

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the December 13, 2017 Meeting

1. Roll Call.

Jeree Glasser-Hedrick for State Treasurer John Chiang chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Glasser-Hedrick called the meeting to order at 1:04pm. Also present: Alan LoFaso for State Controller Betty Yee; Eraina Ortega for Department of Finance Director Michael Cohen; Michael Carroll for California Housing Finance Agency (CalHFA) Executive Director Tia Boatman-Patterson; Department of Housing and Community Development (HCD) Director Ben Metcalf; and City Representative Ray Mueller.

County Representative Santos Kreimann was absent.

2. Approval of the Minutes of the November 15, 2017 Meeting.

Mr. Stivers reported that a few revisions were made to the minutes on pages 5, 6 and 8 at the request of Mr. LoFaso and that those changes have been adopted.

MOTION: Ms. Ortega moved approval of the November 15, 2017 minutes. Mr. LoFaso seconded and the motion passed unanimously by a roll call vote.

3. Executive Director's Report.

Mr. Stivers provided an end-of-the-year update on TCAC's compliance and development sections. Mr. Stivers reported that on the compliance side they are on track to inspect all the properties that were scheduled to be inspected for this year, which was a total of 1,011 projects and 16,000 units. Mr. Stivers noted that although issues come up during compliance, they are having very good compliance in general. However on the development side, Mr. Stivers reported that the volume of 4% tax credit projects is down significantly from last year, noting that they are only at 49% of the units they did for 2016. Mr. Stivers noted that 2016 was a record by a long shot. He noted that the number of tax credit units funded this year is still more than the number of units funded in 2014 and roughly on par with the number of units funded in 2015. Mr. Stivers reported that this could be due to the significant decrease in tax credit pricing as a result of the tax reform effort. In addition, Mr. Stivers noted that there are increasing construction costs and slowly rising interest rates which are creating gaps. 4% projects are very susceptible to changes in gaps and making budgets feasible. Mr. Stivers noted that the committee hopes to bounce back next year, but he concluded that with the tax reform bill we could see a greater reduction in the pricing for tax credits moving forward which could present a challenge in the future.

4. Discussion and Consideration of the 2017 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Ms. Ferguson highlighted that the agenda was revised to remove one of the projects that was under consideration: Summer Park Apartments 17-801. This leaves a total of seventeen projects for approval, thirteen of which are new construction projects and three rehabilitation projects. Ms. Ferguson reported that project 17-822 incurred some cost changes since TCAC finalized their review of the project. Ms. Ferguson reported that the developer notified TCAC of the changes in cost and wanted it to be included in the review. She noted that page three (goldenrod color) incorporates those changes into TCAC's review. Ms. Ferguson reported that TCAC has reviewed the projects for feasibility and compliance with regulations and asked the committee to approve the projects.

MOTION: Mr. LoFaso moved approval of the seventeen projects and Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

5. Discussion and consideration of a resolution to adopt proposed regulations, Title 4 of the California Code of Regulations, Sections 10302 through 10337, Revising Allocation and Other Procedures.

Mr. Stivers commented that there are a number of proposed items in the regulation changes and recommended that it would be best not to do a summary and to rather discuss the issues that the public and committee raises. Mr. Stivers noted that TCAC put out the proposed regulations on September 11, 2017 and held a public comment period of about 46 days as well as 4 public hearings. Mr. Stivers stated that after reviewing all the comments and concerns he put out a revised version of the proposal on November 30, 2017. He noted that there are two amendments that he would like to recommend to the committee for adoption into the proposed regulations, stating that one of the amendments has to do with the California Utility Allowance Calculator (CUAC) piece. The first amendment requires that any change in the utility allowance for an existing project that is converting to the CUAC from a public housing authority or other utility allowance be phased in by no more than fifteen dollars per month over a twelve months period, exempting MASH projects that have an active reservation prior to March 1, 2018. Mr. Stivers reports that MASH projects have been allowed to use CUAC for some period of time. The goal was to get at the expansion of CUAC to a larger universe of projects. He noted that since some of the MASH projects are ready to go it would be best if we exempt them from the phase in process and retain the status quo for those projects. The second amendment corrects a technical error pointed out by Ms. Glasser-Hedrick in respect to the developer fee limit for hybrid projects. Under the November 30 proposal, there were certain circumstances where the developer fee would have been lower if they came in as a hybrid project than a 9% project. Mr. Stivers noted that we should look at the developer fee for a hybrid project more or less as if it were a single 9% project and not split up into two.

Mr. Stivers also gave a brief introduction on the opportunity mapping initiative, noting that it's the most significant piece in the regulation change package and received a lot of comment. Mr. Stivers reported that they ultimately made a number of revisions. He noted there are now three new incentives for large family new construction projects in the higher and highest opportunity areas. He noted that they have gotten rid of the housing type goal for large family new construction projects in the lowest opportunity areas. The final

proposals are all incentive based. Mr. Stivers states that the reason for doing this is to provide housing for residents in higher opportunity areas because where people live has a big impact on life outcomes shown by various measures. Mr. Stivers stated that the second reason for doing this is due to choice. He noted that there are very few choices for affordable housing in high opportunity areas and that people with lower incomes are often limited to lower opportunity areas. Mr. Stivers would like to provide residents with greater choice in regards to where they want to live.

Mr. Stivers passed out an additional document summarizing the location of existing projects under the revised maps. Mr. Stivers noted that the data on the new statewide maps shows that 43% of the large family new construction projects that were funded between 2003 and 2015 were in the lowest opportunity areas. These are areas of high segregation and poverty which comprise only about 13% of the census tracts. Mr. Stivers noted that the categories are not equal in the amount of census tracts. He said that the high and the highest resource areas are both 20% of the census tracts each. He also said that the high segregation and poverty group is 13% percent of the census tracts but 43% of our units are located in those areas. Mr. Stivers noted that statewide you are eight times more likely to find a tax credit project in the lowest opportunity area than in highest opportunity area and you are three times more likely to find a tax credit family project in the lowest opportunity area than you are in the high and highest opportunity areas combined. Mr. Stivers notes that this is not uniform throughout all regions and says that if you look at the non-rural areas of the central valley, 78 percent of units are in the lowest opportunity areas. Mr. Stivers stated that there are other areas that are quite high as well like LA 55%, rural region 46%, inland empire 42% of all our large family new construction units are in these areas of lowest resource which remains a concern. Mr. Stivers said that TCAC is committed to providing tax credits to projects in all areas but stated that the committee would like to get a little bit closer to parity and make sure projects are disbursed among all areas of geography and opportunity. Mr. Stivers then opened up the meeting to discussion and public comment.

Ms. Glasser-Hedrick introduced two minor amendments and stated that she would like feedback from the general public as well.

Mr. LoFaso stated that he also has a minor amendment he'd like to raise after Ms. Glasser-Hedrick.

