



## California Debt Limit Allocation Committee

901 P Street, Room 102  
Sacramento, CA 95814

December 10, 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 1:00 p.m. with the following Committee members present:

#### **Voting Members:**

Fiona Ma, CPA, State Treasurer, Chairperson  
Evan Johnson for Malia M. Cohen, State Controller  
Michele Perrault for Gavin Newsom, Governor

#### **Advisory Members:**

Gustavo Velasquez, Department of Housing and Community Development (HCD) Director  
Tony Sertich, California Housing Finance Agency (CalHFA) Executive Director

#### 2. *Agenda Item: Approval of the Minutes of the November 19, 2025, Meeting*

Chairperson Ma called for public comments:  
None.

**MOTION:** Mr. Johnson motioned to approve the minutes of the November 19, 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 the draft meeting schedule and application due dates for 2026 were posted to the CDLAC website last month. The staff is proposing to follow a schedule that is similar to this year, with three QRRP rounds and four EXF/IDB rounds. There were changes to two dates on the schedule, so an updated final schedule will be posted. The meeting originally proposed for June 23 will now take place on June 22, and the meeting proposed for December 8 will now take place on December 9. Any questions about the schedule can be directed to the staff.

Ms. Wiant highlighted the staff's accomplishments this year. The swift implementation of the 25% test and the voluntary bond return program that was implemented with the Committee's support in August resulted in \$2 billion in bonds available for Round 3, which led to 108 award recommendations that will be discussed later in the agenda. For context, CDLAC will be funding over 14,000 total units in this



## California Debt Limit Allocation Committee

round, which is just 1,000 units less than were funded in total last year. The total at CDLAC for 2025 is nearly 26,000 units funded, compared to the 15,000 units funded in 2024. This has been an incredible amount of work, and it was a huge lift by the staff to step up and complete twice the number of reviews in such a short period of time. Ms. Wiant thanked the Committee for their support in helping the staff accomplish these great goals this year. All of this information will be summarized and made available for stakeholders to see.

Ms. Wiant announced that effective today, Anthony Zeto has been promoted from a C.E.A. A to a C.E.A. B and will now be Deputy Director for both CTCAC and CDLAC. He will help create more cohesion and continuity between the two teams that administer the Qualified Residential Rental Program (QRRP) at CDLAC and the 4% tax credit program at CTCAC.

Chairperson Ma thanked Mr. Zeto for his service and Ms. Wiant for her leadership.

Mr. Johnson echoed Chairperson Ma's sentiments and said it has been great to have Ms. Wiant here to shepherd the programs through these changes. He also congratulated Mr. Zeto on his promotion. He asked Ms. Wiant how much the staff's workload has increased due to the additional applications.

Ms. Wiant said the application volume is 50% more than last year, and the impact has been felt most heavily in the third round. Based on that, CTCAC has received approval to augment the staff; there will be six new analysts added to CTCAC. The CTCAC and CDLAC analysts will be cross trained so that a single person will be doing the entire review of a project. There will also be an additional Staff Services Manager I position added to assist with this. The staff was conservative in the request for additional positions because they do not know what the long-term impact will be. More staff may be needed if the volume doubles.

Chairperson Ma said STO runs lean and mean, with only about 500 employees. That has not changed for 50 years. STO is dependent on revenues generated by the boards and commissions.

Chairperson Ma called for public comments:

None.

### **4. Agenda Item: Recommendation for Award of Allocation to Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Round 4) (Gov. Code, §§ 8869.84, 8869.85; Cal. Code Regs., tit. 4, § 5440)**

*Presented by: Christina Vue*

Ms. Vue explained that pursuant to Gov. Code, §§ 8869.84, 8869.85, CDLAC is allowed to determine the allocation of bonds for certain categories and the entities that can apply for allocation. Section 5440 of the CDLAC regulations explains the ranking process for EXF projects. CDLAC received one application for EXF Round 4 and the staff is recommending award of allocation to Maple Dairy LP (CA-25-111) for \$5.5 million. After this round, there will be \$54 million remaining for EXF projects. The applicant is available to answer questions.



## California Debt Limit Allocation Committee

Chairperson Ma called for public comments:  
None.

**MOTION:** Ms. Perrault motioned to approve the recommendation for award of allocation for EXF projects, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

5. ***Agenda Item: Request to Move the Unallocated Portions of the Exempt Facility (EXF) and Industrial Development Bond (IDB) State Ceiling Pools to the Qualified Residential Rental Project (QRRP) Pool for Supplemental Allocation and 2025 Round 3 Allocation (Cal. Code Regs., tit. 4 §5021)***

*Presented by: Christina Vue*

Ms. Vue explained that pursuant to Section 5021 of the CDLAC regulations, the Committee is permitted to alter the portion of the state ceiling that will be available to each type of state ceiling pool, or any program within a pool in each of the allocation rounds, at a noticed meeting. The staff is requesting approval to move the unallocated portion of the EXF and IDB pools to the QRRP pool for supplemental allocation and Round 3 allocation in 2025. Moving the remaining EXF and IDB allocation to QRRP would further the Committee's goal of prioritizing the unused amounts for the development of affordable housing.

Chairperson Ma asked how much is remaining in the EXF and IDB pools.

Ms. Vue said \$54 million is remaining in the EXF pool and \$10 million is remaining in the IDB pool, totaling \$64 million.

Chairperson Ma called for public comments:  
None.

