



California Debt Limit Allocation Committee

915 Capitol Mall, Board Room 121
Sacramento, CA 95814

May 12, 2026

CDLAC Committee Meeting Minutes

1. *Agenda Item: Call to Order and Roll Call*

The California Debt Limit Allocation Committee (CDLAC) meeting was called to order at 1:03 p.m. with the following Committee members present:

Voting Members:

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

Advisory Members:

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

2. *Agenda Item: Approval of the Minutes of the March 3, 2026, Meeting*

Chairperson Ma called for public comments:
None.

MOTION: Ms. Perrault motioned to approve the minutes of the March 3, 2026, meeting, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

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

Presented by: Marina Wiant

Marina Wiant, Interim Executive Director, reported that CDLAC has entered into a contract for executive and support services in the amount of \$249,467. Since this amount is under the \$500,000 delegated authority threshold, Ms. Wiant was able to enter into this contract without Committee approval. CDLAC also entered into another contract for rent and security in the amount of \$125,659.

Ms. Wiant commended the CDLAC staff for their work. In Agenda Item 6 today, the staff will be recommending QRRP Round 1 awards. This has been an extraordinary round, and the amount of work that the staff has had to take on in the last six months in order to implement the 25% test is extraordinary. There are pending positions that will hopefully be approved later this year to help offset that workload. The leadership of DC Navarrette and the other two program managers is commendable.



California Debt Limit Allocation Committee

Chairperson Ma called for public comments:

None.

4. **Agenda Item: Resolution Number 26-004 of the California Debt Limit Allocation Committee to Alter the Portion of the State Ceiling on Tax-Exempt Private Activity Bonds Available to Each Type of State Ceiling Pool (Cal. Code Regs., tit. 4, §§ 5001(c) & 5101)**

Presented by: Marina Wiant

Ms. Wiant explained that on January 13, 2026, CDLAC adopted its tax-exempt private activity bond state ceiling for 2026. At that time, the 2025 population estimates were not yet published, so CDLAC adopted the state ceiling based on 2024 population figures. The population for 2025 has now been published, and it is slightly less than the 2024 population. This led to a \$10,253,790 decrease in the available state ceiling. Resolution No. 26-002, which was adopted by the Committee on January 12, 2026, stated that CDLAC would proportionately reduce the pools if the state ceiling were reduced. Ms. Wiant is asking the Committee today to adopt Resolution No. 26-004, which instead would reduce the Industrial Development Bond (IBD) Pool to \$0 from \$10,000,000 and reduce the Qualified Residential Rental Program (QRRP) Supplemental Pool by \$253,790 to offset the reduction in the state ceiling.

Chairperson Ma called for public comments:

None.

MOTION: Ms. Perrault motioned to adopt Resolution No. 26-004, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

5. **Agenda Item: Discussion and Consideration of Appeals for 2026 Round 1 Qualified Residential Rental Projects Awards (Cal. Code Regs., tit. 4, § 5005(c))**

This item was skipped. Ms. Wiant explained that there are no appeals to present to the Committee today, but a handful of appeals are still being processed at the staff level.

6. **Agenda Item: Recommendation for 2026 round 1 Qualified Private Activity Bond awards for Qualified Residential Rental Projects, subject to change if appeals are granted under Item 5 (Gov. Code, § 8869.85; Cal. Code Regs., tit. 4, § 5010)**

Presented by: Norma Velarde

Ms. Velarde reported that on February 3, 2026, CDLAC received 122 applications, and the staff is presenting 66 applications today for funding with no pending appeals. These applications represent \$1,195,208,000 in tax-exempt bond allocation, 7,812 total units, 7,713 low-income units, and 338 units for homeless populations. The staff is also presenting nine applications pending appeals, which represent \$110,565,429 in tax-exempt bond allocation, 793 total units, and 786 low-income units. The staff has reviewed the applications for compliance with federal and state requirements and recommends the list for approval.



California Debt Limit Allocation Committee

Ms. Wiant explained that because of the large volume of applications and the amount of time it has taken the staff to complete the project reviews, they are asking the Committee to approve the preliminary recommendation list, including the projects identified in bold that currently have pending staff-level appeals. If a pending appeal were granted, that project would receive a Round 1 award without any further action needed from the Committee. If a pending appeal were denied, the applicant could submit a final appeal to the Committee, which would be presented to the Committee at the June 22, 2026, meeting for a Round 1 award. Depending on the outcome of the pending appeals, the staff may present additional projects from the alternate projects list for remaining Round 1 funding consideration at the June meeting. An updated preliminary recommendation list was passed out to the Committee and made available to the public that shows projects still pending approval in bold and the list of alternate projects that might be brought to the Committee in June for funding.