Ms. Glasser-Hedrick stated that the first change would affect sections 10325(c)(9) which is the tie breaker, 10325(c)(4)(A)11. which is the site amenity section, and 10327(c)(5)(F) which is the basis boost section. She noted that she is not proposing any changes to the core of the language but rather to the clause that was added after public comment allowing applicants to choose to utilize the census tract resource designation from the TCAC/HCD map from either of the two calendar years prior to the application year. Ms. Glasser-Hedrick proposed to remove that language and replace it with "an applicant must utilize the census tract resource designation from TCAC/HCD map in effect when the initial site control is obtained up to seven calendar years prior to the application." Ms. Glasser-Hedrick stated that her rationale for this change is that given her experience in the affordable housing industry, she knows how hard it is to secure a site for housing and given the complicated

structuring requirements and the fact that you need to have site control in advance of many governmental resources that you secure for your site these projects are years in the making, potentially much longer than two. Ms. Glasser-Hedrick noted that she always tells people to think what it would be like if you're trying to buy a house if you're requesting a one or two year escrow with the option for multiple extensions, then you begin to understand the limited parameters under which housing developers are working in. Ms. Glasser-Hedrick also noted that by limiting the opportunity maps to the two preceding years, you introduce more uncertainty to an already uncertain process, with the potential effect of some projects losing their high opportunity status to the extent of map changes and other gaining it. Ms. Glasser-Hedrick noted that allowing developers to use the maps that are in place at the time they obtain site control is a way to eliminate uncertainty and the seven year limit has been added to limit land banking these sites and to help move the projects forward. Ms. Glasser-Hedrick noted that this is a very minor amendment to a pretty substantial change that is being made in the regulations.

Mr. Stivers stated that he was supportive of the change but asked Ms. Glasser-Hedrick whether she meant "must" utilize the designation from the purchase and sales agreement or "may" choose either the purchase and sale agreement date or the date on which they apply.

Ms. Glasser-Hedrick reports that they "must" use the map from the purchase and sales agreement date.

Ms. Glasser-Hedrick stated that the second set of changes has to do with the public comments that were received with issues that arise when you have a non-conforming existing site. She notes that this is potentially a multi-family site that was constructed years past for which the zoning has changed and is now non-conforming and the struggles that exist with reconstituting and changing that project to meet TCAC requirements given that it might trigger an entitlement process. Ms. Glasser-Hedrick noted that this change she is recommending is in section 10325(g)(1)(D) which is a section that outlines the requirements for outdoor play equipment and recreational facilities, recommending that a waiver provision be added stating that "An existing project without outdoor play or recreational facilities may request a waiver from this requirement if the site is classified as a non-conforming use under its respective zoning designation and the addition of the new facilities would trigger an entitlement process." Ms. Glasser-Hedrick also mentioned a similar waiver provision she'd like to recommend to section 10325(g)(1)(E) which requires certain common area size. The waiver that Ms. Glasser-Hedrick recommends be added reads as "An existing project without common area may request a waiver from this requirement if the site is classified as a non-conforming use under its respective current zoning designation and the addition of the new facility would trigger an entitlement process."

Mr. LoFaso stated that he is interested in hearing what the public has to say and though that noticing ideas before public comment was a good one. Mr. LoFaso noted that he thinks there was substantial discussion on the opportunity maps last month and even though the revisions came out only six days ago to the public, Mr. LoFaso says that in his opinion the maps are still a work in progress. Mr. LoFaso says that they've substantially ratcheted down the consequences of the maps in the current draft but he notes that they did discuss the

question of the committee asserting governance over the maps in a form of approving the methodology. He noted he would like to raise this up to public comment as well.

Ms. Glasser-Hedrick added to Mr. LoFaso's notes that she has some procedural questions about the maps and how the process will go forward. The committee then opened up the floor to public comment.

Ms. Glasser-Hedrick introduced the first speaker, Dara Schur from Disability Rights California. Ms. Schur noted that her comments are not on the opportunity section but on the disability Section. She is a representative from Disability Rights California which is a statewide nonprofit organization representing people with a wide variety of disabilities across a wide range of issues, particularly housing. She also noted that they are State and federally designated protection and advocacy agency for people with disabilities. Ms. Schur noted that they have worked closely with Mr. Stivers and TCAC in the past to adopt strong disability and accessibility provisions in the TCAC regulations and is very grateful for it. Ms. Schur noted to the committee how difficult it is for people with disabilities to find an accessible and affordable unit in the current market and thanks TCAC for adopting a significant requirement for units that are both mobility and communication accessible. Ms. Schur noted that they have a few concerns related to this in the proposed changes.

For her first request, Ms. Schur noted that they had some significant concerns with merging special needs housing with SRO housing, stating that many people in the community were worried that merging the two was going to reduce the number of units available to people with a wide variety of disabilities. She also noted that they have been assured that because the numbers have been adjusted in the final regulations, this will not reduce the number of special needs units, but Ms. Schur asked the committee to monitor the merger very closely to ensure that no such reduction in special needs unit will occur and if a reduction were to occur that the committee would reconsider it. Ms. Schur noted that Disability Rights California is very concerned that the merger could tilt in one way or another and would like to have it tracked closely to be sure. Ms. Schur noted that a related issue is the numbers that set a minimum and a maximum for percentage of units in a building with special needs. Ms. Schur noted that in her first set of comments she would like to talk about regular special needs units stating that these units are available to people within the general public who have a disability or special need. Ms. Schur noted that there are two related concepts in this matter, one being integration, ensuring that individuals with special needs are in housing communities that do not isolate them from the community. Ms. Schur noted that the other related concept is segregation which states that even if people have an opportunity to operate fully in the community and are given incentives to do so, if you only live with people who are just like you, who have the same disabilities as you, you become very segregated from the community at large. Ms. Schur noted that a minimum requiring half a building or more set aside for people with special needs leads to massive segregation. She also noted that this eventually leads to the entire building being occupied by people with special needs in the future.

For her second request Ms. Schur said she noticed that the minimum requirement was lowered slightly in the new regulation but that their request to the committee is to drop the

minimum requirement slightly further unless it is required by another government program and a maximum number of special needs units within a project unless it is required by another government program. She notes that this doesn't mean that other people from the outside couldn't apply to these special needs units but means that these units aren't required to be special needs units so that people from the public could rent them and the other people who have disabilities are allowed to live in a community that is fully integrated. Ms. Schur noted that a very important principle that underlies the Fair Housing Act and Americans with Disabilities Act is the opportunity for people with disabilities to live among people who don't have disabilities and not be in a segregated siloed building. Ms. Schur believed that this is very important to furthering integration. She stated that she is aware of concerns that this may reduce the number of special needs units but she stated that if you are keeping a close eye on special needs units otherwise and requiring other projects to be integrated it shouldn't reduce the number of special needs units. It should accomplish substantially the same goal as the opportunity standards which is to disburse the special needs units in the community more widely.