**MOTION:** Mr. Johnson motioned to approve the request to move the unallocated portions of the EXF and IDB state ceiling pools to the QRRP pool for supplemental allocation and 2025 Round 3 allocation. Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

6. ***Agenda Item: Discussion and Consideration of Appeals for 2025 Round 3 Qualified Residential Rental Projects Award of Allocations (Cal. Code Regs., tit. 4, § 5036)***

This item was skipped because no appeals were received.

7. ***Agenda Item: 2025 Round 3 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: Norma Velarde*



## California Debt Limit Allocation Committee

Ms. Velarde reported that CDLAC received 165 applications on September 9, and the staff is recommending 108 applications for allocation, totaling \$2,060,351,376. This represents 14,244 total units, 14,071 of which are low-income units and 862 are homeless units. The staff has reviewed the applications for compliance with federal and state law and recommends them for approval.

Chairperson Ma called for public comments:

Michael Aguirre said 101 Ash St. (CA-25-776) should not be part of any affordable housing strategy because the building was abandoned for 12 years. The City of San Diego purchased the building but was not able to use it. The city official who put this together was convicted of a Section 1090 criminal violation for having an undisclosed financial interest. The city auditor criticized heavily the fact that the city did not have a building condition report before entering into this transaction. 101 Ash St. is a huge scandal in San Diego, and San Diego citizens are going to have to pay bonds for the next 30 years because the city was misled into purchasing the property for over \$100 million by a city official who was subsequently convicted of having a prohibited financial interest of over \$4 million and pled guilty to a Section 1090 violation. The building is not a rational part of any kind of affordable housing strategy because it has been abandoned for over 10 years, it is infested with asbestos, its internal systems are corroded and broken down, and the expense of trying to rejuvenate the building and turn it into something that could be an affordable housing project is unfair to all the other applicants.

Mr. Aguirre said he is the former City Attorney of San Diego. He loves his city, and this is disappointing. He does not think it is fair for San Diego to shift over to the state what will eventually become a huge scandal because there will be huge cost overruns. There has not been adequate due diligence. Unbelievably, the chairperson of the city planning commission, an official of the City of San Diego, is involved directly in negotiating and has a financial interest in the project. The people proposing this are hoping to make over \$24 million. Mr. Aguirre thanked the Committee for allowing him to express his concerns and said he is doing so only out of a real commitment to the welfare of the Treasurer and everyone who has put in time doing this important work.

Ms. Wiant clarified that Mr. Aguirre's public comment was about 101 Ash St. (CA-25-776) in San Diego. The staff reviewed the application for completeness and determined that it meets CDLAC's program requirements, which is why it is being recommended for award today. Many of the issues raised by the commenter are local in nature, related to the decisions made by the city regarding the purchase of the building.

Chairperson Ma closed public comments.

Mr. Johnson asked Ms. Wiant if any of the comments received would have been caught by the staff's assessment of the project and what issues raised by the commenter would have triggered the staff.

Ms. Wiant said the staff received comments previously after the review period. They take comments, determine if the comments are germane to their review, and investigate if necessary. The project met the requirements.



## California Debt Limit Allocation Committee

Mr. Johnson asked what portions of Mr. Aguirre's comment were germane to the staff's review.

Ms. Wiant responded that nothing was germane to the staff's review. Mr. Aguirre's concerns were related to costs. This is an adaptive reuse project, and CDLAC received an updated appraisal as part of the project's application.

Mr. Johnson said he wanted to make sure he understood what ends up being under this Committee's purview, versus local planning, etc.

**MOTION:** Ms. Perrault motioned to approve the 2025 Round 3 award of allocation for QRPP, and Mr. Johnson seconded the motion.

The motioned passed unanimously via roll call vote.

**8. Action Item: Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Projects and Exempt Facility Projects and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5052, 5100, 5101, 5132, 5230)**

*Presented by: D.C. Navarrette*

Mr. Navarrette explained that one project is requesting an extension, Sandstone Valley Apartments (CA-24-481). Section 5101 of the CDLAC regulations permits the Executive Director to grant extensions up to 90 days upon demonstration that the circumstances necessitate the extension and were entirely outside of the project sponsor's control. The Committee may grant extensions beyond that. Sandstone Valley Apartments is a new construction, mixed income project with 96 units. It was originally allocated \$25,652,201, and it has been granted prior extensions from the Committee. The current deadline is December 15, 2025, and the project is requesting an additional 60 days.

Chairperson Ma asked what the staff recommends.

Mr. Navarrette said the staff recommends approving the request.

Chairperson Ma called for public comments:

None.

**MOTION:** Mr. Johnson motioned to approve the request to extend the bond allocation issuance deadline and waive forfeiture of the performance deposit, and Ms. Perrault seconded the motion.

The motioned passed unanimously via roll call vote.

**9. Action Item: Request to Waive Negative Points and Forfeiture of the Performance Deposit for a Qualified Residential Rental Project (QRPP) (Cal. Code Regs., tit. 4, §§ 5052, 5132, 5230)**

*Presented by: Christina Vue*

Ms. Vue explained that pursuant to Section 5052 of the CDLAC regulations, an applicant bears the risk of losing part or all of their performance deposit if the allocation is not used in accordance with the



## California Debt Limit Allocation Committee

conditions or timeframes in their CDLAC resolution. The developer of Bana at Palmdale (CA-24-478) is requesting a waiver of forfeiture of the performance deposit. Additionally, the applicant is requesting the waiver of assessment of negative points pursuant to Section 5230(n) of the CDLAC regulations. The developer and issuer are here today to answer questions.