Mr. Velasquez said there are more projects on this list due to the reduction of the 50% test to 25%. He commended the CDLAC staff for this additional work. He also highlighted the Acquisition/Rehabilitation Pool, which Chairperson Ma has championed for a long time. The number of projects in that pool is considerably higher than the Committee has previously seen. Mr. Velasquez said that when this list is published, he talks to his team at HCD about cross-referencing the subsidy from HCD to see if the projects are represented on CDLAC's list. HCD projects are well represented on this list, including in the Acquisition/Rehabilitation Pool and the Rural Pool, which Mr. Velasquez is very pleased to see, along with the Homeless and Extremely Low-Income/Very Low-Income (ELI/VLI) Set Asides. Financing from HCD and CalHFA compounds the public benefit, and this is exactly what Mr. Velasquez wants to see.

Mr. Velasquez said HCD and CalHFA have worked together with the administration and STO to ensure that the state's priorities are aligned. Seeing projects on this list that have other types of state financing represents quite well the public benefit of the priorities that the state is trying to seek in order to close the shortage of housing that is most needed in the state. HCD tracks this data at least on an annual basis to see how much progress the state is making and where they can close the gap. Mr. Velasquez knows they are closing the gap across the income spectrum, but especially in the rural, homeless, ELI/VLI, and acquisition/rehabilitation categories. That is the type of housing that is needed the most, and the fact that there is representation of other state subsidies on CDLAC's recommendation list speaks quite well to closing those gaps in a major way. It is quite exciting to see so many projects because of the staff's work, the changes to the program, and the intersection with other state subsidies.

Ms. Perrault said it looks like there are eight projects pending appeal. She asked if that is correct.

Ms. Wiant said there are nine projects.

Ms. Perrault asked if there is a timeline for those appeals.

Ms. Wiant said all the appeals have been returned to the applicants by Anthony Zeto, Deputy Director. If any of those projects were to appeal again, they would be appealing to Ms. Wiant first. If Ms. Wiant were to deny the appeals, they would come to the Committee in June.



California Debt Limit Allocation Committee

Mr. Johnson echoed the previous comments about the Acquisition/Rehabilitation Pool. It is great to see those projects, and Mr. Johnson appreciates the work of Chairperson Ma and the Committee to uplift those projects. He commended the staff for their efforts to evaluate so many applications and get through this process. He asked for clarification because there are only eight appeal projects on the list that was distributed to the Committee.

Ms. Wiant said the ninth project that Ms. Velarde referred to was moved to the alternate list.

Mr. Johnson asked for clarification on whether a vote from the Committee to approve this list today would be an approval of the projects seeking appeal.

Ms. Wiant said the Committee would be approving the projects that have no pending appeals and approving those that have pending appeals should the appeals be granted. In no way would this show any approval of the appeal.

Mr. Johnson said he wants to be clear that the Committee is not in a position to evaluate those appeals now, and he does not want to be in a position of endorsing those appeals with this vote. If the Committee votes to approve this item, they are just approving the list and allowing the appeal process to move forward. The Committee will evaluate those appeals at a later date as needed. He asked Ms. Wiant if that is correct.

Ms. Wiant said that is correct, and it is possible that those projects will not have to come to the Committee if their appeals are approved at the staff level. This would allow the staff to get these projects to construction in a more expedited way should the appeals be granted.

Mr. Johnson said nine appeals seems like a large number. He asked Ms. Wiant for her thoughts on why there are so many.

Ms. Wiant said that in Round 1 last year, CDLAC awarded 38 projects. If all the appeals were to be granted this round, there would be 75 projects awarded. This comparison highlights how much additional review there was. There were changes made to the regulations last year to tighten up what Ms. Wiant believes should have always been the process, which is that during the competitive application process, projects get disqualified or points get reduced when projects are being reviewed, and they need to go through an appeal process if that deficiency is even curable. That has been a bit of a learning curve for stakeholders and the staff. There are also applicants who are used to submitting sloppy applications, which slows down the staff's review of the projects.

Ms. Wiant said there are no appeals pending in the ELI/VLI and Homeless Set Asides, which highlights the quality of the applications when there is a lot at stake. Round 2 begins next week and applications are due on Tuesday, and Ms. Wiant urges applicants to be a little bit more meticulous in their application preparation. The program is becoming less competitive; 122 applications were received for Round 1, and 75 projects are being awarded, so there is less pressure on the program today. It is still competitive, but there is less pressure. In a hyper-competitive environment, CDLAC tends to see people throwing in applications just in case they might get funded. Ms. Wiant urges applicants to take a step



California Debt Limit Allocation Committee

back and make sure their projects are ready to go. Also, as part of the regulations package last fall, CDLAC made some changes to the readiness requirements. Ms. Wiant hopes the applicants this year are aware of those changes. At this point, for any projects awarded today and in the future, the bond issuance deadline is December 31 of the following year. All the projects being awarded today must close their bonds by December 31, 2027. Projects that requested readiness points will be held to a strict readiness deadline with one available 90-day extension. After that, they may be subject to negative points or a rescission of bonds. Ms. Wiant hopes the projects coming in today and those that will be applying next week are mindful of that strict deadline and are thoughtful about their applications as a result of that.