For her third request Ms. Schur referenced section 10320(b)(5) which falls under property management oversight. Ms. Schur stated that Disability Rights California would like there to be greater oversight but she noted that they recognize there is limited resources to do it. However, Ms. Schur noted that Disability Rights California would find it extremely helpful if there were a grievance process available to people if there happens to be a violation of accessibility rights - basically a dispute process for tenants to raise issues like insufficient accessible units. Ms. Schur also noted that they would like TCAC to post on their website the number of accessible units in each project for informational purposes to the tenants.

For her fourth request, Ms. Schur referenced section 10325(c)(5)(D) and noted that Disability Rights California had requested that there be some language added that made it clear that supportive services are voluntary and not required and cannot be linked or required to be linked to the housing. She noted that Mr. Stivers and others have confirmed that this is also the committee's understanding and policy but it is not reflected in the regulations.

For her fifth request, Ms. Schur referenced section 10325(f)(7)(K) which is the number of parking units that need to be associated with the required 10% accessible units. She noted that the committee has withdrawn the language that limited it to five percent but to Ms. Schur's understanding this is still the policy. Ms. Schur stated that most people with special needs have an adaptive vehicle and without a properly accessible parking space it is almost impossible for you to have an accessible unit. She noted that if TCAC is requiring ten percent of the parking spaces to be accessible, then it makes sense that those units would each have an accessible parking space. She says that Disability Rights California understands that the general provisions under the building codes is five percent but it provides much greater sense to have accessible parking spaces for every mobility unit. She noted that the general building codes are five percent but TCAC has shown great leadership in adopting the ten percent and it seems like the parking should follow. Ms. Schur asks that the committee reconsider this issue and she noted that Disability Rights America would be willing to work with Mr. Stivers to come up with a proposal which more closely tracks the intent of the building code and actually provides real meaningful parking for those mobility

units where people need to either have close access to their apartment or adaptive vehicle. Ms. Schur stated that this is a really important issue in the disability community.

For her sixth and final request, Ms. Schur stated that Disability Rights California wants to support the proposed regulation that requires anybody proposing to provide a mixed use building that is senior housing and non-senior housing to provide legal authority for it because the California and federal law make it clear that a project only qualifies as senior housing if you have a majority of individuals in it who meet senior housing eligibility requirements and who have a particular range of services appropriate for senior housing otherwise they can't discriminate on the bases of age. Ms. Schur recommended that the proposal be more specific because based on their experience in the community there is a lot of misunderstanding and information about the various requirements for senior housing. There are state requirements and federal requirements. She stated that Disability Rights California would like to propose that any such legal opinion must analyze the legality under all of these laws: California Civil Code sections 51.2, 51.3, 51.4 and California Government Code 12955.9, 45 United States Code section 3607b, 24cfr100.300 et seq. Ms. Schur noted that these are the primary rules which govern senior housing and she also noted that she doesn't think the committee will be getting an adequate legal memorandum unless they've addressed all of those issues. Ms. Schur thanked the committee for their time and hoped that TCAC will continue to help people with disabilities who have been shut out of accessible units in prior years.

Mr. LoFaso stated that in the interest of time the committee should go through public comment consistently without interjection from its members unless it is to ask a clarifying question.

Ms. Glasser-Hedrick announced that the next speaker is Ann Wilson from Community Housing Works.

Ms. Wilson introduced herself as the Senior Vice President of real estate development at Community Housing Works. Ms. Wilson started off by commending Mr. Stivers and TCAC for going out and listening to people at community hearings., She noted that they saw a lot of positive changes occur. Ms. Wilson stated that she supports TCAC's new amendments, one of them being the seven year extension since any developer, whether market rate or affordable, working in a high opportunity area is going to expect lawsuits and massive delays because most of them really do not want development of affordable housing. Ms. Wilson then asked Ms. Glasser-Hedrick why she stated that it "must" be the PSA.

Ms. Glasser-Hedrick rephrased her statement from earlier stating that it could or you could use either of the two years' prior maps as written in the final proposed regulations.

Mr. Stivers joined the conversation and said Ms. Glasser-Hedrick's statement conflated two different concepts. He stated that if the committee is going to move forward using the purchase and sales agreement or site control that it be the year of site control or year of application. A separate concept, the one that was in the final recommendation, is the year

of application and the two preceding maps. Mr. Stivers stated that if the purchase and sales agreement date is going to be used, he doesn't see a need for allowing an applicant also to use maps from the preceding two years. Mr. Stivers noted that his recommendation is to go with three years' worth of maps or purchase & sales agreement and year of application.

Ms. Wilson and Ms. Glasser-Hedrick both stated that they would like to go with language allowing an applicant to choose the map associated with either the purchase & sales agreement date or the year of application.

Ms. Wilson noted that they should make this effective in regards to any location based changes they make because when they build a pipeline of development projects to come in for funding of the tax credits, this is done years in advance. She noted that they have to buy the property or get it under contract and that they also have to get local entitlements. They need to decide to go with local or state funding, which can easily take 3-5 years and multiple years of trying to get TOD or AHSC funding before they can come in on 4% deals. Ms. Wilson also stated that although she supports many of the disability advocates, she strongly objects to increasing the number of parking spaces to ten percent beyond the existing code requirements for the existing complexes. Ms. Wilson noted that they are already obliged to make reasonable accommodations for people who come in. She notes that she supports accessible parking spaces but she does not see the need for the extra volume that would be imposed by ten percent. Ms. Wilson also noted that she would support advertising the number of parking units that are available for a complex as well but would like to stick with the current code for parking which is five percent.

The next public comment came from Andy Blauveldt from Everyday Energy. Mr. Blauveldt noted that he is in support of the changes that were proposed by Mr. Stivers to 10322(h)(21) regarding the CUAC. Mr. Blauveldt explained his previous work experiences noting that he has only been with Everyday Energy for a few months and that most of this career in housing and community development was with non-profit and public agencies including many years at EAH. Mr. Blauveldt noted that while he was at EAH he was on a committee put together by Mr. Stivers' predecessor to figure out how to get over the split incentives problem. In response, Mr. Blauveldt explained that the committee came up with the CUAC structure. Mr. Blauveldt noted that he was a consultant in 2013/14 when AB 217 passed to give more money to the MASH program, known as MASH 2. Mr. Blauveldt stated that MASH 2 included an idea originally proposed by Everyday Energy which provided for a guaranteed 50% direct tenant benefit in the form of a bill credit with a tenant buffer to protect them. Mr. Blauveldt noted MASH is done and that the next generation program is going to be called SOMAH and will be funded through AB 693. It will provide 100% direct tenant benefit. Mr. Blauveldt noted that the idea here is to make the incentives a little higher so we can afford to give the tenant solar away. Mr. Blauveldt stated that this is the overall trend in affordable housing solar. Mr. Blauveldt noted that the only issue is that there is a significant pipeline of projects that will be affected by the cap and potentially hundreds and thousands of low income tenant solar units may not be feasible with the cap. Mr. Blauveldt reported that Everyday Energy notified Mr. Stivers of this and he proposed the amendment to let the

current round of MASH projects go through. Mr. Blauveldt stated that the economics are just not right with the current level of solar subsidies, so the phase-in requirement would have driven owners to size the project down to serving common areas only which then loses the opportunity in tenant solar. Mr. Blauveldt noted that while this does avoid rent shock in year one, 25 plus years of benefits for tenants serving solar will be lost. Mr. Blauveldt concluded by thanking Mr. Stivers for the amendment that he proposed and his willingness to think through this issue with Everyday Energy.