Chairperson Ma asked for the staff's recommendation.

Ms. Wiant said the staff recommends that the Committee not grant the waiver of forfeiture of the performance deposit but grant the waiver of negative points.

Chairperson Ma called for public comments:

Cherene Sandidge, Chair of the Black Developers Forum (BDF), said she is not familiar with Bana at Palmdale, but she has been at these meetings and has seen the Committee's previous actions in response to requests similar to the one before them today. At the past couple of meetings, when projects came before the Committee, the Committee allowed the performance deposit to be put toward a future project at a later date. Developers are facing a very difficult market, and Ms. Sandidge would like to have consistency with this type of policy moving forward.

Chairperson Ma closed public comments.

Chairperson Ma asked Ms. Wiant how this project differs from previous projects.

Ms. Wiant said CDLAC allowed what Ms. Sandidge described for one project earlier this year, but the circumstances surrounding that project were different. The project was ready to go, but there was a timing issue because they did not request an extension that would have been granted by the Committee. It was a Section 8 project that ended up having to be resized so that one of the five scattered sites did not need to be renovated. The project was not eligible for a supplemental allocation to get an extension and was unable to request an extension from the Committee in time, so the bonds expired. The staff has not seen progress made by the developer of Bana at Palmdale to make the deadline.

Chairperson Ma asked if this project has received previous extensions.

Ms. Wiant said this project has received several extensions, but the Committee did not grant the project's request for an extension at the last meeting, nor did they grant the project's request to restructure the deal to not comply with the terms they originally applied with.

Chairperson Ma asked if this project came to the Committee at the last meeting.

Ms. Vue responded affirmatively.

**MOTION:** Ms. Perrault motioned to deny the request to waive forfeiture of the performance deposit but waive negative points, and Mr. Johnson seconded the motion.



## California Debt Limit Allocation Committee

The motioned passed unanimously via roll call vote.

**10. Action Item: Resolution No. 25-008, Adoption of Regular 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 October 17, 2025, CDLAC released proposed regulation changes for a regular rulemaking and opened a 21-day public comment period. The staff held an in-person and virtual public hearing in Sacramento on October 29, 2025, and accepted written comments on the initial proposed regulation changes through Monday, November 10, 2025. The staff reviewed all the comments received and finalized recommendations for consideration and adoption by the Committee. The proposed regulations have been posted on the CDLAC website with a final statement of reasons.

Chairperson Ma called for public comments:

Cherene Sandidge said BDF understands and supports Ms. Wiant and the staff's desire to implement a mandate for a BIPOC developer to stay in a project for three years, and BDF has come back with several positive suggestions that can be added. At this point, they are choosing to stay neutral and have shared with Ms. Wiant that they will be coming back after their working group meeting in the first quarter of 2026 because they have boots on the ground and they see the consequences of what is going on in the BIPOC pool. BDF is going to be tackling some difficult tasks, including the definition of "BIPOC," because they feel it needs to be more community centric and more community supportive. They will be talking about partnership splits and ask that they remain in place. However, they need some flexibility because they are living in a market now where the credit is most likely going to be on a partner rather than the BIPOC entity, and they are going to need more flexibility.

Ms. Sandidge said she wanted to prepare the Committee for the difficult tasks BDF will be addressing. They have a big push from the faith-based community to do projects on their properties. Those items will be coming forth from BDF's working group, and Ms. Sandidge hopes the Committee will be receptive to hearing those. Ms. Wiant and the staff did an excellent job, and Ms. Sandidge is here to support, but she knows better now than she did five years ago. She expressed opposition to any changes to capping tax credits because the BIPOC pool was established exactly for the projects in that pool to get the tax credits if they were available from the State of California. Capping them only pushes the tax credits down into the bigger pool. Ms. Sandidge knows that the bigger developers are having issues with tax credits, that is not what the program was intended for. Therefore, BDF will be adamant about keeping the tax credits allowable to the BIPOC pool first. Then, if there is money to be rolled down, it will do that as it is doing now and as it has done for the past five years. Ms. Sandidge will reiterate these statements at the CTCAC meeting. BDF is taking a neutral position until they can get back to Ms. Wiant and the staff based on what they see.

Caleb Roope, CEO of the Pacific Companies, said he is here today on behalf of the California Housing Consortium's (CHC) CTCAC/CDLAC working group. The Treasurer asked CHC to form the working group a number of years ago for the purpose of CDLAC's system becoming competitive. They worked hard to



## California Debt Limit Allocation Committee

establish the scoring system and then they kept the working group active, consisting of about 30 active members who routinely come to the calls and spend time talking about regulation changes, working on different issues, and bringing their problems to the table. The working group brings those problems to the staff and talks about them. That group of nonprofit and for-profit developers wrote comment letters to the staff. These regulations are a good reflection of a very positive direction for CTCAC and CDLAC, so the working group remains supportive of all the changes. There are probably some on the margins, and every member of the working group can step away and talk about those issues.