Mr. Johnson said the Committee needs to keep an eye on the number of appeals and whether those numbers increase.

Chairperson Ma called for public comments:

Parker Evans from Mutual Housing California thanked the staff for their efforts to fund affordable housing.

David Beacham from the RHAD Group thanked the staff for their massive lift. He knows the amount of effort put in by the staff. His organization submitted two projects, and thankfully one of those projects is on the recommendation list. Unfortunately, one project has been removed from the list and is an alternate. The project that was removed from the list was previously fourth from the bottom. Two other projects superseded his project and were put back on the list. Mr. Beacham's project is now in a position of having four business days to submit an application in Round 2 through their issuer. They specifically asked about the tenability of their application and were assured, based upon their submittal and their appeal, that they were "safe."

Mr. Beacham has now found out, less than one hour prior to the meeting, that his project is not on the list. He is scrambling and has never been in this situation in his career of over 20 years in California. He is respectfully asking that the project be reinstalled into the Acquisition/Rehabilitation Pool. If the project, which is next in line, were to be added back to the list, it would be \$2.9 million above the cap. He is struggling with how he is here right now. He appreciates the advance notice of one hour, but that is all he got, and he would like to understand how two projects got relisted that were off the list last week. His partners, investors, and people in the community saw the list and were excited. Now the project has been removed because two other projects were put back on the list. Mr. Beacham would like to hear comments from Ms. Wiant, Mr. Navarrette, or Chairperson Ma about how this tragedy can be rectified. This is a project that is ready to go, and they are so far down the road with HUD and all their other participants that closing in December will not be an issue like it will be for others, including those who ask for extensions, supplemental allocations, and waivers. RHAD Group is not and has never been one of those developers.

Anthony Allman said he has a comment pertaining to Agenda Item 5. He asked if he should speak now or hold his comment for the general public comment period.



California Debt Limit Allocation Committee

Chairperson Ma asked Mr. Allman to hold his comment for the general public comment period.

Yosef Kerendian reiterated Mr. Beacham's comments. His project was also on the recommendation list and also got a denial letter about an hour ago. His project is not on the recommendation list anymore.

Chairperson Ma closed public comments.

Chairperson Ma said she had previously asked Ms. Wiant about some people potentially being upset because they thought they would get an award and now they are not.

Ms. Wiant said the preliminary recommendations are preliminary in nature. There is a note when the list is posted that things can change as the staff is conducting project reviews. There were some changes between the preliminary recommendation list that was posted last week and the preliminary recommendation list that is before the Committee today. Some of those projects are still in the appeal process. The gentleman who just spoke has a project that was denied an appeal and can still appeal the denial. Similarly, the projects on the alternate list will be eligible for award at the Committee meeting in June should an appeal not be approved. This is the nature of the program, and changes will happen as projects get reviewed.

Chairperson Ma said nothing has changed. It has always been like this during her eight-year tenure.

Ms. Wiant said that is correct.

Mr. Johnson said that both of the commenters said their projects were on the preliminary recommendation list and were then removed. He asked if that means that the projects were temporarily approved and then removed. He asked Ms. Wiant to explain how a project could be on the list and then taken off the list.

Ms. Wiant explained that projects get sorted based on their self-scores and the staff reviews the projects based on those self-scores. Sometimes the scores get docked, which results in a point letter. Sometimes projects are disqualified because, based on the application, they did not meet the threshold requirements of the program. Those projects can go through an appeal process. The list is dynamic as those things change. There were projects that had been disqualified and were not on the preliminary recommendation list a week and a half ago and are now in the appeal process, so they are now in the list in bold as an appeal. That process can bump a project off the list. Mr. Beacham's project was in the Acquisition/Rehabilitation Pool, and there are several appeals pending in that pool. Ms. Wiant imagines that there is still going to be quite a bit of movement happening as a result of the appeal process. There are projects that might end up being presented to the Committee in June as a result of those changes.

Mr. Johnson summarized that the preliminary recommendation list is just the sort, and then there is further due diligence on those projects to determine if there are disqualifying issues or point docks. After that, there is a re-sort, and projects might get pulled off the list at that point. There are different iterations of the list based on different stages of the review process and the scoring process.



California Debt Limit Allocation Committee

Ms. Wiant said that is exactly right. The staff sees this frequently at CTCAC, which has a similar process. There may be projects up for appeal before the Committee, and there will be four different versions of the sort that exist based on the outcomes of appeals, which can create a cascade effect.

Chairperson Ma reopened public comments:

Tommy Beadel asked where the revised preliminary recommendation list is published. There is no E-Binder online, and the agenda links to the list that was published ten days ago.

Chairperson Ma said the STO is currently in the process of revamping its website, so she has also been questioning where to find things now.

Ms. Wiant said the preliminary recommendation list is available online on the current program year page.

