# CTCAC

# Friday, January 15, 2021

# Upon Adjournment of the CDLAC Meeting or 11:15 a.m.

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
www.treasurer.ca.gov/ctcac



# MEETING NOTICE

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|---|---|
| **MEETING DATE:** | **January 15, 2021** |
| **TIME:** | **Upon adjournment of the CDLAC Meeting or 11:15 a.m.** |
| **LOCATION:** | **State Treasurer's Office<br>915 Capitol Mall, Room 587<br>Sacramento, CA  95814** |

**Public Participation Call-In Number****
**(888) 557-8511**
**Participant Code: 5651115**

## AGENDA

1. Roll Call

*Action Item:* 2. Approval of the Minutes of the December 21, 2020 Meeting

3. Executive Director's Report

*Action Item:* 4. Discussion and Consideration of establishing a minimum point requirement for the competitive 2021 applications

5. Public Comment

6. Adjournment

There will be an opportunity for public comment at the end of each item, prior to any action.

Note:  Agenda items may be taken out of order.

**FOR ADDITIONAL INFORMATION**

Judith Blackwell, Executive Director, CTCAC
915 Capitol Mall, Room 485, Sacramento, CA 95814
(916) 654-6340

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

** Interested members of the public may use this number to call in to listen to and/or comment on items before the California Tax Credit Allocation Committee. Additional instructions will be provided to callers once they call the indicated number. This call-in number is provided as an option for public participation but the Committee is not responsible for unforeseen technical difficulties that may occur. The Committee is under no obligation to postpone or delay its meeting in the event such technical difficulties occur during or before the meeting.

The California Tax Credit Allocation Committee (CTCAC) complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the CTCAC in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact Sertan Usanmaz of the CTCAC no later than five calendar days before the meeting at (916) 654-6340 and Telecommunication Device for the Deaf (TDD) at (916) 654-9922.

# AGENDA ITEM 2

Approval of the Minutes of the December 21, 2020 Meeting

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**
**Minutes of the December 21, 2020 Meeting**

1. **Roll Call.**

   State Treasurer Fiona Ma chaired the meeting of the California Tax Credit Allocation Committee (CTCAC). Treasurer Ma called the meeting to order at 3:21 p.m. Also, present Anthony Sertich for State Controller Betty Yee; Gayle Miller for Department of Finance (DOF) Director Keely Martin Bosler; California Housing Finance Agency (CalHFA) Executive Director Tia Boatman Patterson and California Department of Housing and Community Development (HCD) Director Gustavo Velasquez

   City Representative Vivian Moreno was absent.

2. **Approval of the Minutes of the December 9, 2020 Meeting.**

   **MOTION:** Mr. Sertich moved to approve the December 9, 2020 Meeting Minutes. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

3. **Executive Director's Report.**

   Executive Director, Judith Blackwell opted to pass on the Executive Director's Report due to the length of the CDLAC meeting. She thanked her staff for all their hard work.

4. **Discussion and Consideration of a Resolution to Adopt a Proposed TCAC/HCD Opportunity Area Map for 2021.**

   Deputy Director, Anthony Zeto provided some background on the proposed updates to the Opportunity Maps for 2021 and stated CTCAC worked closely with HCD. He added that most of the proposed changes to the map and methodology were not substantive and included updates to the data. Mr. Zeto noted some of the comments received will be considered for the Opportunity Map updates for calendar year 2022.

   Mr. Velasquez recapped the hard work surrounding the Opportunity Maps, which began three years ago. He stated the maps will be used to equitable allocate affordable housing in the state and provide low-income Californians with more housing choice and income opportunity. He referenced the hard work of the Fair Housing Task Force, which is the group primarily responsible for developing the maps. Mr. Velasquez stated some of the issues raised in public comments will be considered when developing the next set of changes for the maps next year. He noted that he looks forward to working together with CTCAC staff to make necessary improvements to the maps in the future.

   Mr. Sertich agreed with Mr. Velasquez and stated the maps are essential in the equitable distribution of limited resources for the state.

Doug Shoemaker with Mercy Housing asked that the Committee consider including affirmative marketing requirements relative to the maps to reach out to the individuals the program is trying to target. He also stated the role of transit access should be included in the maps as a unit of measure, which it is not currently. Mr. Shoemaker empathized the need to align the Committee's climate change agenda with its fair housing agenda moving forward.