Ms. Glasser-Hedrick introduced Brendon Burgen as the next speaker.

Mr. Burgen introduced himself as the director of asset management for Affirmed Housing. Mr. Burgen thanked the committee for many of the positive changes and also for exempting the MASH projects. Mr. Burgen said his concern related to the provision stating, "Any decrease to the utility allowance from conversion to the CUAC shall not exceed \$15 per month over a twelve month period." Mr. Burgen stated that when they rehab a project, they see a win-win situation because they can add solar and put in new appliances and heating and air-conditioning for tenants. But Mr. Burgen then stated that when they rehab a project tenants always ask what will happen to their rents. He noted that he tells the tenants that their rent is going to go marginally up but their utilities are going to go down which comes out to a net difference of zero dollars. He noted that the tenants really appreciate this. Mr. Burgen is very concerned about how this was added to the proposal because this was not in the September proposals. Mr. Burgen also stated that he would like to understand how is the \$15 per month is calculated.

Mr. Burgen also brought up the increase in the housing type goal from 25% to 30% for special needs projects. He noted that according to their data the allocation needs to be higher, He said that they think it needs to be increased to 35% or 40%. Mr. Burgen based this off the fact that there is an existing crisis in homelessness and 9 percent tax credit programs are best suited for the lowest income tenant base. He also noted that this year the special need projects were oversubscribed. Mr. Burgen also stated that there are a number of city and counties that have issued bonds for special needs development and predicted that there is going to be a significant increase to special need applications in 2018. To wrap things up, Mr. Burgen noted that they would support an increase in the special needs category.

Ms. Glasser-Hedrick introduced the next guest speaker as Alicia Sebastian from California Coalition for Rural Housing (CCRH).

Ms. Sebastian began with noting that CCRH members are rural farm worker and Native American tribal communities and that the CCRH is also a member of the Rural Smart Growth Task Force. She noted that CCRH is very grateful to see better alignment for Native American occupancy restriction across programs and thanked TCAC for phasing in the use of the tie breaker for highest and highest opportunity projects until 2019. She thanked the committee for removing the cap for the lowest resource project type and placing a cap on the highest resource project type. Ms. Sebastian also stated that CCRH appreciates that the committee heard and reviewed their concerns for rural housing and

methodology but noted that concerns still remain. Their primary recommendation is still to establish a second mechanism for rural areas that better reflects the input of rural experts in identifying the true areas of opportunity in rural and farmworker communities. She noted that until a more accurate method of identifying rural areas of opportunity has been established, the rural set aside should be exempt from application of the maps. She noted that the newest versions of the maps have only just been released with only days to review. She noted the concerns over conflicting methodologies used for mapping and identifying rural regions and noted that the tables of data that are used to create them are very difficult to assess. She warned the committee from moving forward with a tool that has not yet been verified and also noted that neither rural data practitioners nor rural experts were included in the creation of the maps. She stated that the newest versions of the maps continue to identify unpopulated, vacant, undevelopable and protected lands such as areas of agriculture, forests, parks, mountainous regions and protected coastlines often as only areas of opportunity within some rural communities. She noted that this is because each area is broken down into 40% areas of high or highest opportunity and when incorrectly identifying these areas of unusable land, the true areas of opportunity that are buildable are not eligible for critical resources. Ms. Sebastian noted that these maps may succeed in identifying differences in neighborhoods across urban areas but in rural areas entire jurisdictions are without high and highest areas of opportunity. She noted that this can be most clearly seen in majority/minority farmworker dependent communities. Ms. Sebastian stated that in their initial assessment of the current maps, CCRH identified nearly 20 jurisdictions that do not contain areas of high or highest opportunity which included the entire City of Salinas.

Ms. Sebastian raised another concern stating that they are worried that the map equates access to immediate resources in rural and farmworker areas such as schools, transit, healthcare and grocery stores for an inaccurate definition of opportunity. Noting that the proposed application of the maps threatens to place rural housing in isolated communities, contribute to the suburbanization of poverty, and further remove California's most vulnerable community members from resources that impact their day-to-day quality of life and health outcomes, noting that these proposed changes this will have unintended consequences on the most vulnerable populations in rural areas particularly where poverty, race and ethnicity are concentrated and where communities are underserved and will increasingly be underserved moving forward as a result. Ms. Sebastian also noted that state policies are threatening to affect the majority of housing funding from rural communities affected most by the housing crisis. Ms. Sebastian also stated that CCRH strongly believes that an imperfect tool like these maps have the potential to do more harm than no tool at all. Ms. Sebastian and CCRH urge TCAC to continue working on the mapping methodologies to ensure rural families have access to housing opportunities in the communities where they live, in close proximity to agricultural and other employment centers and well connected with existing family support networks so they may benefit from true housing choice. Ms. Sebastian finished her public comment by stated that CCRH is committed to developing in areas of opportunity and that the proposed maps simply do not identify these areas properly.

Ms. Glasser-Hedrick introduced Gustavo Becerra as the next guest speaker from the Regional Housing Authority.

Mr. Becerra reinforced the comments that Ms. Sabastian made in regards to the opportunity maps and asked that the committee hold off on the implementation of the maps.

Mr. Becerra spoke in regards to the creation of the Northern Region. Mr. Becerra stated that his housing authority represents the Colusa, Nevada, Sutter and Yuba counties and noted that the creation of the new region is a step in the right direction so that the smaller counties can compete but he also noted that the Regional Housing Authority believes that Sutter and Yuba County are getting thrown to the wind and becoming an afterthought by being kept in the Capital Region. Mr. Becerra stated that he does not have a solution for this but the cities of Yuba City, Marysville, the areas of Linda all within Sutter and Yuba Counties haven't had a 9% deal in over 10 years, noting that whenever they self-score and try to look at any type of project compared to the Sacramento projects it's just blood bath since there are no resources. None of the jurisdictions there are entitlement for HOME and only Yuba City gets entitlement for CDBG and there is no money to be able to compete in what Mr. Becerra calls the bloodbath of Sacramento. Mr. Becerra stated that he does support Butte and Shasta County being removed from the region, noting that this will make it a few less cities the Regional Housing Authority has to compete with but they are still up against Sacramento and are looking at Sutter and Yuba County. Mr. Becerra stated that they have had success in the rural parts of Yuba and Sutter Counties but not in the cities that have to compete with the Capitol region.

Ms. Glasser-Hedrick stated that there were a few direct questions asked of Mr. Stivers, specifically about the CUAC and would like to start the conversation with Mr. Stivers, opening up it up for the rest of the committee members for comment.

