Safety and Compliance:
Republic Services, Inc. is in compliance with all state and federal regulations.

Local Government Support:

The Applicant provided a letter of support from the government entity where their company is currently located.

Legal Questionnaire:

A legal memo has been composed and sent to management for review.

Recommendation:

Staff recommends approval of $100,000,000 in tax exempt bond allocation.

AGENDA ITEM 5

Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Projects and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5052, 5101, 5132, 5230)

September 12, 2025

California Debt Limit Allocation Committee
901 P Street, Room 102
Sacramento, CA 95814
Attn: Marina Wiant, Interim Executive Director

Re: Request for 50-Day Extension to Bond Issuance Deadline
Project Name: Sandstone Valley Apartments
CDLAC Resolution#: 24-156
CDLAC App#: 24-481

Dear Ms. Wiant,

On August 6, 2024, the California Debt Limit Allocation Committee ("CDLAC") allocated to the project $24,652,201 of 2024 State Ceiling Qualified Private Activity Bonds with a bond issuance deadline of February 3, 2025.

On April 8, 2025, CDLAC approved a 45-day extension to the bond issuance deadline to June 19, 2025. This extension was due to project updates requested by the City of Murrieta and to give the project sponsor, CRP Affordable Housing and Community Development, time to work with California Department of Housing and Community Development ("HCD") to determine if there is a basis for a lawsuit under the Housing Accountability Act and provide an update to CDLAC at the June 18th committee meeting.

On June 9th, 2025, CDLAC approved a 49-day extension, allowing additional time for HCD to provide a determination to the project sponsor and the City of Murietta related to the Housing Accountability Act.

On August 5, 2025, CDLAC approved a 56-day extension to provide additional time for HCD to provide a determination under the Housing Accountability Act.

On September 8, 2025, CalHFA received a letter from the project sponsor sharing HCD's letter of determination that the City of Murietta is violating the Housing Accountability Act and advised the City of Murietta to provide a written response on how the city plans to implement HCD's guidance to correct this violation by September 15, 2025. The project sponsor is requesting a 50-day extension to November 20, 2025. This will allow time for The City of Murrietta to provide a response to HCD's letter. The project sponsor will provide an update at the November 19, 2025, CDLAC meeting.

In order to continue supporting the validity of the project sponsor's claim under the Housing Accountability Act, CalHFA formally requests a 50-Day extension to the bond issuance deadline from October 1, 2025, to November 20, 2025. The developer will provide a status update at the November 19, 2025, CDLAC meeting and possibly request another extension to the bond issuance deadline that includes a path towards closing and issuing bonds.

CalHFA also requests that CDLAC waive any forfeiture of the performance deposit or assignment of negative points to the Project Sponsor that could be imposed by this request. These circumstances were outside of the Project Sponsor's control.

Please contact Kevin Brown at 916-326-8808 or kbrown@calhfa.ca.gov if you have any questions related to this request.

Thank you,

Steve Gallagher

Steve K. Gallagher
Deputy Director of Multifamily Programs

September 8, 2025

Kevin Brown
Housing Finance Officer
California Housing Finance Agency – Multifamily Programs
500 Capitol Mall, Suite 400, MS 990
Sacramento, CA 95814

RE: CDLAC Readiness Deadline – 60-Day Extension Request
CA-24-481 Sandstone Valley Apartments

Dear Mr. Brown,

On August 26, 2024, Sandstone Valley Apartments (CA-24-481) was awarded an allocation of $25,652,201 tax-exempt bonds from CDLAC along with allocations of 4% tax credits and CA State Tax Credits through the Mixed Income Set-Aside. Per the CDLAC resolution, the Project's original readiness deadline was February 3, 2025. On January 31, 2025, CDLAC approved a 90-day hardship extension request which extended the issuance deadline to May 5, 2025. In the Sponsor's extension request, it was stated that the Project would be seeking an additional extension from the Committee at the April 8, 2025 CDLAC meeting. Following the 90-day extension, Sponsor requested a 45-day day extension to allow HCD's Housing Accountability and Enforcement Unit time to make a determination of the case which was assigned to an HCD analyst on February 24, 2025. The Committee granted the 45-day extension which brought the current deadline to June 19, 2025. The Committee subsequently granted the Project an extension through August 5, 2025, since HCD communicated that they would be issuing a Technical Assistance Letter to the City of Murrieta which would rule in favor of the proposed Project. On August 5, 2025, CDLAC granted an extension through October 1, 2025 pending issuance of HCD's Technical Assistance Letter.