Mr. Beadel said he would look on the website.

Chairperson Ma closed public comments.

MOTION: Ms. Perrault motioned to approve the recommendation for 2026 round 1 Qualified Private Activity Bond awards for Qualified Residential Rental Projects, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

7. Agenda Item: Request to Waive Negative Points and Forfeiture of the Performance Deposit for a Qualified Residential Rental Project (Cal. Code Regs., tit. 4, §§ 5006, 5011(b), 5105)

Presented by: Christina Vue

Ms. Vue explained that pursuant to Section 5006(c)(1) of the CDLAC regulations, applicants bear the risk of forfeiting all or part of their performance deposit if the allocation is not used in accordance with the conditions and/or timeframes set forth in the CDLAC resolution. Section 5011 states that if an amount of carryforward allocation is not used to issue bonds on or before the carryforward allocation expiration date, the performance deposit will be forfeited to the Committee. It is within the Committee's discretion to grant any waiver request based on the circumstances presented, but it is generally required that the circumstances prompting the forfeiture are unforeseen and entirely beyond the control of the project's sponsor and development team. Today, four projects are requesting waivers.

Chairperson Ma asked Ms. Vue to introduce each project.

Ms. Vue said TBV Villas at Renaissance (CA-25-404), Aero Drive Affordable (CA-25-433), Westpark Family Affordable (CA-25-650), and 5370 Napa (CA-25-757) are requesting waivers. The project sponsors and issuers are here if the Committee would like to ask them any questions.

Chairperson Ma asked for the staff's recommendation.



California Debt Limit Allocation Committee

Ms. Wiant said the staff recommends that the Committee approve the waiver of negative points and hold the performance deposit to be forfeited at the end of the year if the project does not apply and receive an award between now and then.

Mr. Johnson said he would like clarification on whether Ms. Wiant's recommendation is in keeping with the Committee's process in the past.

Ms. Wiant said that has generally been the practice for the past year. These projects and a lot of others have been facing equity challenges in the market because of the 25% test. For that reason, the staff recommends being a little bit more liberal with these projects that have struggled. Ms. Wiant asked if the Committee would like Ms. Vue to elaborate on the projects or if they would like to approve all four projects.

Chairperson Ma said the Committee is fine approving all four.

Mr. Johnson said this agenda is riddled with projects impacted by changes in the tax credit equity market. He would like to know if Ms. Wiant has any additional information on the status of that market or what the Committee might anticipate in the coming months.

Ms. Wiant said she was at the Novogradac conference last week along with Mr. Sertich. She thinks the equity market has stabilized. What they shared at the conference is that pricing has stabilized on average at around 83 cents. Some projects can get more, and some can get less. Ms. Wiant does not think the Committee will continue to see a lot of changes, but there are changes based on what a sponsor can get. Applicants need to be thoughtful in their applications, assume the worst, and try to make their projects work around that average. Should they be able to get more, that would be great.

Chairperson Ma called for public comments:

Cherene Sandidge said she is on the project sponsorship team for TBV Villas at Renaissance, and she understands and agrees with what Ms. Wiant just said, but she wants to put on the record that it is not just an issue of the rates. The corporations have become systematically selective and have pretty much left out the community-based organizations, such as the ones she works with, including churches and local groups. It has become very frustrating that they are only willing to work with a very specific number of people and specific types of people. This is going to be a big issue going forward because a lot of communities have expressed their displeasure with having so many corporate developers in their community and not having a bigger stake in what goes on in the community. Pricing is one issue, but they have closed silo ranks because of what is going on with the federal administration, and a lot of black and brown communities are going to be left on the sideline that want to seek development by community developers.

Tommy Beadel said he understands Ms. Wiant's comments about how the program is becoming less competitive now and there are some challenges in the market, but he would like to know if there has been a cross reference of the projects that are returning bonds and requesting waiver of forfeiture of performance deposit and waiver of negative points and the new projects that are being awarded. He



California Debt Limit Allocation Committee

asked if the Committee is awarding the same or similar sponsors' new projects, and if they will be in the same position a year from now, or nine or ten months from now, returning their bond allocation again. When these four projects were awarded in 2025, they beat out other projects that were ready with project sponsors who probably could have closed those projects. Mr. Beadel asked if CDLAC is double checking when they are not issuing negative points to project sponsors that they are not setting themselves up to be back in the exact same situation where bonds are underutilized in this competitive program.

Joe Boniwell, counsel for CDLAC, asked Chairperson Ma if she would like to close public comments.

Chairperson Ma closed public comments. She said she is a little bit lenient with the public comment periods because people are virtual and sometimes have issues clicking on.

In response to Mr. Beadel's comments, Chairperson Ma said she assumes the staff is keeping track.

