California Debt Limit Allocation Committee
Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
July 15, 2020
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

State Treasurer Fiona Ma called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:45 am.

Members Present:	Fiona Ma, CPA, State Treasurer Gayle Miller for Gavin Newsom, Governor Anthony Sertich for Betty T. Yee, State Controller
Advisory Members Present:	Gustavo Velasquez, Department of Housing and Community Development Tia Boatman-Patterson, California Housing Finance Agency

2. Discuss and Choose between various Regulation Structures and Strategies. (Action Item)

The following two proposals will be discussed below:

Task Force or (Working Group) (Page 5)

https://www.treasurer.ca.gov/cdlac/meeting/2020/20200715/scoring-presentation.pdf

The Controller's Office (Page 8)

https://www.treasurer.ca.gov/cdlac/meeting/2020/20200715/regulations.pdf

Executive Director, Ms. Judith Blackwell, reminded everyone that on June 17 and June 19, CDLAC had a policy discussion about redrafting CDLAC regulations. She said that CDLAC has considered those changes with an internal and an external process. The internal process, she said, consisted of essentially a housing agency working group of TCAC, CDLAC, HCD and CalHFA that looked at how to align definitions and scoring systems. They came up with a list of the definitions, she said, that we have already brought into alignment and a few definitions that still need work.

The external working group, she said, is called the housing "Task Force", the same one convened by the Treasurer's Office last October. The Task Force, she said, is a diverse, 26-member group that includes for-profit developers, not-for-profit developers, rural interests, urban interests, and government administrators.

Ms. Blackwell said she brought this item up as an action item today because "we are pretty far along on alignment and we do not need a lot of direction."

Ms. Blackwell said the internal working group also examined a highly mathematical approach brought by a developer that put benefits in a numerator and costs in a denominator. She said it was a very exciting approach, but not something that could be done in five or six months because it was such a radical departure from the current system and would require the hiring of outside consultants to do major statistical work. She believes it would take at least five years because it took that long to complete the opportunity maps project, which is similar, but not as extensive.

Ms. Blackwell said that everything she is seeing in the Task Force proposal today is what she was hoping to see – program alignment, the efficient and effective maximization of public benefits delivered, and a geographic system to ensure that a meaningful portion of the resources are distributed throughout the state. This proposal, she said, has regions which are similar in cost, rental rates, and location. It has a regional system similar to the nine percent annual federal tax credit, but broader. It also has fair weighting between different types of units, including one-bedroom and four-bedroom, and it addresses homelessness and senior housing.

Ms. Blackwell then discussed the proposed schedule. She suggested a possible second meeting if decisions are not made today. Then, from July 30th through the end of August, she said, CDLAC will draft regulation changes and publish them. She suggested two online public hearings, on September 3 and September 10, 2020. Next, Ms. Blackwell recommended a public comment period from August 28 through September 21, 2020. CDLAC would then review the public comments internally from September 21 through October 2, 2020, and publish the final proposed regulations on October 2, 2020. She then proposed having CTAC and CDLAC meetings on Oct. 14, 2020 to adopt the regulations.

Board Chair, Treasurer Fiona Ma, asked board members to look at their schedules to see if they could attend the proposed public hearings on September 3 and September 10, which is right around Labor Day.

Board Member Gayle Miller said she wanted to push back the timeline. She said she will not be ready to make a decision today for a variety of reasons. First, she said, she received 44 pages of agenda just 46 hours before this meeting. Next, she said, the governor's office has not had the advantage of being involved in the internal working group or the external stake holder working group, the Task Force, which is all developers.

She said there are policy principles in the trailer bill. In AB83, she said, we tried to set out a timeline and the need to be driven by data and metrics to engage meaningfully and produce the statutorily mandated reports.

Ms. Miller said the best way to get good comments on regulations is to make sure they are thoroughly vetted before releasing them to the public. She said she is happy to meet on July 29 and maybe even once after that.

She said she was going to read a letter from the Secretary of Business, Consumer Services and Housing, Lourdes Castro Ramirez, explaining Gov. Gavin Newsom's priorities.