On August 15, 2025, HCD issued the Technical Assistance letter to the City of Murrieta. This letter has been included as an exhibit and was also publicly posted to HCD's website. As demonstrated in the letter, HCD's findings align with the development team's position, which is that the City of Murrieta cannot require a 6-percent grade as a condition of approval and that doing so would be in violation of the Housing Accountability Act. To the Sponsor's knowledge, the City of Murrieta has not yet sent HCD a written response to the TA Letter and the City's response is due no later than September 15, 2025. Additionally, following issuance of the TA Letter, the Sponsor resubmitted the street plan profile to the City Engineer for review and approval but has not yet received a response. Therefore, the development team formally requests that CDLAC grant an additional 60-day extension to determine if the City of Murrieta will comply or disagree with HCD's findings. This 60-day extension would enable the Project's readiness deadline to not expire prior to the next Committee meeting scheduled for November 19, 2025. After the City has made their stance clear regarding HCD's findings, Sponsor will have a path and timeline for permitting the Project.

Please do not hesitate to reach out if you have any questions or if any additional information would be helpful. We appreciate your time and consideration.

Sincerely,

DocuSigned by:
Paul Salib
4B2ABD89EF604C6...

Paul Salib
Chief Executive Officer
CRP Affordable Housing and Community Development

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
651 Bannon Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

August 15, 2025

Carl Stiehl, City Planner
City of Murrieta, Development Services Department, Planning Division
1 Town Square
Murrietta, CA 92562

Dear Carl Stiehl:

RE: City of Murrieta – Housing Accountability Act Road Grade – Letter of Technical Assistance

The California Department of Housing and Community Development (HCD) received a request for technical assistance regarding the City of Murrieta's (City) condition of approval for a housing development project as it relates to the Housing Accountability Act (HAA).[1] Among other provisions, the HAA limits the ability of a local government to deny or condition an affordable housing development project without making specific findings. The purpose of this letter is to provide technical assistance to the City on whether it can condition a certain road grade for off-site street improvements.

Background

HCD understands that the project applicant (Applicant) submitted an application to construct a 96-unit, 100 percent deed-restricted affordable housing development project at 41705 Hawthorn Street in June 2022, with the application deemed complete on January 11, 2023, and the project approved on February 22, 2023. Due to the absence of a submitted preliminary plan and profile for the extension of Hawthorn Street to the project site, the City conditioned the approval of the project on the Applicant providing these documents prior to applying for post-entitlement permits, with the plan submitted to the City's Engineering Department to the satisfaction of the City Engineer.[2]

HCD further understands that the Applicant submitted grading plans to the City as required by the condition after project approval but prior to plan check submission. The City interpreted the condition as requiring a 6-percent maximum grade, as opposed to the 9-percent grade sought by the Applicant. The difference comes from a disagreement over whether the local terrain is better classified as "rolling" (which has a 6-percent grade in the City's standard street drawings) or "mountainous" (which has a 9-

[1] Gov. Code, § 65589.5.
[2] Condition of Approval #53, Development Plan 2022-2601, February 22, 2023. This was further clarified to HCD in a meeting with City staff on August 13, 2025.

percent grade).[3] The Applicant claims that the additional soil excavation and removal required for a 6-percent grade would render the project infeasible, citing reports from hired engineers that find an estimated cost of over $10 million. HCD understands that no post-entitlement permits for the project have yet to be submitted.