Mr. Rooth said he wanted to talk about a few issues the Committee should be aware of. First and foremost, the working group is trying to deal with issues all the time. They had a big problem with utility companies turning on their solar power. There was a regulation change proposed that would make it even harder on developers to have the permanent financing they need because the utility companies will not turn on the solar power. The result is that a project cannot have a lower utility allowance and therefore cannot get the permanent loan the developer wants. A change proposed by staff would have made that even more difficult. The working group commented on that, and the staff pulled that change back. That is just one example illustrating that this staff and this agency are continually committed to helping the development community execute housing and deliver it to market.

Mr. Rooth said that another example the working group encounters quite frequently is that after the financing is closed and the land is purchased, new land costs will show up all of a sudden for situations such as an easement that needs to be obtained, more land that needs to be purchased, or a lot line that needs to be adjusted to deal with an encroachment by a property next to the project. There is currently a prohibition on any additional land costs coming in, and the working group has been advocating for allowing those costs to be considered. This staff and these agencies are doing a great job. The working group does not get everything they want, but they get a lot of what is practical and effective for them to do their jobs. They are grateful and they support some of the more major changes, such as the removal of leverage from the scoring category and the concurrent elimination of recycled bonds. With the 25% test, recycled bonds have become precious because they can be used in a more strategic, effective way than just scoring points. Mr. Rooth asked why there would ever be a system that just has money to score points. The recycled bonds can now be used to supplement permanent financing when projects cannot get enough with the 25% test.

Mr. Rooth said another example is private gap financing; it saves HCD and CalHFA money when projects can bring to the table subordinate bonds backed by recycled bonds. These are more examples of great changes that are being made to streamline the system and make it effective. Mr. Rooth reiterated his support for these changes and thanked the staff for their hard work to get all the awards out. This was an unprecedented performance across the country by CDLAC and CTCAC. The staff has done their part, so now it is up to the developers in the marketplace, syndicators, and lenders, to execute on this.

Anthony Carroll from the Nor Cal Carpenters Union (NCCU) said that as NCCU representatives have become regular fixtures here over the past year and a half or so, their message has been consistent: as the primary vehicles for funding affordable housing, CDLAC and CTCAC should feel it important to their mission to protect and invest in the residential construction workforce without whom all this housing



## California Debt Limit Allocation Committee

cannot be built. Mr. Carroll is here today to commend the Committee and staff on the proposed regulation changes at CDLAC, specifically the additional 3% adjustment for projects subject to AB 2011 labor standards and the requirement to include past labor law violations as part of the application disclosures. Both of these are good steps forward toward protecting the residential construction workforce and the integrity of the application process, and when combined with stronger provisions such as preventing placed-in-service approval for projects with open labor law violations, NCCU feels that the regulations will be closer than ever to preventing repeat awards to developers and preferred contractors who cheat workers and then come back during the next round as if it is business as usual.

Darren Bobrowski from USA Properties Fund said he strongly agrees with the proposal to eliminate leverage points in the CDLAC scoring. He asked the Committee to consider that unlike the 9% tax credit program or HCD programs, additional public subsidy from state or local funding sources or recycled bonds does not leverage the tax-exempt bonds or 4% tax credits. In some circumstances, it actually increases the use of these bonds due to the requirements of the other programs. The state has done an excellent job of requiring jurisdictions to zone land for multifamily housing, and HCD has an excellent job through the Housing Accountability Act to hold these jurisdictions accountable. The inclusion of leverage points and the use of local funds actually gives a tool to local jurisdictions to oppose projects where they may be zoned. For these reasons, Mr. Bobrowski strongly agrees with the staff's recommendation to eliminate the leverage points from the scoring.

Jenna Abbott from the California Council for Affordable Housing (CCAH) said her organization represents about 125 affordable housing developers, and they estimate that those housing developers are responsible for about 350,000 units within the State of California. They wanted to offer their kudos to Ms. Wiant and the CDLAC staff. They appreciate the nimble way the staff has acted to get these rule changes out for comment, and they appreciate that the staff took their feedback and incorporated it into a better set of rules. CCAH supports the staff's recommendation as written.

Ben Barker from the California Municipal Finance Authority (CMFA) thanked the staff for doing an amazing job. The difference between now and five or six years ago is wild. Things have been running smoothly, and a large number of units have been funded. Mr. Barker thanked the staff for always going through the regulations and continually looking for ways to improve CDLAC and CTCAC. The transition and smoothness of the past year has been a huge difference from the past 20 years he has been doing bond allocations. He said the staff did a great job on the proposed regulations, but he wants to emphasize the importance of recycled bonds. To date, CMFA has done about \$1.3 billion in recycled bonds, and about 124 projects have received recycled bonds. When they originally established this program and started thinking about this in 2019, it was more so because CDLAC was going competitive and they wanted to take projects that did not need tax credits and bond allocation, remove those bonds, and be able to do deals outside of CDLAC while allowing the projects that truly needed the allocation and subsidies to receive them.

Mr. Barker said the market has wildly changed since the change to the 25% test, and almost 90% of the 87 applications received by CMFA are requesting recycled bonds now to be able to fill the gap due to the change from 55% to 25%. The projects need all that money for their permanent debt. There are not



## California Debt Limit Allocation Committee

enough recycled bonds, and there are not enough ways for the state to generate recycled bonds, so every bit of that resource is precious. Additionally, with the new 25% test, CMFA estimates that recycled bonds will be gone by mid-2027, so they won't be able to be generated because most of the bonds will stay with the permanent financing, so they will not be able to be captured and put into new deals. The industry will run into trouble if they are not using recycled bonds smartly. If recycled bonds are just being used for points, there will be big funding issues when projects convert to permanent financing. Mr. Barker has no idea how to fix that without being able to use recycled bonds to fix that 20-30% delta. He would like to reemphasize to the general public that if they have projects converting, they should call CalHFA, Mr. Barker, or anyone else who can do recycled bonds. Bonds have to be preserved and put into new projects. It is very important for every project that gets allocated to look at preserving its bond allocation at conversion.