Here is the letter:

"Updates to the CDLAC regulations are a critical step to ensuring that the state housing resources are used strategically and effectively. We appreciate the efforts to date from members of the working group and individual developers and stakeholders to reach a point where recommendations have been brought to the committee that seek to align CDLAC and TCAC programs with considerations of impacts to the other agencies as CDLAC prepares to meet its' statutory obligations of publishing regulatory changes in the upcoming months. It is our role as committee members to ensure that the strategies we adopt through this process increase alignment, like Ms. Blackwell said, between CDLAC and TCAC programs, as well as increase certainty and effectiveness with the Department of Housing and Community Development and CalHFA, as Ms. Tia Boatman-Patterson has spoken to. We appreciate the Treasurer's strategy of data analysis and careful discussion to get to the point of discussing the overall structure and TCAC and CDLAC changes. We also would like to share with our fellow committee members that the administration is also going through a concerted near-term effort. We are methodically looking at the system as a whole to ensure that feedback provided to this process from the administration for both the framework for decisions and the following regulatory process will be made with equal care and deliberation."

Treasurer Ma thanked Ms. Miller for her thoughts and said we are trying to align as much as possible because last year there was a misalignment that led to confusion among applicants.

The success of the disaster credit shows the importance of having a robust discussion, she said. Once we made the decision about how to administer the credits, she said, there was an overwhelming enthusiasm for the program. Treasurer Ma said that she does not mind having extra meetings.

Board Member Anthony Sertich said the most important thing that can come out of this process are fully thought out regulations and a fully transparent process. The October deadline, he said, is somewhat self-imposed. In the past, he said, the regulations have been generally approved in December. Last year, he said, we moved them forward to get the state credits out sooner, but he said he does not believe we have to do that this year.

Ms. Blackwell said if you don't have a schedule and you don't have a deadline, then the process is not ever going to end. She said CLDAC normally takes applications on November 15th and mentioned that it does not make sense to start talking about changing our schedule before we even look at the proposed regulations.

Mr. Sertich agreed and stated that we have a little bit of time to make this work if we make sure our process is a thoughtful one that satisfies the Department of Finance and the Governor's Office.

Treasurer Ma asked what November 15 looks like if we do not make regulation changes.

Ms. Blackwell said staff can make these changes easily because we were given AB83 and the Committee has also provided us with a list of things that needed to be done before we took applications. These include the number and size of units developed, local incentivizes to increase density, amenities and delivery of affordable housing to low and extremely low-income households. The existing nine percent and four percent already have ways to do that. She said CDLAC could get to the regulations now. It would take about two or three months, which is how long the disaster credits took. But, she said, she understands the Board wants to do a deeper dive.

Treasurer Ma asked if everyone is in agreement that November 15, 2020 is the date.

Ms. Blackwell said that AB 101 suggests that the regulations need to be adopted a month before we take applications. The legislation, she said, is holding our feet to the fire.

Ms. Miller reminded staff that our feet are not being held to the fire. November 15, 2020 is a deadline this board can move. She said she favors an aggressive timeline, but must have information and materials way ahead of the meeting so she can analyze the information.

Ms. Blackwell asked if a meeting on Oct. 29, 2020 provides enough time to analyze the information. She said that AB83 did not say anything about slowing down production. She said the Governor's Office was very clear about producing as many units as quickly as possible.

Ms. Miller explained that, speaking on behalf of the Governor's Office, and the Trailer bill, the mistake we made last year was putting production ahead of process. The Trailer Bill, she said, showed that process, data, and analysis really matter.

Ms. Miller said she is happy to work towards a November 15th deadline, but not at the expense of clarity, fairness, certainty, and analysis. She did say she respects Treasurer Ma's desire to move ahead, but she wants to work towards shared norms in information sharing and respecting the process that the Governor's office has.

Treasurer Ma mentioned that it is possible to have more meetings.

Ms. Blackwell agreed.

Treasurer Ma said the discussion was helpful.

Ms. Blackwell handed the floor to CHC to give their presentation.

3. CHC PowerPoint Presentation and Proposal (Action Item)

Caleb Roope, co-chair of the Task Force, introduced Doug Shoemaker from Mercy Housing, the other co-chair. Mr. Roope said the working group (Task Force) is committed to regulatory reform to help the program improve efficiency and production and maximize the public benefit, a lot of which is in harmony with AB83. He said the Task Force is a diverse group with a lot of different stakeholders and opinions. The PowerPoint presentation, he said, is not the Task Force's complete product, since there are a lot of details to work out.

Mr. Shoemaker said the Task Force hopes it can work with staff to run actual projects through this scoring system. He said their proposed system builds off the existing systems.

Mr. Roope said the Task Force has worked for six months, with 30 hours of meetings and far more time outside of meetings, and that they have reached consensus on between 80 to 85 percent of the material. He said they have adopted some of the policies and principles, best practices, and methodology that the affordable housing stakeholder community already understands, knows and works with.