Analysis

Government Code section 65589.5, subdivision (d) prohibits a local agency from disapproving a housing development project for very low-, low-, or moderate-income households, or condition its approval in a manner that renders the project infeasible, unless the local agency makes at least one of six written findings, "based on a preponderance of the evidence in the record…."

Specifically, subdivision (d)(2) allows local agencies to disapprove the project or impose a condition of approval if the project "would have a specific, adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low- and moderate-income households…." Furthermore, subdivision (d)(2) defines "specific, adverse impact" to mean "a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete."

Therefore, the relevant question is: **Under the Housing Accountability Act, may the City condition approval of the Applicant's project on providing a 6-percent grade?**

The answer is "no." The City Council did not make the required findings under the HAA to condition approval on a grade which would render the project infeasible. Specifically, the City has not demonstrated that 1) the project would have a specific, adverse impact on the public health and safety (i.e., a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions); 2) a 9-percent grade is necessary to mitigate or avoid said impact; and 3) there is no other feasible method to mitigate the impact without rendering the project unaffordable to low- and moderate-income households.

A 9-percent grade is evidently permissible in some street terrain contexts, but the roadway design requirements that set the 6-percent and 9-percent grades do not provide any guidance on which classifications apply given site conditions. Rather, they simply state the maximum percentages for each classification, leaving the final determination to the discretion of City staff who must rely on their own subjective understanding of the meaning of the words "rolling" and "mountainous," with no *objective* definition included in City documentation.

---

[3] City of Murrieta Standard Drawings, January 14, 2010, https://www.murrietaca.gov/DocumentCenter/View/373/2010-Standard-Drawings-All-PDF, PDF page 23.

Therefore, the City's actions do not satisfy the HAA's requirements and do not allow the City to condition its approval in this manner.

Conclusion

In summary, the City of Murrieta is unable to require a 6-percent grade for the proposed roadway because it has not made the requisite findings under the HAA.

HCD remains committed to supporting the City in facilitating housing at all income levels and hopes the City finds this clarification helpful. In addition, HCD has enforcement authority over the HAA and various other state housing laws. Accordingly, HCD may review local government actions to determine consistency with these laws. If HCD finds that a jurisdiction's actions do not comply with state law, HCD may notify the California Office of the Attorney General that the local government is in violation of state law.[7]

HCD requests a written response from the City by September 15, 2025, indicating how the City plans to implement the guidance provided in this letter. If you have any questions regarding this letter or require additional technical assistance, please contact David Ying at david.ying@hcd.ca.gov.

Sincerely,

David Zisser
Assistant Deputy Director
Local Government Relations and Accountability

CMFA
California Municipal Finance Authority

Tax-Exempt Financing
Throughout California

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

September 17, 2025

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Room 213A
Sacramento, CA 95814

Re: Requesting a 45-day CDLAC deadline extension for the JFM Villas Family Apartments Project (CDLAC Application No. 24-638)

Dear Ms. Marina Wiant:

I am writing on behalf of the California Municipal Finance Authority (the "Authority") to request a 45-day CDLAC deadline extension for the JFM Villas Family Apartments Project. The Project received an allocation on 12/11/2024 with a closing deadline of 7/21/2025. The Project then received a 90-day extension to 10/20/225.

The JFM Villas Family Apartments previously received a 90-day CDLAC extension due to 6 existing USDA liens that must be partially reconveyed from the property. For several weeks the Project Sponsor could not get a response from USDA and although they are now engaged, their response time is very slow due to staffing issues. They have agreed to grant the partial releases but have not agreed on the form of document to be used, therefore there currently is not a date for recording the partial releases. It shouldn't be much longer, however without the lien releases the parcel map cannot be recorded. The parcel map needs to be recorded by September 30, 2025. If it is not recorded by September 30th, a new tax estimate fee amount will be required which will need to be paid and it could take one to two weeks to obtain. The parcel map also needs to be routed for signatures from various local and out-of-state agencies such as Imperial Irrigation District (power company), City of Indio Surveyor (in Washington State) and back to the City of Indio for the City Engineer and City Clerks signature before it is sent to title for recordation. This whole process could result in not meeting the CDLAC October 20, 2025 deadline, therefore we are requesting an additional 45-day extension.