William Leach from Kingdom Development said his company is a financial advisor and co-developer to emerging developers in the industry. The staff has done an amazing job, and their efforts will cause a lot more units to be produced. Mr. Leach is supportive of the regulation changes, and there are a few that he thinks are amazing. Combining the preservation and rehabilitation pools will simplify the allocation of CDLAC's resources at the beginning of every year, and it will make it more flexible for rehabilitation projects to be awarded. Some years there will be many at-risk projects, and other years there might not be as many, so Mr. Leach loves that change. He also commends the removal of the leveraged soft resources; it is more important that applicants are judged on what they agree to build rather than how they choose to finance it.

Mr. Leach also commended the staff's recommended tiebreaker denominator change because it is an elegant way to keep people from aggressively choosing a small bond allocation. It is fair, and it is wise how the staff is imputing that. There are a lot of great changes, and Mr. Leach is supportive. He helps a lot of emerging developers in the industry, many of whom are BIPOC developers. The CTCAC joint venture developer fee provision is a benefit for BIPOC developers to get more equity and proceeds. It raises about \$1 million on a project when a BIPOC partners with a maximally experienced partner in a joint venture, and it helps them fill gaps. That CTCAC provision has been in the regulations since 2021. Mr. Leach was surprised to see the staff's recommendation that that provision should be mutually exclusive and not able to be paired with applicants to the BIPOC pool. Mr. Leach is not here to say whether developers should be able to get two incentives as a BIPOC; he does not have an opinion on that matter. However, he would like to confirm with the Committee whether it is their current intent that applicants in the BIPOC pool should not also be able to enjoy the CTCAC joint venture provision, which helps them raise an extra \$1 million. If that is the Committee's intention, Mr. Leach is supportive, but he wants to make sure it is clear that this rule change makes the benefits mutually exclusive.

William Wilcox, Bond Program Manager at the San Francisco Mayor's Office of Housing and Community Development (MOHCD), agreed with previous speakers that he appreciates many of the changes that have been made. These are great improvements to the program, particularly in the rehabilitation area. The new scoring system will allow prioritization of rehabilitation projects with the highest needs. There is also some unfinished business; the tiebreaker for rehabilitation projects continues to prioritize projects with the lowest cost. New construction projects have to build a building, but for rehabilitation



## California Debt Limit Allocation Committee

projects, the lowest scope project has the best tiebreaker. At the end of the day, that is not how the funds should be focused. MOHCD has projects that have significant seismic needs and major waterproofing and plumbing needs. The average age of their portfolio is 60 years because there are a lot of projects that were brought into the tax credit system much later in their life. Mr. Wilcox hopes for an improvement in the tiebreaker. MOHCD suggested removing the denominator and using the rent savings benefit by the adjusted unit count as a tiebreaker alternative.

Mr. Wilcox said MOHCD also advocated for a rule change for single room occupancy (SRO) housing to prioritize the conversion of SROs into studios. The points associated with that are sort of meaningless given the changes, so Mr. Wilcox would like to see it be given one more point to put it back to where it was and adjust it to only ask for only about 50% of the units in a building to be converted. Sometimes, it is not feasible with the footprint. Overall, Mr. Wilcox appreciates these changes and hopes to work on those additional changes next year. He also believes this can be addressed by simply allocating more bonds to rehabilitation in coming years. There is a significant need, and there have been six years without significant investment in rehabilitation, so a lot of projects have been put on hold for a long time. The needs of those properties are growing over time.

Mr. Wilcox said he would like to address the leverage points issue. He agrees that recycled bonds are very important, and MOHCD recycles their volume cap with CalHFA. They have been able to do a number of projects and have recycled almost half a billion dollars. U.S. Senator Adam Schiff was standing in front of one of MOHCD's recycled bond projects last week saying how valuable and innovative this work is. MOHCD agrees, but Mr. Wilcox has been saying for the past four years that recycled bonds are not equivalent to leveraged soft resources. They are worth about two cents on the dollar compared to leveraged soft resources, and it has been unreasonable to say that they are equal. The reason for leverage points was not to incentivize the use of recycled bonds; that was a loophole that was added at the last minute to avoid projects actually having to have leveraged soft resources and align themselves with other funding sources. Removing leverage points gets away from having an aligned system where state and local funding is aligned with tax credit allocations. This needs to be considered in some way, like moving it to the tiebreaker or some other way. There was an agreement with the CHC working group to do leverage points and cost containment points, and recycled bonds were added later to undermine that. It is frustrating to see this change happening without additional changes to help align funding sources across the many state agencies.