Mr. Shoemaker than introduced the PowerPoint that lays out the findings of the Task Force. .https://www.treasurer.ca.gov/cdlac/meeting/2020/20200715/scoring-presentation.pdf

Mr. Shoemaker and Mr. Roope discussed the system while showing the slides.

Mr. Shoemaker said they believe CDLAC should be a neutral backbone program. He said the group recognizes that the state has adopted some clear goals on location, efficiency, and reducing carbon emissions and we do not want to eliminate those in the interest of reducing costs.

Mr. Roope said the system borrows from the nine percent federal tax credit program and tries to align CDLAC definitions with TCAC definitions.

Mr. Roope stated that supporting high density is a key element of their program. Their system does that by 1) creating a new high-density housing type; 2) having provisions to encourage local government to approve projects in a higher density than a general plan specifies; 3) measuring state investment by adjusting the unit types by bedrooms so that the one-bedroom and the four-bedroom are treated in a similar way; and 4) maintaining an emphasis on job centers. That is something that AB83 calls out specifically, in addition to transit.

Mr. Shoemaker said we need information about HCD and CalHFA pipelines so you can decide how much of those pipelines you can accommodate within your program.

Mr. Roope said one example is to consider providing an allocation to the highest scoring HCD projects, possibly the top 10 percent or the top 10 projects.

Treasurer Ma asked if seniors are part of the extremely low and very low-income set-asides.

Mr. Roope replied that seniors are and so are others, including large family and special needs.

Advisory Board Member, Tia Boatman-Patterson said people may think that all mixed income projects (MIP) got funded, but we only sent the ones we wanted funded, the best projects.

Mr. Shoemaker thanked Ms. Boatman-Patterson for that clarification Mr. Shoemaker then said that the system keeps the nine percent regions, but combines them in different ways.

Mr. Roope said they are sketching a scoring system with 10 capped categories, which have a finite set of points, and one uncapped category without a finite set of points.

Mr. Roope and Board Member Boatman-Patterson then discussed the differences between layering and leveraging sources of funding.

Mr. Roope and Board Member Sertich then discussed geographic categories and differences.

Mr. Roope said one goal of their proposal is deeper income targeting. He said they are trying to reward two paths. One would award full points for 50% average affordability, so your project is 50% average AMI. The second path is to go ahead and average higher, to 60% average affordability, like the mixed income program currently encourages.

Ms. Boatman-Patterson mentioned that HCD came up with ways to determine and score pro-housing jurisdictions.

Mr. Sertich stated that he does not want to punish projects that are able to get done in non-pro housing jurisdictions as well in the areas that are harder to build in.

Board Member Miller, Advisory Board Member Boatman-Patterson, and Advisory Board Member Gustavo Velasquez discussed additional information that HCD and CalHFA might add to this discussion.

Ms. Boatman-Patterson said CalHFA did an analysis of earned surplus new construction, and an analysis of all of the MIP projects. She said it shows total development costs, total subsidy, rental subsidy, AMI's, high resource/non-high resource, and how we have funded our new construction projects. She said she brought it to share with the Board and the Working Groups.

Treasurer Ma recommended collecting data on housing, which her staff has done for those who work at Amazon distribution sites. She said reaching out to the top 10 or 20 employers in California and asking where their employees live is a good start.

Mr. Shoemaker suggested a partnership with a state-chartered non-profit statistics corporation – California Housing Partnership.

Ms. Miller said a thorough demand survey could help.

Ms. Blackwell offered to provide the new demand survey, which was just done in March.

Mr. Roope said their system was set up by evaluating previous projects in service and new projects that have been awarded, but he acknowledged that more up-to-date data is needed. He said developers are using an affordability boost that is not related to costs to get credits.

Ms. Boatman-Patterson asked what other state allocators use for methodology.

Mr. Roope said California has one of the most detailed methodologies.

Treasurer Ma said she is very appreciative that members of the Working Group came together to volunteer their time to help the state improve housing policies and was appreciative of their members willingness to compromise.

Ms. Miller suggested moving the application deadline to Dec. 1 or even Dec. 15, saying the Nov. 15 deadline is somewhat arbitrary.

Ms. Blackwell said a two-week delay makes sense.

Mr. Roope thanked the Treasurer for considering their advice and thanked all the volunteers who worked on the Task Force.

Ms. Boatman-Patterson asked which of the two proposals had the most support among members of the Task Force.