Mr. Stivers stated that from what he recalls there were two questions regarding the CUAC: 1) Processwise, how did the \$15 sentence come about? and 2) How did we arrive at \$15? Mr. Stivers states that as a general rule, the committee receives a lot of comments and the final recommendation seeks to address those comments as appropriate. Mr. Stivers stated that letters they received from the National Housing Law Project and some of their colleagues opposed moving forward with the CUAC expansion. The sentence related to phasing in the CUAC responded to these comments, no differently than any other amendment in the final proposed regulation changes. In regards to the \$15, Mr. Stivers stated that there is nothing special to the \$15, they just had to come up with a number. Mr. Stivers noted that they tried to balance the desire for owners to fully realize the benefits of the CUAC with the desire to prevent severe price shocks to tenants to, noting that \$15 seemed to be the right balance. Mr. Stivers noted that the experience that Mr. Burgen mentioned where there is no change in the money out of pocket that a tenant pays has not necessarily been TCAC's experience.

Mr. Stivers noted that when projects convert to CUAC, there are two things that are going on. It is true that the utility bills go down, so the utility allowance should also go

down but much of the change in the utility allowance has nothing to do with energy efficiency and everything to do with going away from the housing authority utility allowance which is unspecific to any particular building and therefore inaccurate. Mr. Stivers also noted that in some cases this change alone, absent any energy efficiency improvements, could equate to a rent increase of about \$40-\$50 a month and there would not be a concurrent reduction in the tenant's utility bill. Mr. Stivers noted that the goal is to balance the competing objectives of incentivizing energy efficiency and leveraging additional dollars for development and of making sure tenants are not priced out of their units as a result. Mr. Stivers concluded by stating that this was his best attempt at balancing the competing objectives and told the committee he is open to discussion on the item.

Ms. Glasser-Hedrick noted that at this point she'd like to open it up to the committee for discussion about the regulation package, stating that there were a lot of issues raised and that the committee should dive right in.

Mr. LoFaso noted that the committee should proceed issue by issue to make things more digestible. Mr. LoFaso stated that regarding all the disability issues, sometimes comments don't get directly sent to the committee members and end up going to the staff, noting that if excessive comments like these are going to be made at this final juncture, although he appreciates all the public comment, he noted that providing the comments directly to the committee members in writing gives the committee members a greater opportunity to digest the comments more substantively than they are doing as of now.

Mr. LoFaso asked Mr. Stivers in regards to the grievance process, noting that they had a discussion about it last year around this time, noting that he would like to leave the issue on the table in the interest of time and managing the issues.

Mr. Stivers asked Mr. LoFaso if he meant the waiver authority, noting that it was an item they discussed at great length in the past. Mr. Stivers said that he believes Ms. Schur was talking about a grievance procedure which was more tenant specific, which is different from the waiver process which has been discussed in great detail in the past.

Mr. LoFaso stated that he doesn't want to get tied down, he brought up the issue because he recalls they had a distinct discussion last year in regards to how the committee could encourage landlords to nudge tenants who were put into disability units because it was the first unit available to them, Mr. LoFaso stated that he doesn't want to say anything more on the topic because he doesn't want to get bogged down.

Mr. LoFaso asked Mr. Stivers if we could track special need units and with that if we cap the number of special needs units and they go to special needs individuals but they're not designated as special need units, will we be able to track them as such.

Mr. Stivers stated that we cannot track units that are occupied by persons with special needs that are not designated as special needs units, noting that we would not have any information in that regard. But in respect to tracking the number of designated special

needs units, Mr. Stivers noted that we could go back into old staff reports and pull that out, also noting that the public can do it as well on the TCAC website.

Mr. LoFaso stated that he would like to close out of the disability issue but noted that there were a lot of issues raised about what the set asides mean and that it would be a lot easier to track if these units were measureable in an excel document.

Mr. Stivers asked Ms. Ferguson if our spreadsheet tallies the number of special need units within a particular project.

Ms. Ferguson stated that the spreadsheets only identify the housing type which was designated by the applicant.

Mr. Stivers stated that we could pull that from some period of time, probably over the last 2-3 years and coming year.

Ms. Ferguson said that she thought the issue was the accessible units, which would probably be different than special needs.

Mr. LoFaso stated that it would be better to track both so they can be distinguished going forward.

Ms. Ferguson stated that TCAC can include the information in the staff reports moving forward, noting that we cannot revive the staff reports going back.

Mr. LoFaso noted that the staff report is good but referred to a bigger picture issue which is the ability to hold data in a format which can be manipulated so that we can measure certain changes we make.

Ms. Ortega made a reference to the point about reducing the number of special needs units but keeping it as a special needs project. She noted that she is worried that it may have a negative effect on the scoring system. She noted the special needs set aside and stated she is unclear as to why this set aside would still stay in place if the committee is to reduce the number of special needs units. However she notes that she does understand the segregation issue and told the committee that it is a common issue across all areas of housing in regards to seeing more integration among communities.

Mr. Stivers stated that the committee had a lot of discussion on this issue including two forums back in March and noted that it fundamentally comes down to if you lower the threshold for a special needs project and particularly, if you set a maximum cap on the percentage of special needs units in a project as Ms. Schur suggested, TCAC will reduce the number of special needs units that it funds. If you assume that every special needs project that TCAC currently funds has 50-100% special needs units, and if any one of those projects has 30%, you just lost some special needs units. Mr. Stivers believed that this was the main point of the debate. He also thinks that the integration points are very well taken and it is something that the committee has been very supportive of but Mr.

Stivers noted that the decision came down to did we want to promote integration at the expense of units or the other way around. Mr. Stivers noted that that is how the staff made its final recommendation.

Mr. Metcalf joined the discussion and noted that HCD has been very focused on this issue because several of their funding programs that are focused on special needs populations, notably the Section 811 federal program for disabilities, caps out at 25% of the units in a given project. Mr. Metcalf also mentioned their forthcoming No Place Like Home initiative, which is focused on mentally ill and chronically homeless individuals, caps out at 50%. He stated that these changes are reflective of an effort to be responsive towards feedback and disability concerns coming out of the field which have surfaced in California and elsewhere around disability integration issues. Mr. Metcalf noted that this is not an easy one to solve and noted that he and HCD have pushed Mr. Stivers to see that number go down from 50% to 45% but would like to see it go down further to around 25%. He stated that he was definitely impressed by the lack of unanimity in the field among well intentioned advocates working on behalf of disability advocates. Noting that he believes they have made some modest progress and that it would be a good place to circle back to and continue for the upcoming years.

Mr. LoFaso noted the distinction between special needs units and accessible units. He said that in some of these contexts there are greater numbers of special needs units but lesser numbers of accessible units meaning that there are special needs populations that are concentrated with some diversity within those special needs populations and asked if this is true, how this relates to the integration question.