Ms. Wiant said all four of these projects returned bonds. They all had May 4, 2026, bond issuance deadlines and truly believed that they would close on time and therefore did not come to the Committee in March for an extension. They were sort of caught between a rock and hard place with the Committee meeting being on May 12. This occurred one other time last year. Ms. Wiant imagines that if the Committee had seen these projects and the projects had requested a 30-day extension, the Committee likely would have granted that extension. Mr. Beadel has two projects coming before the Committee in a later item requesting extensions. A lot of people are dealing with these challenges.

MOTION: Mr. Johnson motioned to approve the waiver of negative points and hold the performance deposit to be forfeited at the end of the year if the project does not apply and receive an award of allocation before the end of the year, and Ms. Perrault seconded the motion.

The motioned passed unanimously via roll call vote.

8. **Agenda Item: Discussion and Consideration of Appeal of the Assessment of Negative Points (Cal. Code Regs., tit. 4, §§ 5108(c)(3), 5105(m)(5), & 5005(c)(1)(E)**
Presented by: Christina Vue

Ms. Vue explained that pursuant to Sections 5108(c)(3) and 5105 of the CDLAC regulations, a project must be assessed negative points if they were awarded an allocation in Round 2 of 2025 and received both maximum readiness points and an expiration date extension after November 19, 2025. Section 5105(n)(5) states that 10 points may be deducted in connection with any adverse action taken under Section 5105(h), which outlines the requirements to earn readiness to proceed points. This deduction may be assessed against a project sponsor for a period of up to two succeeding years – 10 points each year – following the year the allocation was awarded. The project appealing today is Westpark Family Affordable (CA-25-650), and the developer and issuer are available to answer questions.

Ms. Wiant said that because of the language in the regulations, which outlines the clear requirements of assessment of negative points, this project was assessed two negative points for one CDLAC competitive



California Debt Limit Allocation Committee

round. At the time of the issuance of negative points, it was after Round 1 but before Round 2. The negative points have been assessed, and the developer is appealing the assessment.

Chairperson Ma invited the developer to speak.

Artie Zahedani from St. Anton Communities said his company is an affordable housing developer with 12,000 units developed over 30 years in California, and this is the first time they have been in a situation like this. As the staff described previously, this is a unique circumstance. The project applied when the 50% test was still in effect, and everything was underwritten. They were prudent in the project's underwriting, as they are for every project. All of a sudden, equity markets dropped by 12 to 13 cents on the dollar, resulting in a \$3 million gap. They tried to do everything they could on this project that has been in existence for 20 years. This site has been an affordable housing site that nobody could build on. The developer owns the site and had everything in place, including permits and entitlements, but the \$3 million gap was nearly impossible to fill. They went through construction valuation efficiencies and went to the city, and none of that worked, but they came up with a solution.

Mr. Zahedani said his organization has seven existing projects in the same city, one of which is at year 15. They paid off the subordinate loan on that project to the city in the amount of \$3 million. The city is working with the developer to take those funds and give about \$2.5 million to the developer in a long-term subordinate loan so they can build this project because it is such a high priority for the city, and the developer will use those funds. This was unforeseen and the developer acted in good faith. This has never happened before, and they found a solution and are implementing it. This project will create 200 units of affordable housing that the city deeply needs. St. Anton Communities is a proven developer and is both the construction manager and operator. Mr. Zahedani asked for the Committee's recognition of that. The developer's counsel thinks the CDLAC regulations allow the Committee discretion to waive the negative points because the circumstances were completely out of the developer's control. Their managing general partner, Pacific Housing, is here as well, and they have multiple projects, including four for the next round. They are asking for the Committee's consideration.

Chairperson Ma asked Ms. Wiant to elaborate on why she assessed negative points.

Ms. Wiant explained that last August, at the same meeting when the Committee was adopting emergency regulations to establish the 25% test, Round 2 projects were also being awarded that were under the 50% test, but many of them would have been closing in 2026 and could take advantage of the 25% test. At that time, the staff presented a resolution to the Committee to incentivize projects to return bonds and restructure as 25% test projects. That was the "carrot," and the "stick" was that those projects that requested readiness points and wanted to still be subject to the 50% test, as opposed to the 25% test, would need to request an extension prior to November 19, 2025. That was intended to encourage projects to restructure. This project chose to remain as a 50% test project and therefore falls under the direct explanation in the regulations for when negative points shall be assessed.

Mr. Zahedani said there were so many moving parts after this change, a lot of which are difficult to understand. The developer thought they could proceed and had a "handshake" from the city, but it is a NOFA process and it is challenging. It takes months to get a full commitment and loan documents in

CDLAC Committee Meeting
May 12, 2026



California Debt Limit Allocation Committee

place. The project is at the finish line but just could not cross it. St. Anton Communities is a proven developer, and this was an unforeseen circumstance. It would be unreasonable to penalize them for something that was completely out of their control. They diligently and transparently followed the rules in place at the time of their application.

Chairperson Ma asked where this project is located.

Mr. Zahedani said the project is in Roseville in Placer County.