For these reasons that were outside of the developer's control and unforeseen, we request a 90-day extension to the CDLAC closing deadline.

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

This letter also requests a waiver of forfeiture of the performance deposit and negative points.

Thank you for your consideration.

Sincerely,

John P. Stoecker

John P. Stoecker
Financial Advisor
California Municipal Finance Authority

CMFA
California Municipal Finance Authority

Tax-Exempt Financing
Throughout California

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

September 17, 2025

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Room 213A
Sacramento, CA 95814

Re: Requesting a 45-day CDLAC deadline extension for the JFM Villas Senior Apartments Project (CDLAC Application No. 24-639)

Dear Ms. Marina Wiant:

I am writing on behalf of the California Municipal Finance Authority (the "Authority") to request a 45-day CDLAC deadline extension for the JFM Villas Senior Apartments Project. The Project received an allocation on 12/11/2024 with a closing deadline of 7/21/2025. The Project then received a 90-day extension to 10/20/2025.

The JFM Villas Seniors Apartments previously received a 90-day CDLAC extension due to 6 existing USDA liens that must be partially reconveyed from the property. For several weeks the Project Sponsor could not get a response from USDA and although they are now engaged, their response time is very slow due to staffing issues. They have agreed to grant the partial releases but have not agreed on the form of document to be used, therefore there currently is not a date for recording the partial releases. It shouldn't be much longer, however without the lien releases the parcel map cannot be recorded. The parcel map needs to be recorded by September 30, 2025. If it is not recorded by September 30th, a new tax estimate fee amount will be required which will need to be paid and it could take one to two weeks to obtain. The parcel map also needs to be routed for signatures from various local and out-of-state agencies such as Imperial Irrigation District (power company), City of Indio Surveyor (in Washington State) and back to the City of Indio for the City Engineer and City Clerks signature before it is sent to title for recordation. This whole process could result in not meeting the CDLAC October 20, 2025 deadline, therefore we are requesting an additional 45-day extension.

For these reasons that were outside of the developer's control and unforeseen, we request a 90-day extension to the CDLAC closing deadline.

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

This letter also requests a waiver of forfeiture of the performance deposit and negative points.

Thank you for your consideration.

Sincerely,

John P. Stoecker

John P. Stoecker
Financial Advisor
California Municipal Finance Authority

CMFA
California Municipal Finance Authority

Tax-Exempt Financing
Throughout California

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

August 14, 2025

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Room 213A
Sacramento, CA 95814

Re: Requesting a 60-day CDLAC deadline extension for the Seventh Street Apartments Project (CDLAC Application No. 24-648)

Dear Ms. Marina Wiant:

I am writing on behalf of the California Municipal Finance Authority (the "Authority") to request a 60-day CDLAC deadline extension for the Seventh Street Apartments Project. The Project received an allocation on 12/11/2024 with a closing deadline of 7/21/2025. The Project received a 90-day extension to 10/20/2025.

Since the deadline extension, the Project Sponsor has secured an investor. However, due to shifts in the market this year, they were only able to obtain a credit price of $0.84, lower than the $0.89 upon which their original budget was based. This pricing change has had a significant financial impact, leaving no choice but to redesign some of their plans to accommodate the reduced pricing model.

The City of Modesto is actively working with the Project Sponsor. Once the revised plans are finalized, they will be submitted to the City for approval. The plan check process is expected to take up to 90 days, pushing closing into December 2025.

Timeline:

1. Revised Plans completed and submitted to the City of Modesto 9/1/2025
2. Plan Check approximate timeline per City of Modesto 10/1/2025 (taking into consideration comments/responses)
3. General Contractor to obtain all bids by 11/15/2025
4. Closing and Construction Start Date 12/22/2025

Due to these delays that are outside of the Project Sponsor's control, it is necessary to request a 60-day extension to insure closing on this transaction.