**MOTION:** Mr. Velasquez moved to approve the Resolution to adopt the Opportunity Maps for 2021. Mr. Sertich seconded, and the motion passed unanimously via 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. Zeto provided a timeline and summary of the proposed regulation changes, which intended to better align the California Debt Limit Allocation Committee (CDLAC) and CTCAC. He noted CTCAC received public comments from approximately 170 commenters resulting in some revisions from the initially proposed regulation changes and in some cases withdrawal of some of the initially proposed changes. Mr. Zeto stated the final version of the proposed regulation changes was published on December 11, 2020 and recommended them, along with a couple of minor corrections, to the Committee for approval.

Mr. Zeto stated changes approved at the CDLAC meeting affected references in the CTCAC proposed regulation changes, specifically to the Developer Fee in Section 10327(c)(2)(E). He explained that staff now recommended changing the references from Persons of Color / Woman-Owned Business Enterprise (PCWBE) to Black Indigenous People of Color (BIPOC).

Natasha Reyes with Disability Rights California raised concerns over the accessibility of the Committee Meetings and responses to reasonable accommodations requests. She expressed support for the proposed changes in Section 10325(f)(7)(K) to increase accessible development and thanked staff for their hard work and for listening to the extensive comments provided at last month's public hearing. She referenced an HCD report that highlighted the challenges that people with disabilities face when trying to find accessible affordable housing. Ms. Reyes urged the Committee to adopt the proposed increases to accessibility and stated staff should prioritize deep affordability.

Treasurer Ma thanked Ms. Reyes for her comments and stated they will work with her to make the meetings more accessible to people with disabilities in the future.

Helen Walsh echoed Ms. Reyes comments to make the Committee meetings more accessible. She supported the changes in Section 10325(f)(7)(K) to increase the number of accessible units.

Fiona with the Independent Community Resource Center also expressed support for the changes in Section 10325(f)(7)(K) to increase the number of accessible units.

Dara Schur with Disability Rights California expressed the need for accessible units across every housing type. She stated there are almost 9,000 people on waiting list for accessible units in Los Angeles alone. Ms. Schur expressed strong support for the proposed changes in Section 10325(f)(7)(K) to increase the number of accessible units in new construction projects.

Matt Traverso with the State Council on Developmental Disabilities expressed strong support for the changes in Section 10325(f)(7)(K) to increase the number of accessible units in new construction projects. He referenced statistics relating to the scarcity of accessible units currently in the state and stated that the proposed change is a step in the right direction.

Ellen Morris from Eden Housing expressed opposition the proposed change relating to rehabilitation projects with outstanding non-compliance issues (8823s). She understands the intent of proposed change but noted some projects have construction defects that can't be repaired without re-applying for new credits. Ms. Morris specifically asked about one sentence relating to costs not being included for repair of 8823 deficiencies. Mr. Morris noted if these were related to basis or costs. She recommended that the sentence be removed and that these costs be included in their application. Ms. Morris also recommended the Committee in the next set of regulation changes consider awarding extra points for all electric projects under Section 10325(c)(5).

Mr. Zeto explained the intent behind the regulation change relating to 8823s and why staff believes the costs relating to the outstanding 8823s should be excluded from cost and basis.

Ms. Morris expressed concern over the way the language was written and stated they do not intend to cash out on these projects.

Development Section Chief, Gina Ferguson stated there is an exception for projects without a distribution of Net Project Equity and therefore no additional changes are necessary.

Regina Celestin Williams with First Community Housing in San Jose suggested to include projects that Type 4 also qualify for a basis limit increase in Section 10327(c)(5)(A). She also added it was time to start looking into more innovative construction types to achieve cost containment. Ms. Williams also encouraged staff to look at modular construction methods for a 15% increase to the basis limit. She strongly believes these building methods align with CTCAC's goals.

Marielle Kriesel with the Disability Community Resource Center in Los Angeles expressed support to the proposed changes to Section 10325(f)(7)(K) of the regulations. She stated incorporating universal design features in the design of the projects will make the units accessible for all. Ms. Kriesel also stated that this would help in employment because without housing, they will not have the stability needed.