Chairperson Ma asked if the project is funded by HCD.

Mr. Zahedani said it is not funded by HCD. The developer owns the land and has full entitlements and city commitments. The project will apply in Round 3 and will be very competitive.

Chairperson Ma asked for confirmation that the developer is working with the City of Roseville on the \$3 million commitment.

Mr. Zahedani said they paid off the 15-year-old loan three weeks ago. The city has committed to the new loan and is in the process of drawing loan documents. That is a public process that takes a couple of months. The project will be ready for the next round. They were hoping to be ready by May 12, but the loan will not be in place.

Chairperson Ma asked if Mr. Zahedani's company has ever come before the Committee for any negative points or forfeitures.

Mr. Zahedani said his company has not come before the Committee previously and he is proud of that. This is about fundamental fairness. Projects apply with the rules in front of them, and it is very challenging to put deals together. The rules changed midstream, and there has to be some consideration of that. That is why the developer is here today. Otherwise, they would have found a way. When the rules change, the Committee has to be flexible.

Ms. Perrault asked Ms. Wiant for confirmation that this project could have moved to the 25% test but chose not to and did not request an extension.

Ms. Wiant said the project did request a 90-day extension and received it. That is how the project got the May 4 deadline.

Ms. Perrault said there was a comment made about regulatory flexibility, but she is under the impression that that is not necessarily something the Committee can provide. She asked Ms. Wiant to speak to that.

Ms. Wiant said that typically when the regulations discuss the assessment of negative points, they state that negative points may be assessed in certain circumstances. For this particular regulation, the language of the regulation was that negative points must be assessed if these three conditions were met. To the extent that the "carrots" and the "sticks" were put out there, they did work, and only one



California Debt Limit Allocation Committee

project has fallen under this negative points scenario to date. Ms. Wiant does not expect that the Committee will see very many of these after this project.

Mr. Velasquez said this discussion is mostly about the rules that these projects are subject to. He asked Mr. Zahedani what level of affordability the 200 units in Roseville would serve.

Mr. Zahedani said the project has a combination of extremely low and low-income units, including 30%, 40%, 60%, and 70% AMI.

Mr. Velasquez asked if the average income is below 60% AMI.

Mr. Zahedani responded affirmatively. The developer owns seven other projects in the city, and all of them are 99.8% occupied. This project has been vacant for 20 years, and everything around it is market rate and has been built, including a 30-acre park across the street and a brand new store, but nobody could make the affordable housing project work because the impact fees in that jurisdiction are so high. Balancing the financing is nearly impossible. Otherwise, everybody else in the room would have done this in the past 20 years, but St. Anton Communities had to get creative so that affordable housing residents could live next to the million dollar houses next door. It is not an easy task.

Chairperson Ma asked Mr. Velasquez how Roseville is doing with their Regional Housing Needs Allocation (RHNA) numbers.

Mr. Velasquez said they are not doing well.

Mr. Johnson reiterated Ms. Perrault's previous comments that the Committee does not seem to have a lot of discretion on this question. The regulations state that negative points must be assessed. He asked if that is correct.

Mr. Boniwell said that when the conditions of the imposition of negative points are met, negative points must be assessed. There seems to be no question here that the conditions were all met. Where there is flexibility is in how many negative points are assessed and for how long. This regulation generally points to the negative points provision within the regulations but does not specify the number of points or for what period of time. If the Committee would like to engage in a conversation about the flexibility of this, it may be around the number of negative points and when they are assessed.

Chairperson Ma asked if negative points would be assessed for the next round.

Ms. Wiant said currently the project has been presented with two negative points for Round 2.

Chairperson Ma asked if the project could apply for Round 3 without assessment of negative points.

Mr. Zahedani said the important nuance here is that the project is not applying in Round 2, so assessment of negative points in Round 2 would be okay for them. However, their managing general partner is also impacted by this.



California Debt Limit Allocation Committee

Mark Weiss from Pacific Housing said his organization is a nonprofit affordable housing developer and services provider and has been a partner of St. Anton Communities for 28 years. Currently, they are managing general partner of over 136 LIHTC communities throughout California. They partner with over 25 qualified for-profit developers that at any given time are submitting five to ten applications per CDLAC application round. While St. Anton Communities is possibly not going to be submitting an application next week, Pacific Housing is part of nine applications being submitted next week. If the Committee upholds the negative points, which sounds like an unwavering condition, then Pacific Housing requests that the negative points be moved to Round 3. That would allow them to work with their partners to develop a game plan for that round and not jeopardize the applications coming in next week. At this stage, there are 1,200-1,500 units represented in those applications.

Chairperson Ma asked if the negative points would follow the whole team.

Ms. Wiant said the negative points are typically applied to the whole team.

Chairperson Ma said she is hearing that the Committee has a little bit of flexibility in terms of timing, and they want to keep these projects going. It sounds like the developer has a number of projects that would be impacted by the Committee's decision today if negative points were assessed in the next round. She would propose assessing the negative points in Round 3.