Mr. Stivers stated that special needs units and accessible units are two totally separate things and while there may be some overlap, he noted that Mr. LoFaso should think of them in completely different contexts. Mr. Stivers also noted that Ms. Schur raised both concerns but with a different focus for each one.

Mr. LoFaso noted that if he understands correctly, accessible is regular housing while special needs is in its own box.

Mr. Stivers told Mr. LoFaso that he is correct and that they are essentially two completely different things which could overlap but not necessarily, noting that he could go into more detail if Mr. LoFaso would like.

Mr. Metcalf noted that there will be many projects that have a set aside of 20% of the units serving chronically homeless or mentally ill or persons with disabilities that will still get 9 percent credits next year but it's just that they won't necessary go through the special needs set aside.

Mr. LoFaso wanted to clarify if this means that if they don't find themselves qualifying for the special needs set aside in the 1st sort, then they go to the 2nd sort where the special needs set aside doesn't apply.

Mr. Stivers stated that if an applicant applied in the special need set aside, that they would maintain that housing type throughout the competition.

Ms. Glasser-Hedrick stated that she would like to comment on a slightly different provision of Ms. Schur's comment regarding the merging of the SRO and special needs categories. She noted that the merging was done not for the purposes of increasing or decreasing allocation but to try to recognize that most individuals that live in SROs are special needs individuals. Ms. Glasser-Hedrick also noted that she believed that the issues that were raised by Ms. Schur in addition to Affirmed Housing, given all of the local bond measures that have been approved and the potential pipeline for special needs projects, is something that we should all be aware of. Ms. Glasser-Hedrick also noted that in addition to capturing special needs units and disability units, it would be helpful if TCAC could report back to the committee on an annual basis regarding how many projects are being skipped over given the housing type goals. She noted that this does not necessitate a change to those goals but provides a pool of awareness to the committee on what pools of projects are out there but potentially not making it through the pipeline.

Mr. Stivers reported the information from the recommendation made by Ms. Glasser-Hedrick for 2017. He stated that in the 1st round, two special needs projects were skipped because they hit the special needs housing type goal. In the 2nd round they skipped a total of 11 projects, five of which were senior housing types and six of which were special needs housing types.

Ms. Glasser-Hedrick asked Mr. Stivers if he had any inclination as to whether or not the skipping of a large number of projects in the 2nd round was a normal trend or abnormal.

Mr. Stivers noted that he would let Mr. Zeto speak to the trend.

Mr. Zeto reported that although they skipped special needs a little more in the 2nd round than in the 1st round, senior housing type has been the norm, noting that one in region in particular there were a number of special need projects and they skipped all of them which is why the number seems so large.

In regard to Ms. Sebastian's concern about the rural opportunity maps, Mr. Carroll asked the TCAC staff regarding the feasibility of segregating rural projects. He noted that he is a long standing member of the California Coalition for Rural Housing although he is now with CALHFA.

Mr. Stivers noted that there were a number of changes done on the maps as a result of all the comments that were received. He stated that all the rural areas were pulled out of the regions so that rural areas were dealt with as a group in contrast to urbanized areas within their region. Secondly he also noted that they looked at each individual county that has rural census tracts in them and they assigned 20% of the high and very high resource census tracts in each county to that designation so that they were spread throughout the state as opposed to the possibility of bunching them in certain rural areas and not in others. Mr. Stivers noted that there continues to be challenges with rural areas, noting that

census tracts are large and can mask differences within the census tracts. He also stated that one of the reasons for the delay in the tie breaker change to 2019 was to give TCAC additional time to work with CCRH and others on potential rural mapping. Mr. Stivers also noted that he is unaware of who the regional rural mapping experts are but that the committee would be happy to include them as well. He also noted that he is open to having conversation with them but at this point he has not been given any specific suggestions on how to improve the maps, although it is something the committee is willing to look into and discuss.

Mr. Metcalf noted that although where they have landed in regards to rural mapping is not perfect, it is much better than what is was before. He noted that one of the improvements in the rural regions which were made had to do with rural commuter miles, which is an indicator of opportunity. Since rural commuters have longer travel times than urban commuters, the commuting miles have been normalized to each region. Mr. Metcalf noted that small changes like these have helped tweak the maps for the better and although they are far from perfect, it is better than what the maps where previously. Mr. Metcalf believes that many more improvement opportunities exist in the future for the maps and notes that it would be a good idea to continue using the maps into the following years.

Mr. Stivers noted that the only two things that would come into play this year would be the threshold basis limit increases and site amenity points, noting that people don't tend to find these controversial. He noted that with site amenity points, the committee will look at the projects and review them for isolation, noting that census tracks are very large.

Mr. LoFaso noted Mr. Stivers is trying to say that the utility allowance we have now is not an accurate reflection of many tenants' actual utility bill, meaning that the change in the allowance to the CUAC does not necessary reflect any savings, causing tension with tenants. Mr. LoFaso asked Mr. Stivers how this happened.

Mr. Stivers noted that federal law lays out 2-3 ways utility allowances can be established. In most cases, a housing authority sets them for a particular county or jurisdiction which is a large geographic region. Mr. Stivers also said that these housing authority utility allowances were not based on modern day construction. In sum, the housing authority utility allowances are not project-specific. To date, use of the CUAC has been limited to new construction and MASH projects. When you expand the CUAC to rehab projects there occurs the process of converting from the housing authority allowance to the CUAC, which leads to tension.

Mr. LoFaso noted that he understood everything that Mr. Stivers said in concept and asked him who gets the windfall.

Mr. Stivers noted that Mr. LoFaso's question is a very subjective question. To the extent that the conversion from the housing authority allowance to the CUAC involves only the creation of a project specific allowance and includes no energy efficiency improvements,

one can argue that the rent increase is only taking away a windfall that the tenants haven't been receiving overtime. The utility allowances are supposed to account for the lesser utilities and that tenants have been getting a higher utility allowance than what their bills show so they've been paying less rent than they otherwise would. One can argue that the allowance is more or less supposed to represent their regular utility bills so taking away the added benefit is appropriate. Mr. Stivers noted on the other hand that tenants have been receiving this added benefit and, to the extent that the owners are now using it to pay for energy efficiency improvements and to finance the rehabilitation of the project, tenants will truly see a large increase in the amount of money they pay every month if the changes are significant. Mr. Stivers noted that this is what they are trying to balance. Mr. Stivers asked if this explanation answered Mr. LoFaso's question.

Mr. LoFaso noted that it somewhat answered his question and referenced that an individual told him there is a phase in provisions of the CUAC that limits rent increases to 5% over a period of time.

Mr. Stivers noted that this comment is not correct, noting that in a rehab project if there is more than a 5% rent increase, we want to see an economic displacement program. Mr. Stivers noted that this does not necessarily mean the owner cannot have more than a 5 percent increase. He also noted that the utility allowance is a separate issue and that there is no CUAC provision that limits the reduction in the allowance to five percent. Mr. Stivers stated that TCAC is tracking rent increases related to CUAC conversion but that he has only seen 4 CUAC conversions occur to date. Tracking is not the same as a limit. Mr. Stivers stated that to date there is no particular limit on the CUAC change to tenant's utility allowance.