Joanna Ladd, Associate Director of Housing Development at the Chinatown Community Development Center, reiterated comments made by many of her colleagues in The Community-Based Developer Collective (CBDC). The CBDC is a collective of BIPOC-led nonprofits that do comprehensive community development work in communities of color across the state. They are supportive of the new combined acquisition/rehabilitation pool, but a number of their comments were not incorporated this round. They echo Mr. Wilcox's comment that some of the SRO hotels are some of the most distressed projects in the state's portfolio. Nonprofits deeply invested in communities of color often have a lot of SROs in their portfolio, and they need to be able to renovate these buildings. They are some of the most difficult to finance, and it is not always possible to convert all the units into studios with the funds available, or even with the building footprint, without displacing people. CBDC advocated for nine points for SROs



## California Debt Limit Allocation Committee

regardless of their ability to do studio conversions. SROs should not be allowed to continue to deteriorate with people currently living in them just because the projects cannot do studio conversions.

Ms. Ladd also reiterated previous comments about the tiebreaker for rehabilitation projects. Applying the current new construction tiebreaker for rehabilitation projects does not make sense because it means that there will be a race to the bottom next year. CBDC supports the \$120,000 per unit threshold, but projects that are right at that threshold will always be funded over projects that need more rehabilitation. That is the way the current tiebreaker works. Ms. Ladd hopes to work with the state next year to come up with a tiebreaker that makes more sense for rehabilitation projects and ensures that the projects desperately in need of rehabilitation can be funded, including projects with seismic issues, major building system upgrade needs, water intrusion, and other serious issues that can affect residents' quality of life. Ms. Ladd agrees with Mr. Wilcox's comment that the best way to mitigate these unresolved issues is to significantly increase the amount of bonds available for rehabilitation to lessen the pressure on this race to the bottom. She hopes the state is at least able to double the allocation to rehabilitation from 10% to 20%, but more than that is needed to clear the backlog of projects from the last five years.

Caleb Smith, Senior Policy Analyst at the City of Oakland Department of Housing and Community Development, thanked the staff for all the effort they put into the wonderful regulation updates. There is a lot of exciting stuff here, and a lot of it means a lot to cities like Oakland especially. They are particularly delighted by some of the changes to the special needs benefit in the tiebreaker to more directly account for the need for homeless housing in cities like Oakland that have a very high homeless population. Like a lot of the previous commenters, the City of Oakland is very excited about some of the changes that are being made to the rehabilitation portions of the regulations. Oakland has a lot of legacy HUD projects and other legacy affordable housing, and the potential moving forward to see some reinvestment in those projects through tax credits is something they are very excited about. They are excited that the Committee approved a couple of those projects earlier today.

Mr. Smith is sure there will be some fine tuning, but it is also good to reflect and be grateful that CDLAC is willing to revisit and revise the regulations on a regular basis. There are a lot of state programs that do not update their regulations as often. Considering how the complexity of this can feel like a 10,000 piece zig saw puzzle at times, everyone should be very grateful that there is this process of constant fine-tuning, revising, and improving. Mr. Smith appreciates this, even though he knows it creates a lot of work for the staff who are already doing a lot of work reviewing the program applications. 2025 was a really productive year for the Committee, and Mr. Smith is grateful for a lot of the things that happened and is excited for 2026. Just earlier today, Oakland announced \$63 million more in commitments to new construction projects.

Alex Rogala, Policy Manager at MidPen Housing, thanked the CTCAC and CDLAC staff for their work not just on this regulation package, but throughout the year. As many others have said, there were many changes at the federal level this year with the expansion of the 9% tax credit and the reduction of the bond test, and the state has responded in a thoughtful way and with a robust process to ensure they are best positioned to take advantage of the federal resources on the table. This is not easy, so Mr. Rogala



## California Debt Limit Allocation Committee

commends the staff on their work. He supports a combined acquisition/rehabilitation pool in the 2026 regulations. Since bonds became competitive, MidPen has refrained from applying because most projects in their portfolio have been so far from being competitive that the effort needed to apply would not have been worth it. Compared to the previous system, they are hopeful that this new structure will prioritize projects with severe building needs. For example, they believe it is an appropriate threshold to set construction costs per tax credit unit at \$120,000 in the 8-point category. The existing rehabilitation demand is substantial, making it important to maintain a solid base level in order to prioritize those projects with significant needs. Many of these high public benefit communities have been in service since the '80s and '90s and have rents way below the allowed level.

Mr. Rogala said that going forward into the new year, he recommends that the results of future rounds be analyzed to understand if the current suite of changes is enough to recapitalize projects with the deepest needs. Second, MidPen welcomes the opportunity to engage in reform around the tiebreaker for rehabilitation projects to provide a pathway for older properties. They encourage CTCAC and CDLAC to view their role as that of an investment committee, in which projects are not just rewarded for using the fewest public resources possible but for setting up for long term resident success through appropriate capital investment.

David Beacham from the RHAD Group expressed appreciation for the staff. He said that having been in this business a long time, he has seen other states' staff, and what the staff here does is tremendous. The new regulations will provide a positive path forward, and there were positive outcomes from the CHC working group. There is still work to be done, but it was mostly positive, specifically the combination of the pools. As somebody who does a lot of acquisition/rehabilitation projects, Mr. Beacham would like to see that allocation increase. Many of the working group members have expressed that they should wait and see how 2026 goes, and Mr. Beacham respects that. Having been in this group for a long time in the acquisition/rehabilitation space, he believes there are still things that need to be done. There is a concern with the enormous number of deals that are coming out of syndication and the needs they have, as well as the deals that have not been done before.