Allie Cannington with the Kelsey thanked the Committee for listening to the community and proposing an increase in accessibility. She also urged staff to adopt the changes to Section 10325(f)(7)(K) of the regulations to affirmatively further fair housing in the state.

Hector Ramirez stated he was a person with disability and explained the difficulties that people of disabilities face, which has been exacerbated by the ongoing COVID-19 health pandemic. He stated he has been involved with organizations in helping to curb homelessness for his community. Mr. Ramirez emphasized the need to increase the number of accessible units in the state to improve the outcomes of disabled residents. He stated that one’s mental well-being is directly related to housing security. Mr. Ramirez thanked the Committee for listening to his comments.

Treasurer Ma thanked Mr. Ramirez for mentioning CalABLE and noted that program was under her jurisdiction in the State Treasurer’s Office.

Neil Rubenstein with the National Multiple Sclerosis Society expressed support for the changes in Section 10325(f)(7)(K) to increase the number of accessible units in new construction projects.

William Leach with Kingdom Development expressed opposition to the proposed changes relating to the Developer Fee definition. He stated the requirements made it very burdensome for developers and could result in a reduction in quality of the applications. Mr. Leach stated the proposed change will incentivize developers to not utilize experts to guide them through the process. He added that the burden would fall on the smaller developers.

Patti Prunhuber with Justice in Aging stated that every disabled Californian has a right to an age friendly home in an equitable manner where they can age in place. She endorsed the comments from Disability Rights California. Ms. Prunhuber spoke to the different types of disabilities that exist and noted that these numbers will continue to increase as people age. She expressed support to the changes in Section 10325(f)(7)(K) to increase the number of accessible units and noted it aligns with the state’s overall master plan on aging. Ms. Prunhuber applauded the Committee’s efforts.

Marianne Lim from EAH Housing expressed support for the proposed changes to simultaneous phases designed for projects unitizing the same credit types within ¼ mile of each other, designed, and completed within 6 months of one another. She was thankful the Committee decided to maintain the 6 months rather than lengthening the timeframe to 12 months as initially proposed. Ms. Lim asked the Committee to consider an exemption for existing portfolio rehabilitation projects that fall victim to geographic circumstances such as in San Francisco. She explained other concerns and asked the Committee provide the Executive Director authority on a case-by-case basis.

Scott Richmond, President with the Association of California State Employees with Disabilities explained he submitted written comments in support of staff's proposal to increase the number of required affordable accessible units in new construction projects. He expressed support to the changes in Section 10325(f)(7)(K) to increase the number of accessible units which will provide a more successful work life for many disabled residents.

Michael Levinson stated he serves on a few boards that advocate for people with disabilities. He identified himself as a person with disability and provided comments relating to his personal living situation.

Fidel Medina with Resources for Independents Central Valley stated he was in support of the changes in Section 10325(f)(7)(K) to increase the number of accessible units in new construction projects. He stressed the need for new accessible units in the Central Valley.

Bill Witte with Related California acknowledged the work of staff. He expressed concern over the proposal to the tiebreaker that aims to advantage cost containment over other factors and provided examples of unintended consequences where projects paying prevailing wages or projects in urban infill sites will be disadvantaged due to higher costs. Mr. Witte requested that the Committee defer action on the tiebreaker until some these issues can be addressed.

Connie Arnold stated she was in support of the previous comments supporting the increase to accessible units. She stated they should move towards universal design to ensure accessibility.

Mark Stivers with the California Housing Partnership state staff was responsive to public comment but expressed concern over five of the proposed changes and asked that the Committee defer them to a future meeting. First, he urged the Committee not to adopt the one-third weighting to the second factor of the tiebreaker. Second, Mr. Stivers noted the proposed change relating to assumed debt with respect to re-syndication projects and urged the Committee to reconsider this change. Third, he stated recycled bonds are incentivized in the CDLAC tiebreaker and does not believe it needs to be included in the leveraging definition as well. Fourth, Mr. Stivers respectfully asked the Committee to reconsider the changes to the definition of the Developer Fee. Finally, he opposed the change prohibiting a re-syndication project from accessing additional developer fee associated with the acquisition basis. Mr. Stivers stated this change only brings in more federal 4% credits and does not affect the cash out developer fee, which really matters from a cost containment perspective.