Mr. Zahedani said there is nuance there. They are asking for the negative points to be assessed to Pacific Housing in Round 3 and St. Anton Communities in Round 2. They are asking the Committee to bifurcate the negative points, which Mr. Zahedani has heard might be possible.

Chairperson Ma said that would be possible. The Committee is trying to be consistent and wants everyone to try to maximize the scarce resources. It is nothing against these developers, but they need to make sure they are keeping everybody honest and doing the best they can with these scarce resources.

Ms. Wiant said another alternative is for the Committee to only assess negative points to the developer and not the nonprofit general partner.

Chairperson Ma said she does not understand and asked for clarification on who is included in the "team."

Ms. Perrault said she is concerned about consistency and she would like to not move down a path that could lead to overly complicated requests to bifurcate negative points or take entities out of the negative points assessment. She asked the staff to talk through their thought process on how this is a path forward that will not create a new interpretation of the regulations. CDLAC works very hard on the regulations, and although she agrees that the Committee does not want to put roadblocks in front of getting affordable housing built, she is concerned about potentially complicating future interpretations of the regulations.



California Debt Limit Allocation Committee

Chairperson Ma said CDLAC is going to go through regulation changes again, so she questions whether the Committee will be in this same situation again. The regulations have already changed to implement the 25% test, which was the whole motive to try to get projects to reapply and use fewer resources. She asked if this was going to continue for the next three years or if this would be a one-year regulation change that was instituted.

Ms. Wiant said that the particular regulations that apply here to this item only apply to 2025 Round 2 projects that did not return bonds, etc. This is a one-time situation, versus other situations in which negative points may or may not come up and would allow more discretion for the Committee or would be more subjective. For this project, Ms. Wiant understands that people want to be sympathetic, but the regulations are also very clear. For this particular case, the alternative would be to continue to assess two negative points to both the developer and their nonprofit partner, but have the negative points apply in Round 2 for one entity and in Round 3 for the other entity. That way, the Committee is being consistent and the negative points are being upheld.

Mr. Johnson said this is a complicated issue. He asked if an extension would still be granted if there were a continued application of the negative points without approval of the appeal.

Ms. Wiant said the extension was already granted and the project has returned bonds because they did not meet the May 4 deadline. The bond allocation piece is already over.

Chairperson Ma said this is a one-off situation.

Chairperson Ma called for public comments.

None.

MOTION: Chairperson Ma motioned to assess negative points to St. Anton Communities in Round 2 of 2026 and assess negative points to Pacific Housing in Round 3 of 2026.

Ms. Wiant clarified that the appeal is essentially denied, but in consideration of the fact that there are applications due next week, the negative points that are being assessed to the nonprofit general partner, Pacific Housing, will be delayed and assessed in Round 3 as opposed to Round 2.

Chairperson Ma said that is her motion.

Mr. Johnson seconded the motion.

The motioned passed unanimously via roll call vote.

9. **Agenda Item: Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Projects and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5006(c) & 5108(c)(1))**

Presented by: DC Navarrette



California Debt Limit Allocation Committee

Mr. Navarrette said two projects are coming before the Committee today requesting bond allocation issuance deadline extensions. These extensions may be granted based on the terms of the regulations governing the allocation. Relevant to the projects requesting extensions today, former Section 5101 of the CDLAC regulations permits the Executive Director to grant extensions of up to 90 days for all allocations but requires Committee approval for additional extensions. Former Section 5052 states that extension of the expiration date for QRRP bonds granted under former Section 5101 will result in the forfeiture of the project's performance deposit to the extent that the performance deposit has not previously been forfeited. Applicants bear the risk of forfeiting all or part of the performance deposit if the allocation is not used in accordance with the conditions and/or timeframes set forth in Section 5006 of the CDLAC regulations.

Chairperson Ma asked for the staff's recommendation.

Mr. Navarrette said the staff recommends approving these requests.

Chairperson Ma called for public comments:

JP Sciammarella from HVN Development thanked the Committee and the staff for assisting his projects through this process. He believes these projects will close within a week of the extended deadline. The projects are just waiting for some administrative clearance from the City of Los Angeles.

Chairperson Ma closed public comments.

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

The motioned passed unanimously via roll call vote.

10. Agenda Item: Supplemental Bond Allocation Request Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5109)

Presented by: DC Navarrette

Mr. Navarrette explained that Section 5109(a) of the CDLAC regulations permits QRRP projects to submit requests for supplemental allocations during any allocation round throughout the year. Via Resolution No. 22-005, the Committee delegated authority to the Executive Director to award supplemental bond allocations. Where requests for supplemental bond allocations exceed the Interim Executive Director's authority, Section 5109(a) requires the staff to review each request and make a recommendation to the Committee for a possible award of additional allocation. The two projects requesting supplemental bond allocations today have been reviewed for compliance with all requirements.