Mr. Beacham said he previously talked to Chairperson Ma specifically about deals that are not in the program. A number of deals that Mr. Beacham owns and develops have never been in the program before. He understands the need for a \$120,000 per-unit rehabilitation cost, and there is discussion about whether that amount should be \$100,000 or \$120,000, but it is also about bringing new units to bear. Mr. Beacham is looking at deals he has been involved with that go back to the '70s and early '80s. These projects are 45-55 years old, and a rehabilitation is important, but he questions if it needs to be at that level. Maybe that is a path to go down, but it is a fight for another day.

Chairperson Ma closed public comments.

Chairperson Ma thanked the stakeholder working groups for stepping up. She got elected seven years ago and did not know a lot about this Committee or what it did, but the Governor provided an extra \$500 billion in state low-income housing tax credits, which made the bonds more competitive. Back then, CDLAC was not equipped to handle the volume or even the work. It has taken a lot to get CDLAC



## California Debt Limit Allocation Committee

up and running. Chairperson Ma heard statements that bonds and tax credits were like two hands that did not talk to each other. Having the support of the stakeholder working groups and having one Executive Director over both CDLAC and CTCAC, and now also one Deputy Director over both committees, will create more synergies and efficiencies. Hopefully there will be more kudos next year for being the best state that is doing bond and tax credit allocations. Chairperson Ma thanked the stakeholder working groups for their time and expertise. She is also happy the Committee meetings are on Teams now, because when she first started, there would be nobody in the room in the audience at these meetings. She knew there were issues because she talked to people, but there was no one sitting there. Now because of Teams and virtual participation, more people are able to come and voice their opinions.

Chairperson Ma said she previously served on the San Francisco Board of Supervisors from 2002-2006, so she is very aware of the SRO situation. She has been pushing since then to get more allocation for the rehabilitation of SROs because they are the first step after homelessness and transitional housing before those individuals can move into more permanent housing. Many of the SRO buildings desperately need repair and rehabilitation, and for seven years the Committee has not done much in that area. Chairperson Ma has been pushing for that. She understands that they have been able to finance new construction, which is great, but at some point these buildings are going to be in jeopardy. Mr. Beacham talked about older units that had never received tax credits and bonds, and the Committee should look at those. Those are buildings that probably need the most resources at this moment. That has been and remains Chairperson Ma's position, but she has been hearing that the market did not allow for that or that they were trying to take advantage of low interest rates to finance new construction projects. This concerns her.

Ms. Perrault expressed appreciation for the staff's hard work and all the public comments. It speaks volumes that there are a lot of folks engaged, and at the state-level, she likes to see that. She appreciates that there was a lot of opportunity for input, which the staff had to try to comb through. Ms. Perrault will be voting to approve the regulations, but she wants to underscore a few things that were brought up at the last meeting. This is a time of transition in a couple of spaces, including the AB 519 working group and the new housing agency that the state is still working to stand up. The Committee is always sensitive to putting forward changes that impact the community and the programs writ large and then having to come back quickly to make additional changes. She would like the Committee to continue to think about that alignment as they move forward with regulations and consider how they align with some of the transitions.

Ms. Perrault said she also has concerns specifically about the removal of the leverage points category. That was incorporated to reflect the priority and public benefit of projects receiving state and local subsidies. She understands the staff's thought process, but she is concerned about that. Moving forward, she would like to continue to use data-driven information to set up programs and make changes. She knows the staff looks at that, but it is critical to know how these changes will actually impact the programs and if the changes are working as they were intended. She knows these changes are necessary now because of the move from the 50% test to the 25% test, but it will be important to monitor the impact. The increased volume also should not impact the Committee's policy priorities. Ms.



## California Debt Limit Allocation Committee

Perrault will be supporting the regulations, but she wanted to underscore the issues that the administration has been thinking about. She appreciates the team's hard work.

Mr. Johnson thanked the staff for their phenomenal work and for not just choosing a surgical approach but also looking at a lot of things that need to happen. He also thanked the stakeholders who are weighing in so heavily. As Chairperson Ma mentioned, it speaks volumes about how open and transparent this process is that the Committee receives a lot of feedback and participation. That says a lot about the vibrancy of the community and the vigorous nature of how people engage. That is extremely meaningful to him as he thinks about the community that is here in the room and on Teams. He understands Ms. Perrault's comment about the timing, but at the same time, one should never let the perfect be the enemy of the good. He thinks about the way the staff has approached this process as adaptive, and they work to fix the things that they know are not working, knowing that they can open it up again in the future and make more changes. There is a real need to constantly look at the data and the feedback from stakeholders and recognize if there was a change made that did not work the way it was intended and needs to be fixed quickly. That is something that CDLAC and CTCAC have both done very well in the past, and he appreciates that and would like to see it continue in the future.

Mr. Johnson said he appreciates a lot of the changes that are being made. To Chairperson Ma's point about the acquisition/rehabilitation pool and the need for additional effort in that area, he believes the cheapest fixes are to keep units that are already in the pool. Investment in that area will be helpful, and he is glad to see that the changes in that area will support that in the future. The homelessness and BIPOC changes are also good changes that have been in the pipeline for a while, and he is glad to see them. He appreciates all the vigorous discussion.

Mr. Sertich said he appreciates Ms. Perrault's comments about the AB 519 working group. He thanked the staff for taking into account some of the things that have been heard in that working group and for moving forward toward a more unified system. Ultimately, part of the problem currently is that the scoring for some of the HCD programs and other programs is very different, and as they have been thinking through that, the goal has been to move closer together into alignment. He thanked the staff for taking that into account in these regulations, and he committed to continuing to move that goal forward in future discussions.