HolLynn D'Lil expressed concern over an artificial divide of housing to accommodate people with disabilities and people without disabilities. She stated that at some point in everyone will experience a disability in their life and that all new units should be built fully accessible or adaptable for everyone.

Nevada Merriman with MidPen Housing agreed with Mr. Stivers and Mr. Witte opposing the removal of the one-third weighting in the tiebreaker. She believes people will increase their costs to achieve a higher tiebreaker score. Ms. Merriman explained that this should be monitored before making such a change. She also opposed the proposed change relating to exclusion of assumed debt for re-syndication projects in the tiebreaker stating these projects are already limited in ways of being funded.

Sherri Franklin with the Urban Design Center pressed the need for innovative accessibility designs for future new construction projects. She emphasized the importance on creating accessible spaces in homes.

Mr. Sertich thanked staff for putting the changes together but expressed concern over the changes to the cash out Developer Fee from $2 million to $2.2 million for rehabilitation projects, which is concerning due to the focus on cost containment and the fact that there was no lack of interest in the program. He also expressed concern over removing the financial advisor language as well as the removal of the sustainability points, which warrants a longer discussion with state partners. Mr. Sertich noted concerns over the one-third factor in the tiebreaker, and stated if there was a factor that more directly measured cost efficiency, he would be more supportive. Finally, he disagreed with the changes relating to public funds specifically for rehabilitation projects.

Mr. Velasquez generally agreed with Mr. Sertich, and expressed support for all the comments made on behalf of accessible units and wanted to clarify if staff recommendations was inclusive of increasing the number of accessible units.

Ms. Blackwell stated that was correct.

Mr. Sertich and Mr. Velasquez agreed that a more robust conversation on sustainability take place with other state partners.

Ms. Boatman Patterson stated she was generally in support of staff's recommendations with some tweaks. She stated she was sympathetic of Mr. Leach's comments to the Developer Fee definition and believed it will hurt emerging developers that rely on financial and professional consultants. Ms. Boatman Patterson stated there should be more transparency in the Developer Fee line item in order to compare it with industry standards. She stated the "divide by three" in the tiebreaker may be too much and maybe revising it to "divide by two" to get more credit efficiency moving towards cost containment. Lastly, Ms. Boatman Patterson provided comments to the provision in Section 10325(c)(9)(A)(ii) that requires soft debt to be a minimum of 55 years. She stated that philanthropic groups and private sectors, who would provide subordinate debt, do not want to be tied to a deal for 55 years. If the goal is to bring in more private subordinate date, Ms. Boatman Patterson suggested decreasing the 55 years. Lastly, she strongly encouraged that the Committee retain the bond recycling as public soft debt for leveraging.

Ms. Miller asked staff what the timeline would like if some of the regulation changes were deferred to next year.

Ms. Blackwell stated that if some of the proposed changes were deferred, she does not have any concerns, but reminded Ms. Miller that Assembly Bill 83 requires regulation changes be adopted by both CDLAC and TCAC.

Mr. Sertich and Ms. Miller stated they feel comfortable moving forward with most of the recommended changes.

Ms. Miller stated she was in support of Ms. Boatman Patterson's recommendation to change the division by three to a division by two, still encouraging efficiency.

Mr. Sertich stated that in order to increase the second ratio, one would either decrease the numerator or increase the denominator. He added that credit efficiency is not measuring unit efficiency.

The Committee deliberated whether to divide by two or divide by three.

Mr. Sertich stated he has five sections he would like to propose amendments for and revisit for next year.

**MOTION:** Ms. Miller moved the revision to staff recommendation in Section 10325(c)(9)(B) to divide by two. Ms. Boatman Patterson seconded, and the motion passed via a 4-1 vote. (Yes votes: Ms. Miller, Ms. Boatman Patterson, Mr. Velasquez, Treasurer Ma. No vote: Mr. Sertich).

**MOTION:** Mr. Sertich moved to strike staff recommendations to Section 10325(c)(5) regarding the removal of the sustainability point category. Motion died due to a lack of a second.

**MOTION:** Mr. Sertich moved to strike staff recommendations to Section 10302(o) regarding financial modeling in the Developer Fee definition. Ms. Boatman Patterson seconded, and the motion passed unanimously via a roll call vote.