Mr. LoFaso noted that the provision they are talking about is a limit of \$15 per month. Mr. LoFaso also noted that in the hypothetical example Mr. Stivers provided previously, there was a difference of about 300-400% percent and asked Mr. Stivers if this was typical.

Mr. Stivers answered by stating that he doesn't have enough experience to say that it is typical but noted that it is possible. He also said that he only has four projects that have gone through MASH and that they have seen a delta as high as \$70. For that reason, opponents of expansion want to delay the CUAC expansion until they have a better understanding of how this impacts existing tenants. Mr. Stivers said they cannot do a study until they get enough projects in so that they have a large enough sample in order to do this kind of in-depth analysis. Mr. Stivers noted that this will take substantial time because even if they allow a project to go forward with the CUAC this year, they won't have that data until all the construction is complete and the CUAC is calculated.

Mr. LoFaso asked Mr. Stivers if this will be trackable in the staff reports.

Mr. Stivers answered by stating that TCAC staff is tracking rent increases a year after the CUAC is approved but that they have very limited information to go off of.

Ms. Glasser-Hedrick noted that utility allowances are very complicated, and that different housing authorities in different counties are setting different allowances and different utility companies serving different geographies at different costs.

Ms. Glasser-Hedrick made a few comments on the opportunity mapping issues, noting that she heard the concerns of the rural communities and that there are vast differences in urban areas vs rural areas due to census tracts being very large. Ms. Glasser-Hedrick also reinforced that there is commitment to continue to work on that geography with the rural community.

Ms. Glasser-Hedrick stated San Francisco and Los Angeles control their own geographic apportionments, noting that effectively these regulations don't affect them because they compete with themselves. Ms. Glasser-Hedrick noted that TCAC should try to work with those two cities over the next year to try to carve out provisions in some ways that further the concept of affirmatively furthering fair housing. She also noted that from an equity perspective, having lived in Los Angeles, it is a town in many parts which is segregated. She thinks that the city and the residents could benefit from the same equal opportunity to housing that other jurisdictions are subject to and asked Mr. Stivers to take up this issue with San Francisco and Los Angeles in the coming year.

Mr. Stivers states that he will raise this issue with both cities and may come back to the committee for further direction on what it is looking for.

Mr. Metcalf noted that the city of LA has a 2018 deadline for their federal AFFH plans so they are ahead of both the state and San Francisco, noting they are in the process right now.

Mr. LoFaso noted that he would like to drill down on the process. He also noted that he is trying to take the posture as a committee member who is trying to let this process move forward, noting that he is impressed with the skills of the individuals who have come together to use their brain power to develop the opportunity maps. Given the brain power, he is a little uncomfortable with the answer he keeps hearing when someone raises a credible objection that is concept based and not data based, answers like, "well if you can come up with better than so be it." Mr. LoFaso stated that it requires a high level of participation to be able to bring your own data set but he does encourage it.

Mr. LoFaso reminded the committee that a significant tie breaker provision takes effect in 2019 based on the maps as they are or as they may be refined and that there is nothing in the process that requires any further revisions of the maps. He believes that this process will be more transparent if there's some basic fail safe where the committee has a final say in the maps. Mr. LoFaso also noted that he can't imagine that a committee member would try to meddle in the technical issues, noting that it is more a question of process and transparency. Mr. LoFaso noted that he would like the committee to explore having the final maps be approved by the committee in a timely manner that fits the regulatory process.

Ms. Glasser-Hedrick asked Mr. Stivers how they will be using the maps as new data comes in throughout the year. She anticipates that CTCAC will be using a single map and updating it for the following year as new sets of data become available.

Mr. Stivers noted that Ms. Glasser-Hedrick is correct and that they will be performing data updates around December every year and having the maps apply for a calendar year.

Ms. Glasser-Hedrick also said that the maps that exist right now do not tie out with the terminology in the regulations or specify the year. Assuming the maps were to be approved, she asked if these issues would be fixed.

Mr. Stivers stated that once the regulations are adopted, TCAC will put the official maps on the application website for next year and that they would update the title to reflect the title of the regulations and that they will put a year on it. He also noted that over time they would keep links to each individual year's maps with the application information from that year, also noting that they already have website for each year going back and that will continue to do that.

Ms. Glasser-Hedrick asked Mr. Stivers if the new amendments she proposed would allow people to potentially go back 5-7 years and whether the information would still be clear that far back in the records in regards to which maps are applicable to each particular year.

Mr. Stivers stated that yes, the information would still be clear just as if they were to get information from any particular year going back.

Ms. Glasser-Hedrick also stated that she believes the desire is to keep the maps outside of the regulations which she noted makes sense and asked whether the new map would come before the committee as an agenda item if there were issues or questions or comments from the public.

Mr. Stivers noted that they had some discussion in regards to the regulations of the maps at the last committee meeting and that the minutes reflected what he understood which was that, to the extent there are methodology changes, he would bring back the maps at some point in the fall to be reviewed by the committee. He noted that this would be separate from the regulatory process and would be a discussion item, as reflected in the minutes. Mr. Stivers also noted that if the committee would like to revisit the issue and have a more formal vote on methodology changes in the future, he would be open to it. Mr. Stivers concluded by noting that, absent further direction, the understanding he has is that TCAC would bring methodology changes, but not data updates, before the committee if they were to occur.

Mr. LoFaso noted that he didn't quite hear a timing cycle and stated that the more that you jam up towards the end of the year the more lack of clarity there is.

Mr. Stivers stated that generally in January they make the new applications available based on regulation changes. He noted they put out the new threshold basis limits which are calculated in early December and he also noted that they put out any new data they have from the USDA on rural definition. He noted that all of that goes out in early January when the applications become available. Mr. Stivers noted that if the changes were methodology related changes, TCAC would bring those up for discussion no later than the November or December committee meeting. Mr. Stivers reiterated that they would start every year off fresh to the extent that there are data or methodology related changes. Mr. Stivers also noted that they will also implement a cut off date to the extent that there are 15 factors in the maps and noted that if changes come after the cutoff date, that they would be incorporated into the following year's map. Mr. Stivers reported that he does not have the cutoff date as of yet and he would have to consult with their mapping partners for it.

Mr. LoFaso appreciated the distinction between the changes in data and changes in methodology and noted that there will always be someone who will want to propose a methodology change that isn't coming internally and there isn't any opportunity for an outside party to raise that issue.

Mr. Hedrick reported a point of clarification that there would be the opportunity during the generic public comment that's on every agenda for any member of the public to address this body on any matter that has not been agendaized. He also noted that the only action that this body can take in response to public comment in that area is to direct staff put it on a future agenda. As a result, there is a formal mechanism for someone wanting to have methodology changes addressed as a formal agendaized item before this board to get that done provided the board is willing to put it on the next agenda.