Mr. Velasquez commended the staff for their incredible amount of work on the allocations for this round and the regulations for the upcoming year. It is great for the industry and for the Committee to see a lot more projects coming down the pipe next year. There are some very significant improvements, including the use of homelessness data. It is the goal of this administration to prioritize housing for people who live on the streets and under bridges. The focus on preservation and rehabilitation is massive, and at HCD this year, Mr. Velasquez and his team have spent significantly more time working with cities and sponsors to save legacy projects than on new construction. He is not taking away from new construction, because the Governor is focused on new construction, but sponsors and developers are struggling with high interest rates. The way small community-based developers' balance sheets are suffering while trying to preserve those units is a massive crisis. Chairperson Ma's focus on ramping up preservation at CDLAC and CTCAC is admirable, and these regulation changes reflect that focus.



## California Debt Limit Allocation Committee

Mr. Velasquez also echoed Mr. Sertich's comments. Mr. Sertich was orchestrating the AB 519 working group at HCD, which was a great effort among CalHFA, HCD, CDLAC, and CTCAC. Mr. Velasquez echoed Ms. Perrault's comments about the importance of trying to further harmonize and speak with consistent priorities right now, which have been established for many years. The removal of leverage points is a bit of a deviation from that consistency. There are many reasons why that is important, but there are also good reasons why they need to take recycled bonds into consideration. Next year is going to be a really important year as they are trying to bring more uniformity and harmonization to the entire system. It will be important to see what comes out of that process. Mr. Velasquez thanked the developers who have been participating in the AB 519 working group. Although there are some mixed views, these are overall great improvements.

Chairperson Ma said the last seven years have been very challenging, as everybody knows, but she is very proud of CDLAC and CTCAC for being flexible, pivoting, and doing everything they can to keep projects moving. It takes a long time for some of these projects to come before the Committee, and the Committee is kind of the icing on the cake. They do not want to be a barrier or a back stop, so they want to continue to move projects toward getting shovels in the ground. She thanked the team for being very transparent. A lot of folks used to call Chairperson Ma, and now they call Ms. Wiant, so she is thankful for the problems getting solved. The Committee used to have six-hour meetings a couple of years ago during COVID-19, and sometimes Chairperson Ma even had to take the meeting minutes. She thanked everybody for working together and doing a great job of approving more units than ever before. The CDLAC and CTCAC staff do not get a lot of recognition for all the hard work they are doing, so she is thankful to them.

**MOTION:** Mr. Johnson motioned to adopt Resolution No. 25-008, and Ms. Perrault seconded the motion.

The motioned passed unanimously via roll call vote.

**11. Action Item: Resolution 25-009, Delegating Authority to the Executive Director to Allocate Remaining and Reverted 2025 Volume Cap (Government Code sections 8869.83, 8869.84)**  
*Presented by: D.C. Navarrette*

Mr. Navarrette explained that this resolution would authorize the Executive Director to prioritize any remaining and reverted current year allocation on or by December 31, 2025, to be used as carryforward allocation in the QRPP pool. The carryforward allocation would be divided between CalHFA and CMFA.

Chairperson Ma called for public comments:

None.

**MOTION:** Mr. Johnson motioned to adopt Resolution No. 25-009, and Ms. Perrault seconded the motion.

The motioned passed unanimously via roll call vote.



## 12. Public Comment

Greg Comanor from Daylight Community Development commended the Committee for the 14,000 units funded in this round. He cannot believe that the Committee was able to rapidly move forward with the 25% test. The sheer volume of applications reviewed by the staff is remarkable. Mr. Comanor wants to discuss the consideration and advocacy of potentially topping off the 14,000 units funded in this round with incremental bonds in 2026, which would basically be an automatic supplemental allocation for all the projects. This is a new program change with a new competitive landscape, and for a lot of reasons, he thinks this is a really good preventative idea and a prudent way to strengthen all these projects. Long term rates remain high, tax credit pricing remains low, and as Mr. Barker from CMFA stated, the recycled bond program will be phasing out over the next two years. This idea would remove the supplemental process entirely, lessen the burden on staff, reduce the cost of supplemental issuance, and potentially bring down the cost of projects by having more tax-exempt debt, both on the permanent side as well as potential subordinate debt. He would like the Committee to consider this at a future meeting as a way to strengthen and bolster all these projects.

Cherene Sandidge said the staff works very hard, but no one knows about it other than those who come here. It is also difficult for developers to explain CDLAC and CTCAC, so she would like the Committees to look into marketing and branding efforts, such as a podcast. They need to get the word outside of these walls because it will make the developers' jobs easier as well. Clearly, they are moving into a technology stage, and they should make it a priority in 2026 to get a podcast going or take this meeting to a podcast level so people know what the staff is doing and what is happening. Ms. Sandidge believes that would go a long way toward getting information out and helping some of the folks who do not know what kind of work is done here and what kinds of issues should be brought to this forum.

Chairperson Ma said that post-COVID-19, the Committee members and members of the staff have tried to go to every groundbreaking to let everyone know they are there and part of the process. The development community knows about this, but a lot of folks do not understand what CDLAC and CTCAC do and why it is important. If Ms. Sandidge wants to start a podcast, Chairperson Ma will participate.

## 13. Adjournment

The meeting was adjourned at 2:28 p.m.