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

This letter also requests a waiver of forfeiture of the performance deposit and negative points.

Thank you for your consideration.

Sincerely,

John P. Stoecker

John P. Stoecker
Financial Advisor
California Municipal Finance Authority

September 29, 2025

California Debt Limit Allocation Committee
901 P Street, Room 102
Sacramento, CA 95814
Attn: Marina Wiant, Interim Executive Director

Re: Request for 16-Day Extension to Bond Issuance Deadline
Project Name: Sutter Street
CDLAC Resolution#: 24-164 & 25-164
CDLAC App#: 24-494 & 25-514

Dear Ms. Wiant,

On September 29, 2025, CalHFA was asked by Martin Building Company, the Developer on the above-mentioned project, to request a 16-Day extension to the bond issuance deadline of October 16, 2025.

As described in the attached letter from the Developer dated September 29, 2025, the delay is due to the final sequence and timing necessary for signatures, receiving HUD's authorization to close, and the tax-exempt bond sale.

CalHFA formally requests a 16-day extension to the bond issuance deadline from October 16, 2025 to October 31, 2025.

CalHFA also requests that CDLAC waive any forfeiture of the performance deposit or assignment of negative points to the Project Sponsor that could be imposed by this request. These circumstances were outside of the Project Sponsor's control.

Please contact Jessica McQueen at 916-326-8623 or jmcqueen@calhfa.ca.gov if you have any questions related to this request.

Thank you,

Steve Gallagher

Steve K. Gallagher
Deputy Director of Multifamily Programs

Jessica McQueen

From:	Patrick M. McNerney <pmcnerney@martinbuilding.com>
Sent:	Monday, September 29, 2025 2:45 PM
To:	Kevin Brown; Natalie Cooper; Gary Downs
Cc:	Flavio Espinosa-Linares; Jessica McQueen
Subject:	[External] - RE: Sutter Street & CDLAC Deadline

Hello Kevin and Natalie,

We would like to humbly request a 16-day extension for issuing the tax-exempt bonds and closing our construction loan, with the new deadline being October 31, 2025. This delay is solely due to the final sequence and timing necessary for signature gathering, receiving HUD's authorization to close, and the tax-exempt bond sale.

Please contact me with any questions or concerns. Thank you very much!

Sincerely,

Patrick McNerney
President

MARTIN BUILDING COMPANY
225 Front Street
San Francisco, CA 94111

1101 Sutter Street
San Francisco, CA 94109

t: 415.348.4600 f: 415.442.4811
www.martinbuilding.com

From: Kevin Brown <KBrown@CalHFA.ca.gov>
Sent: Monday, September 29, 2025 2:14 PM
To: Natalie Cooper <ncooper@calhfa.ca.gov>; Patrick M. McNerney <pmcnerney@martinbuilding.com>; Gary Downs <gdowns@downspham.com>
Cc: Flavio Espinosa-Linares <felinares@CalHFA.ca.gov>; Jessica McQueen <jmcqueen@CalHFA.ca.gov>
Subject: RE: Sutter Street & CDLAC Deadline
Importance: High

Hi Patrick!

Sorry to step in, Natalie.

CDLAC is asking for the written extension request letter right now. Can you send it in, please? I'm concerned they are going to drop this from the agenda.

AGENDA ITEM 6

Supplemental Bond Allocation Request Above the Executive Director’s Authority (Cal. Code Regs., tit. 4, § 5240

City of Los Angeles

Tiena Johnson Hall, General Manager
Tricia Keane, Executive Officer

Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager
Craig Arceneaux, Acting Assistant General Manager

Karen Bass, Mayor

LOS ANGELES HOUSING DEPARTMENT
1910 Sunset Blvd., Ste 300
Los Angeles, CA 90026
Tel: 213.808.8808

housing.lacity.gov

September 17, 2025

Marina Wiant, Interim Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213 A
Sacramento, CA 95814

Via Email

Re: 803 E. 5th Street (Supplemental Application No. 5340)
Request for Waiver of Regulation Section 5240(b) And Board Meeting Consideration

Dear Ms. Wiant,

On behalf of the sponsor for 803 E. 5th Street, (the "Project"), the City of Los Angeles ("Applicant") is requesting a waiver of CDLAC's Regulation Section 5240(b) regarding limiting supplemental applications to 10% of the project's bond allocation that was previously provided by CDLAC.