Mr. LoFaso stated that he appreciates the explanation from Mr. Hedrick but that it's not sufficient. He noted that if it's on the agenda every November or December and there are no methodology changes, there is no reason for the committee to not just bless the continuation of the method for the map for the following year, but it does create a much more clear point in time for people to raise questions about the maps and to improve the quality of the dialogue and transparency. Mr. LoFaso also stated that he thinks that approving the map every year whether or not there are methodology changes is appropriate. If there is no desire for methodology changes then it's not that big of a deal.

Mr. Stivers suggested that the committee have an agenda item on every November or December meeting to talk about the maps going forward. He noted, however, that to the extent that someone raises a methodology change in November or December, there is no way he can address the change to take effect in January. Mr. Stivers stated that methodology changes suggestions need to come much before he brings the maps for the coming year.

Mr. LoFaso noted that if there is a decision point at the end of the year there is more clarity for people to engage with the decision point as a focal point, stating that they do this with their regulations and that a similar process could be done for the maps. This

process will facilitate stronger public dialogue and input in regards to how soon people should engage in order to get a viable solution in the November vote.

Mr. Stivers stated that he is open to various ways of presenting the maps to the committee and community, but noted that he is unclear on exactly what he is being asked to do.

Ms. Ortega noted that she doesn't see any reason to not have the maps something that the committee reviews and referenced two agenda items from Scholarshare that are relatable to the discussion. She also stated that it is not unusual to have an agenda item annually, but she noted that the issue of not setting expectation that November is the opportunity to discuss changes that people want needs to be very clear. Ms. Ortega also noted that she was also unclear whether November was the right time period and stated that she missed how November came to be the right time to discuss changes to the maps.

Mr. Stivers noted that he is happy to commit to putting an agenda item on every December agenda or earlier, but no later than December, on what maps would be proposed to be used for the following year.

Ms Glasser-Hedrick noted that it does provide transparency to the process in regards to setting a reserved time to discuss potential changes to the maps.

Mr. Stivers noted that absent further directions that is what he will do.

Mr. LoFaso asked whether they are codifying this concept in the regulations or whether this will be a personal commitment from the executive director.

Ms. Glasser-Hedrick stated that the idea was to try to ensure the maps were not subject to the regulations and that this would be an item that staff would bring forward on an annual basis and noted that to the extent Mr. LoFaso wants it to be incorporated into the regulations that it certainly can be.

Mr. LoFaso stated that if he understands the regulations correctly what he meant to say was that certain regulations just exist out there and asks whether the regulations could say "to be approved annually by the committee,"

Ms. Glasser-Hedrick noted that the regulations could definitely say that but that the desire from staff was to not link the maps to the regulations.

Mr. Stivers noted that the committee could add a provision to Section 10320 stating, "The Executive Director shall agenzize a discussion item on opportunity maps annually."

Mr. LoFaso recommended the provision be written "The Executive Director shall agendize a discussion item on opportunity maps annually for approval by the committee."

Mr. Hedrick stated that the simplest way to reference the provision would be by adding to the regulations that are in reference to the maps, "The map is to be approved annually by

the board.” Mr. Hedrick also stated that if there is a definitional section, the provision can be included there.

Mr. Stivers noted that he will defer to the committee’s vote.

Mr. LoFaso noted that the definitional section sounds like a good place to put it.

Ms. Glasser-Hedrick noted that for the purpose of clarity, the provision will articulate “The TCAC/HCD maps would be approved annually by the committee.”

Mr. LoFaso noted that if it’s going to be placed in the definitional section it should read, “TCAC/HCD opportunity map means the map approved by the committee annually” (with whatever other description is necessary).

Mr. Stivers asked the committee if, with respect to 2018, the committee’s approval of the regulations this year incorporates the approval of the maps that are currently available or if there is a separate approval process that will need to happen in order for the maps to take effect for 2018.

Mr. LoFaso stated that given the low stakes for 2018 then yes, approval of the regulations incorporates approval of the maps for 2018. He is much more concerned about the tie breaker that kicks in in 2019. If it’s for 2018 then yes, at least from his point of view.

Ms. Glasser-Hedrick stated that she would like to pause and ask for public comment and asked if the public would like to make a comment with regard to the maps being approved by the committee on an annual basis.

Ms. Sarah Brundage with the fair housing taskforce, the task force that is developing the maps, made a comment stating that she agrees with Mr. Stivers that it would be near impossible to revise maps in December for a January implementation but she also noted that if they were to present maps in December for the following year’s implementation and receive comments that would essentially task the taskforce with what they would work on in that subsequent year for two years later. She also noted that it would take anywhere from 3-9 months to change methodology in a significant way. Ms. Brundage also noted that if adopted today the taskforce’s plans are to immediately begin in January engaging rural stakeholders and researching alternative rural methodologies which would be a yearlong process and next December they would present an alternative version for adoption and receive public comment which would guide the next year’s amount of work.

Ms. Glasser-Hedrick asked if there were any further comments from the committee members or public.

Mr. LoFaso stated that he will move his amendments as partially drafted by Mr. Hedrick.

Mr. Stivers noted that Mr. LoFaso's statement could be incorporated with a motion to approve the five amendments that were discussed earlier: 2 by Ms. Glasser-Hedrick, 1 by Mr. LoFaso and 2 by Mr. Stivers.

MOTION: Mr. LoFaso moved approval of the whole package, including the five amendments. Ms. Ortega seconded, and the motion passed unanimously by a roll call vote.

6. Public Comment

Ms. Glasser-Hedrick introduced Mr. Leach from Kingdom Development as the only person who signed up to make a public comment.

Mr. Leach congratulated the committee on the incremental improvements that are being made on the maps and for thoughtfully involving the public and for drafting good policy goals. He also noted that he appreciated the in-depth discussion in regard to policy changes whether the changes were important or not they were super well received by the development industry, noting that he doesn't believe their opinions should matter as much as they do. Mr. Leach also noted that he was glad the committee championed what they wanted and approved what they wanted.

Mr. Leach stated that there is somewhat of a crisis going on here in California with the lack of housing, noting that we need more housing. Mr. Leach also noted that we need more resources and need to be better stewards of the resources we currently have if we are to generate more housing.

Mr. Leach brought to the committee's attention that in 2017 the committee and the 9% program awarded \$278,000 in credits per unit which was 25% higher than 2016, noting that 2016 was their worst year ever of the amount of credits that were awarded on a per unit basis. Mr. Leach expressed to the committee that he is worried that production is going down, noting that they produced 800-900 less units this year in the 9% program than in preceding years, yet the same allocation is received each year.

Mr. Leach requested that the committee research alternatives to the tie breaker so that we can have a system that motivates and incentivizes the development community to produce more housing with the scarce resources that we have.

7. Adjournment.

MOTION: Ms. Ortega moved approval of the meeting adjournment, Mr. LoFaso seconded. The meeting adjourned at 3:38 p.m.