Mr. Roope said there is support for both proposals.

Ms. Boatman-Patterson stated that she prefers proposal number one.

William Leach discussed his proposal, which he said he sent to the committee a week ago. He said he has been advocating for three years that the state build a simple, understandable measure of return on investment and that he has met with hundreds of people in that three-year span. He also recommended conducting a trade-off analysis, where you ask the question: If you had the choice between 100 vanilla affordable housing units and 90 with a great characteristic, which would you pick? Further, he recommended using multipliers for bedroom count, affordability, being in high resource areas and being close to job centers.

He said his proposal is aimed at solving just one problem – scoring. He recommended an incentive-based system that scores projects based on resource efficiency and allows developers to be creative. He said that he has super-detailed proposals he can provide.

Ms. Miller thanked Mr. Leach and asked if he could combine with the Task Force.

Mr. Leach said he had been denied access to membership on the Task Force.

Treasurer Ma asked Mr. Leach how to evaluate his proposal.

Mr. Leach said he did a statistical analysis of the last four years of the TCAC nine percent using the general return on investment measure. He said he found that if that measure had been used, you would have funded 12 percent more units over the four-year span.

Treasurer Ma asked how he knew the projects were compatible.

Mr. Leach said he chose some reasonable boosts that produced a set of winners of tax credits and bond allocations that resulted in about 75 percent of the same people who won in the normal system.

Board Members Miller, Sertich, Treasurer Ma and Advisory Board Member Boatman-Patterson discussed Mr. Leach's proposal.

Treasurer Ma asked how to apply Mr. Leach's model to the recent experience with the federal disaster tax credits in which $98 million in credits were available and applications came in requesting $241 million.

Mr. Leach replied with his belief is the correct approach is to start with some percentages based in part on discussions with industry. As an example, he said, if the committee agreed that they would rather have 90 units in an opportunity zone, than just 100 vanilla units in a low-resource area, then that would lead to opportunity zones getting a 12 percent bonus. If the CDLAC board is willing to make 15 or so policy decisions like that. Mr. Leach assured the Board that he could provide a mathematical formula that is defensible and that selects applicants that are the best at delivering public benefits.

Ms. Miller told Mr. Leach that his system might over-simplify the process

A break occurred for about 10 minutes.

Mr. Sertich said the Controller's Office has been considering their proposal for the last year. The proposal is here:

https://www.treasurer.ca.gov/cdlac/meeting/2020/20200715/regulations.pdf

He said it looks at streamlining the CDLAC and CTAC systems and all of the housing systems across the state and it is not something that we expect to complete by October 15, 2020 or December 15, 2020. He said it identifies the core priorities of housing production, affordability, and location.

He stated the Controller's office model directly measures cost efficiency and adjusts for location, such as opportunity areas, transit-oriented, and job-rich areas. Rent savings, he said, is really the key to this proposal. It looks at zip code level cost adjustments or public benefit, including high opportunity areas with higher rents.

Mr. Sertich went on to say that we are really focused on public benefit and not the cost of the adjustments. Along that same line concerning workforce development, he said, we have talked with labor agencies and the workforce development board about some of these, such as the value of prevailing wage, the value of apprenticeships, the value of workforce development. This is different than looking at it from a cost development perspective. He then asked what the state is getting out of this. If the cost is $100,000 a unit and the benefit is $40,000 a unit, it does not make a lot of sense for that project.

Mr. Sertich explained that his system tries to measure basic factors as directly as possible. It divides the total value of all the public benefit by the total state investment. This is like what Mr. Leach was talking about, he said, but I have tried to make it simpler by using a dollar sign. The value of the public benefit is similar to what the working group (Task Force) proposes.

He then stated that the state investment costs are percentages for each of those different buckets because the cost to the state is different for a subsidy than a grant. We expect to get money back on a subsidy loan over time, he said. Subsidy loans serve the state well in a lot of ways because if there is a project that has an unintended windfall, then the state shares in that and gets paid back sooner.

Treasurer Ma asked how homeless units are valued in comparison to farm worker units.

Mr. Sertich said the Controller's office found, through its research, that a homeless person, in terms of benefits required, costs about $55,000. For all these factors, he said, we can come up with a range of costs and benefits.

Treasurer Ma said that we have to come up with those numbers.

Mr. Sertich agreed. He also said there are a lot of studies on factors, such as how much greenhouse gas reductions come from transit-oriented development on a per person basis.