The Applicant's request is based upon sponsor's written request (attached) which is due to unforeseen conditions and safety critical redesigns that emerged after the third supplemental increase. These circumstances could jeopardize the 50% test if not addressed. On behalf of the sponsor, the Applicant is now submitting a request for a fourth supplemental bond allocation in the amount of $3,200,000. However, together the $3,954,282 previously approved third supplemental bond application and the new $3,200,000 fourth bond request are 17.89% of the $40,000,000 bond allocation; the $40,000,000 is comprised of the original $28,000,000 bond allocation, first supplement $6,900,000 bond allocation, and second supplement bond allocation in the amount of $5,100,000.

The Applicant and the sponsor are working diligently to fill the funding gap. In light of the foregoing, we respectfully request a waiver of CDLAC's Regulation Section 5240(b). In addition, please include this request in the next CDLAC Board meeting of September 30, 2025.

The Applicant very much appreciates your consideration of this request. If you have any questions, please do not hesitate to contact Cecilia Rosales of my staff at (213) 808-8981 or cecilia.rosales@lacity.org. Please indicate your approval (and/or additional conditions) under separate cover.

Sincerely,

Elizabeth Selby Digitally signed by Elizabeth Selby
Date: 2025.09.18 08:43:10 -07'00'

Elizabeth Selby
Director, Development & Finance Division

Los Angeles Housing Department
ATTN: Elizabeth Selby, Director of Development and Finance
1910 W Sunset Blvd 3rd floor, Suite 300
Los Angeles, CA 90026

RE: Exceeding 10% Threshold Limit on Supplemental Bond Request – 803 E 5th Street Apartments

CRCD is submitting to LAHD our 4th Supplemental Bond application for 803 E 5th Street Apartments, and we are further requesting that LAHD request approval from the CDLAC Committee to exceed the 10% threshold limit on the supplemental bond request. The requested $3,200,000 fourth supplemental bond increase, in addition to the third supplemental bond increase of $3,954,282 that was previously approved at the staff level, constitutes a 17.89% increase over the reset Committee approved allocation amount of $40,000,000 in tax exempt bonds.

The project is an adaptive reuse of three existing commercial and historical buildings located at the corner of 5th & Gladys Avenue in downtown Los Angeles. The structures will be turned into 95 residential dwelling units. One unit will be utilized as a manager's unit while the remaining 94 studio units will be set aside as 100% Permanent Supportive Housing. The first floor will include a community room, manager's office, and restrooms. The upper floors contain all the residential units and the supportive services offices (on both the 2nd and 3rd floor), each floor will have a laundry and a trash room.

We respectfully request approval to issue $3,200,000 in supplemental tax-exempt bonds for 803 E. 5th Street. Approving and closing this financing in 2025 will allow us to deploy proceeds before our 12/31/2025 placed-in-service deadline, preserving tax credit eligibility and the integrity of our capital stack.

As of today, our aggregate basis and tax-exempt debt stand at $90,695,733 and $43,954,282, respectively, which yields a 50% test result of 48.46%. If unaddressed, this would jeopardize the project's 4% LIHTC eligibility. With the supplemental, our total basis would be $90,719,733 and tax-exempt debt $47,154,282, producing a 50% test result of 51.98%. This solution creates a prudent compliance margin to ensure the project remains financially feasible.