**MOTION:** Mr. Sertich moved to strike staff recommendation to Section 10327(c)(2)(A) regarding the increase to the 9% developer fee limit for rehabilitation projects from $2 million to $2.2 million for the purposes of program alignment. Mr. Velasquez seconded; the motion died via a 3-2 vote in opposition. (Yes votes: Mr. Sertich, Mr. Velasquez. No votes: Ms. Boatman Patterson, Treasurer Ma, Ms. Miller)

**MOTION:** Mr. Sertich moved to strike staff recommendation to Section 10325(c)(9)(A)(i) regarding public funds (Page 47) with exception of the change relating to off-site costs. Motion died due to a lack of a second.

Ms. Boatman Patterson cited Section 10325(c)(9)(A)(2)(ii) relating to the 55 year term for private soft loans. She reiterated that the 55 years is a deterrent to private entities. Ms. Boatman Patterson was open to a 15 year term consistent with public funds.

Ms. Miller suggested possibly deferring this change to next year.

Mr. Zeto clarified that staff initially proposed to remove the 55 year term but withdrew the proposed change in response to comments. He explained that one commenter noted with private entities, there may be an expectation that a balloon payment or some large hard debt payment be due at 15 years, which could be problematic for projects.

Mr. Stivers added that a 55 year term is a deterrent to private entities but agreed that at some point the private entity would expect payment so with a shorter term, it would set up projects for failure since there would be no way for the project to pay it. He stated that while public loans require a minimum of 15 years, they are all 55 year loans.

Treasurer Ma suggested revisiting this at a later meeting for more discussion.

Ms. Ferguson asked for additional clarification to Section 10302(o). She noted that existing regulations include consulting fees in the Developer Fee definition. Ms. Ferguson requested clarification from the Committee on whether consulting fees should be striked from the existing language and possibly have a separate line item for consulting fees.

Ms. Boatman Patterson suggested publishing a guidance memo requiring consultant fees be identified in order to collect data to establish industry standards given there is no current data available.

Ms. Ferguson recommended striking consulting fees from the Developer Fee definition but also publishing a memo removing consultant fee from within the Developer Fee section to a separate line item in the Final Cost Certification and in the Development Budget. She added that the memo could require all consulting fees be disclosed in the line item.

**MOTION:** Mr. Sertich moved staff's recommendation not previously voted on. Ms. Miller seconded, and the motion passed unanimously via a roll call vote.

Ms. Miller requested a midterm review of the divisibility by two, as to whether it measured cost efficiency.

Treasurer Ma granted Ms. Miller's request and stated staff will provide a staff report mid-year.

6. **Discussion and Consideration of the 2020 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.**

Ms. Ferguson recommended two projects Ambassador Ritz (CA-20-660) and Steinbeck Commons (CA-20-669) for approval, which were awarded bond allocations at the December 9th CDLAC meeting, but were not on the CTCAC meeting notice due to a

CDLAC change. Ms. Ferguson stated staff has completed the reviews and recommended the projects for approval.

**MOTION:** Mr. Sertich moved to approve the two projects, Ms. Miller seconded, and the motion passed unanimously via a roll call vote.

There was public comment.

Anne Wilson suggested considering time limits for public comments and possibly group them up since the meetings have been taking so long.

**7. Discussion and Consideration of Additional 2020 Applications for Reservation of Federal Four Percent (4%) Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.**

Ms. Ferguson stated the 4% projects recommended are from the listed projects noted on the meeting notice that also received a bond allocation in CDLAC's meeting, and read them off as follows:

- CA-20-665 / Terracina at Lancaster
- CA-20-670 / Rose Hill Courts Phase I
- CA-20-671 / Bidwell Place Apartments
- CA-20-673 / Towne Square Apartments
- CA-20-680 / Solaris Apartments
- CA-20-688 / Harriet Tubman Terrace
- CA-20-692 / Fruitvale Transit Village IIB
- CA-20-695 / 11010 Santa Monica Boulevard
- CA-20-696 / Immanuel-Sobrato Community
- CA-20-709 / 4840 Mission Street
- CA-20-712 / Northlake Senior Apartments
- CA-20-716 / Pony Express Senior Apartments
- CA-20-721 / La Guadalupe
- CA-20-731 / Blossom Hill Senior Apartments
- CA-20-733 / Residency at the Mayer Hollywood
- CA-20-735 / Mississippi ECB
- CA-20-737 / Balboa Park Upper Yard
- CA-20-741 / 6$^{th}$ and San Julian
- CA-20-742 / Central Plaza Apartments

**MOTION:** Mr. Sertich moved to approve the projects recommended by staff, Ms. Miller seconded, and the motion passed unanimously via a roll call vote.