Ms. Wiant said Lockwood III (CA-26-534) reduced its supplemental bond request. She asked Mr. Navarrette to provide more information on that update.



California Debt Limit Allocation Committee

Mr. Navarrette said Lockwood III reduced its supplemental bond allocation request to \$5,222,804 for a combined total allocation of \$31,336,823. That request represents 20% of the Committee-approved allocation and 30% of the aggregate depreciable basis.

Chairperson Ma asked if the staff recommends approving these requests.

Ms. Wiant responded affirmatively.

Chairperson Ma called for public comments:

Kim Borja from Cypress Equity Investments (CEI) said she is speaking on behalf of the developer for both projects. She appreciates the approval of the supplemental bonds. CEI is deeply committed to providing their own equity contribution to close the gaps on these projects, so the supplemental allocations will help them achieve the projects in the way they originally imagined with the changes that have occurred since the change from the 50% test to the 25% test. As everybody has alluded to, there has been a complete shift in the tax credit market on top of forces beyond the developer's control with interest rates rising. CEI is based in California, is committed to providing affordable housing throughout the state, and appreciates the Committee's support.

Mr. Johnson said the Committee is still setting precedent here as far as offering supplemental allocations under the new 25% test, so he would like to be cognizant of that as they go through this process. He appreciates that CEI was able to reduce their request, which put it under the 30% aggregate depreciable basis test that is currently in the regulations. That helps smooth the path here, and Mr. Johnson would like to be cognizant of the fact that the Committee is setting precedent when moving ahead with this decision.

Chairperson Ma closed public comments.

MOTION: Mr. Johnson motioned to approve supplemental bond allocation requests above the Executive Director's authority, and Ms. Perrault seconded the motion.

The motioned passed unanimously via roll call vote.

11. Public Comment

Ben Barker from California Municipal Finance Authority (CMFA) reiterated the importance of recycled bonds for all the previous bonds that have been issued and for other issuers. Whenever there is a payoff happening, issuers should be looking to preserve that bond allocation. This is so important because it keeps developers from going in and getting additional supplemental bonds, which creates a bigger pool for the entire State of California, and there is more bond allocation available. If issuers do not have a credit facility like CalHFA and CMFA do, issuers should be looking for ways to preserve their bond allocation so it can be recycled, and they do not have to continue to come back for supplemental allocations.



California Debt Limit Allocation Committee

Ms. Wiant said it is a requirement of the CDLAC resolution that all issuers do this.

Mr. Barker said it is a rule that should be followed.

Anthony Allman, Executive Director of Vets Advocacy, said that just over a year ago, he provided public comment in opposition of Building 408 and Building 409 at West LA VA. At the time, he expressed support for ongoing development in the North Village area but warned about projects associated with the town center, such as Building 13, which is the project under appeal here today. He believes there is no legal basis for carrying out such development pursuant to the West Los Angeles Leasing Act of 2016. Section 2(b)(1) if the Leasing Act is clear: the Secretary of the VA may carry out enhanced use leases for supportive housing on the campus. The term “supportive housing” is further defined by statute as “housing that engages tenants in onsite and community-based support services for veterans or their families that are either at risk of homelessness or are homeless.” Projects associated with the town center would extend beyond what is legally permissible. The mixed-use development in these five buildings attempts to provide supportive housing above common area spaces designed to serve both resident and non-resident veterans from across the region. This is not allowed under an enhanced use lease at West LA VA.

Mr. Allman said that in 2021, the VA shared that plans for the town center, including Building 13, were “not currently allowable.” Months after the VA approved Master Plan 2022, a representative from the Vets Collective disclosed that the VA Office of General Counsel did not agree with its interpretation of the Leasing Act, prompting the Collective to seek a legislative amendment for the purpose of carrying out the town center projects. There has been no such amendment to Section 2(b)(1) authorizing planned mixed-use development on the campus. West LA VA has been plagued with illegal land use agreements for decades; two VA Office of Inspector General reports, two district court judges, and three Ninth Circuit appellate court judges have determined over the years that the VA has strayed from its legal authority when managing the property. Mr. Allman does not think it is beyond the realm of possibility that it could be happening once again.

Mr. Allman thanked the Committee for all their support in making the North Village concept at West LA VA a reality. He asks that they continue to support North Village projects such as Buildings 258, 206, 400, and 257, which will come before the Committee in the future. He believes further CDLAC funding applications for Buildings 13, 407, and 410 in the town center area are inappropriate, as the proposed uses are inconsistent with the Leasing Act and should be dismissed without a corresponding legal opinion stating otherwise from the VA Office of General Counsel. The updated project list moved Building 13 from the appeal category to the recommended category, and that was voted on in Agenda Item 6. The CDLAC website still shows Building 13 under appeal, but it looks like it was recommended for funding.

12. Adjournment

The meeting was adjourned at 2:18 p.m.