The need for this increase is driven by unforeseen conditions and safety-critical redesigns that emerged after our last supplemental increase in August 2024. Specifically, structural engineer-directed changes and RFI-driven field revisions required rework—most acutely in interiors—together with extended general conditions/general requirements and continued manlift rentals as coordination items moved through review and approval. The most consequential discovery was a material discrepancy in the Right Building's roof deck: prior testing suggested a 3.5-inch concrete-filled metal deck, but subsequent investigation revealed a foam-insulated B-deck without concrete fill. To ensure seismic performance and reliable rooftop anchorage, we implemented a new concrete-filled metal deck solution instead of an FRP overlay. That corrective path, along with required structural engineering oversight, plan-check resubmittals, and permitting, increased direct costs and extended schedule.

Concurrently, MEP penetrations through prestressed concrete planks between Levels 2 and 3 required tendon mapping and case-by-case engineering for several 4-inch cores. This added X-ray scanning, structural analysis, resequencing, and additional approvals. None of these items represent elective scope; they are mandatory responses to latent conditions to protect life-safety, structural capacity, and long-term durability. The cumulative impact has been a meaningful rise in time-related overhead and structural/engineering expenditures, which in turn depressed our current 50% ratio.

Approving this $3.2 million supplement now will allow us to close in 2025, promptly apply the proceeds to qualified costs, and solidify compliance with the 50% test in advance of the 12/31/2025 placed-in-service deadline. Without this action, we risk failing the ratio, creating uncertainty for LIHTC equity funding and conversion timing, and impairing overall feasibility.

For these reasons, we respectfully request approval of $3,200,000 in supplemental tax-exempt bonds for 803 E. 5th Street, bringing the 50% test to 51.98% and safeguarding the project's compliance and delivery timeline.

Thank you for your prompt consideration. We are available to provide any additional information you may require.

For additional information please contact Ernesto Espinoza, Chief Real Estate Officer for CRCD Partners, LLC at ernesto@crcdpartners.com.

Sincerely,

Alejandro Martinez

Alejandro Martinez
President, CRCD Partners, LLC

September 15, 2025

California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

Re: **Request for approval for a second supplemental bonds above the Executive Director's Authority (Cal. Code regs., title 4, section** 05240(b)(1))

Project: CA-23-537 / 1612 Apartments
1612 Sisk Road, Modesto, CA 95350
Developer: Stanislaus Regional Housing Authority

Dear CDLAC Committee members,

On August 23, 2023, the California Tax Credit Allocation Committee ("CTCAC") and the California Debt Limit Allocation Committee ("CDLAC") awarded the project a reservation of 4% low-income housing tax credits and an allocation of tax-exempt bonds. The project's original CDLAC resolution (23-189) approved for $18,494,731 tax-exempt bonds, and a first supplemental allocation was approved in the amount of $1,849,473 (resolution 23-306) on November 30, 2023, for a total approved amount of $20,344,204.

Following the approval of the supplemental allocation, the project encountered unforeseen increases in hard construction costs. The increases were primarily due to the need for sewer relining, modifications to countertops and cabinetry specifications, upgraded flooring for long-term durability, and skylight replacement in atrium. Additionally, there were increased costs associated with interest expenses, marketing, and architectural and engineering (A&E) services. After determining the final contract amount for the project, it has been determined that the $20,344,204 in bonds awarded to the project will not be sufficient to pass the 50% test. As such, the applicant is requesting a second supplemental allocation of $1,672,701. With the approval of a second supplemental bond allocation, the project will finance 51.64% of the aggregate basis with tax-exempt bonds. In accordance with CDLAC regulations, committee approval is required for a total supplemental request that exceeds 10% of the project's committee-approved allocation.

Please accept this letter as a formal request to obtain authorization to exceed the limit so that the project can move forward and remains in compliance with federal tax requirements and can proceed without delay.

Sincerely,

1612 Apartments, LP
a California limited partnership

By: Stan Regional 1612 Apartments, LLC
a California limited liability company
its Administrative General Partner

By: Stanislaus Regional Housing Authority
a public body, corporate and politic
its sole member and manager

By: ______________________________
James Kruse, Executive Director

AGENDA ITEM 7

Public Comment

AGENDA ITEM 8

Adjournment