There was public comment.

Paul Patierno with the Highland Companies stated he intends on submitting a letter to CDLAC and CTCAC identifying which projects he believes may not qualify under the Preservation Pool.

Treasurer Ma requested to be included on the letter.

Ms. Ferguson requested the ability to award projects commensurate with projects selected from the CDLAC's Waiting List at a future date.

Ms. Miller and Mr. Sertich supported the request.

**MOTION:** Ms. Miller moved that CTCAC staff have administrative ability to make awards commensurate with the CDLAC Waiting List. Mr. Sertich seconded, and the motion passed unanimously via a roll call vote.

**8. Discussion and Consideration of Additional 2020 Applications for Reservation of Federal Four Percent (4%) and State Farmworker Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.**

Mr. Zeto stated that Agenda Items 8 through 10 are for projects that did not received bond allocations at the preceding CDLAC meeting. As a result, Agenda Items 8 through 10 will not be heard at this meeting. He reiterated the administrative ability provided to CTCAC staff to make awards commensurate with the CDLAC Waiting List.

**9. Discussion and Consideration of Additional 2020 Applications for Reservation of Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.**

Skipped.

**10. Discussion and Consideration of the 2020 Second Round Applications for Reservation of Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.**

Skipped.

**11. Presentation on HCD's Disaster Recovery Action Plan.**

Mr. Velasquez stated he will present HCD's Disaster Recovery Action Plan at the next Committee Meeting. As a result, Agenda Item 11 was skipped.

Ms. Miller thanked Treasurer Ma for letting everyone provide public comments.

**12. Public Comment.**

None.

## 13. Adjournment.

Treasurer Ma adjourned the meeting at 5:21 p.m.

# AGENDA ITEM 3

Executive Director's Report

# AGENDA ITEM 4

Discussion and Consideration of establishing a minimum point requirement for the competitive 2021 applications

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: January 15, 2021

TO: Committee Members

FROM: Judith Blackwell, Executive Director

RE: Establishing Minimum Point Score Thresholds for Nine Percent (9%) Applications

Under authority provided in Regulation Section 10305(g), the Committee may establish minimum point thresholds prior to a funding round. Staff is proposing that the Committee do so for the 9% competitive funding rounds in 2021.

**Background:**
Section 10305(g) states:

> The Committee may, at its sole discretion, reject an application if the proposed project fails to meet the minimum point requirements established by the Committee prior to that funding round. The Committee may establish a minimum point requirement for competitive rounds under either Section 10325 or 10326.

The Committee also has authority under Section 10325(c) to reject applications on a case-by-case basis for low scores. In past public forums, stakeholders clearly prefer the Committee to pre-establish a scoring floor, rather than exercise its authority on a case-by-case basis.

**Recommendation:**
Staff recommends establishing the minimum point threshold for the 2021 competition as follows:

| Application Type | Minimum Score | Maximum Score |
|---|---|---|
| 9% Applications | 93 Points | 109 Points |
| 9% Native American Apportionment | 80 Points | 94 Points |

**Analysis:**
The Committee originally adopted recommended pass points in 2007, and this had a helpful effect in (a) signaling prospective applicants that the Committee would not entertain weak applications, and (b) giving staff the ability to efficiently spend its efforts on more meritorious applications. A stronger applicant pool resulted, and almost all funded applications receive maximum scores. Staff believes this would ensure high quality and is confident that adequate demand will remain for the available credits.

**Conclusion:**
Staff believes setting the recommended pass points for 2021 is prudent public policy. This would avoid expending precious federal and state resources on extremely low-scoring applications that meet relatively few public policy objectives.

# AGENDA ITEM 5

Public Comment

# AGENDA ITEM 6

Adjournment