Ms. Blackwell asked whether he was just looking at costs for the state or also benefits for citizens.

Mr. Sertich said he recommends looking at the holistic benefit. A new homeless unit would be $60,000, the benefit of keeping someone off the streets plus unit production, plus rent savings. It layers on itself, he said. The total for a new homeless unit would be large.

He said the Controller's office is trying to quantify rent savings and job rich areas using public data sources – HUD records for rent savings and the Terner data at UC Berkeley for job rich areas. In addition, he said, they are trying to leverage as much as possible existing scoring from the nine percent program on amenities and services. He said he would accept findings by the Task Force on scoring for amenities and services, but would also be fine if this committee made changes.

Ms. Boatman-Patterson asked if the Terner center has the measurement a public benefit. Is it like a tool?

Mr. Sertich said the Terner Center has a mapping tool that maps out opportunity areas that can be used by this committee and a tool that maps three other factors: jobs rich, housing in the area, and transit availability. Jobs rich looks at low-income jobs within two miles of housing. The transit-oriented piece, which is already in the nine percent federal tax credits rules, takes into account density as well as proximity to quality transit.

He then stated that this proposal tries to measure the public benefit more precisely. He said that his calculations do not include jobs or charity as a factor. If this scoring system was used, he said, you would produce significantly more units, 3800 versus the 3000 that were produced under the nine percent program. You would have slightly larger units, but pretty close. There would be a large increase in homeless units produced, 977 versus 729. The subsidy per unit would be lower across the board. The total cost per unit would be lower. The opportunities areas for family projects would be better, so that the lower the score the higher the opportunity. Five is high poverty and segregation, so we would be improving by almost half, maybe a third of the category there. The percentage of fair market rents allocation actually goes down slightly, but the average affordability goes down a little as well.

Ms. Patterson said she found it interesting that the Controller's system has deeper affordability and more production. She asked Board Member Sertich what he attributes that to.

Mr. Sertich stated he believed it is because our current system does not look at efficient use of funds directly. It looks at them indirectly.

Ms. Boatman-Patterson mentioned that we have been having many discussions about the four percent federal tax credit program, but not much about the nine percent program. She said that the nine percent program is not maximizing resources.

Mr. Sertich said we are making sure that we are using these funds efficiently. All of the metrics look better in the new system than in the old system. There were 16 projects awarded in MIP this year and 14 would be awarded in the new system. He cautioned that this might change a little if all of the information was included. He said that among the HCD projects, on the bond side, there was one more project that was approved out of HCD. On the nine percent side, he said, there was a significant increase in the HCD projects approved, about 30 percent. He said he thinks there is an opportunity to get to a place where we are valuing the public benefits better and ensuring that we are getting more total public benefit out of these systems, which is ultimately the goal.

Ms. Miller asked if it is possible to use your data with the Task Force's plan for using public benefit criteria and seeing if it comes up with similar efficiencies.

Mr. Sertich said he is sure it is possible and would be happy to work with anyone on this.

Ms. Miller said she was interested to find out how to create more efficiencies in the nine percent credits program too and how your idea of public benefit efficiency would work. She indicated that it could help us use data to check on what we are doing.

Mr. Sertich stated that any system change we make is also going to change the incentives we provide developers and so they are going to develop different types of projects. He stressed that we need to make sure that these incentives are getting the outcomes that we would like.

Ms. Boatman-Patterson asked how you would analyze the value of services of workforce development versus the cost.

Mr. Sertich stated they would check with the Labor agencies and other experts.

Mr. Sertich also mentioned that he created a separate pool structure with larger geographic regions. It was slightly different but along the same lines as the Task Force. First, he said, you would go through the priority set-asides – some of those are statutorily required. We would use the nine percent set-asides on both the bond and the nine percent categories, he said. The non-profit special needs and at-risk set-asides would count against the geographic allocations, which thought helpful in terms of making sure that we ultimately are awarding the best projects around the state. He presented an example of if there is a project that requires the special needs set-aside in Los Angeles, we could count it towards Los Angeles's set-aside as well.

Ms. Miller said future tax credit allocations rely on us getting it right this year and thinks the next step should be incremental and not a whole new system.

Mr. Sertich explained that sometimes it is easier to do everything at once, but he understands where Ms. Miller is coming from.

Ms. Miller stated that the one question that no one seems to have fully answered is the value of the public subsidy and how we measure that. She said Mr. Sertich did an amazing job with some of the benefits and she stated that she thinks, to the extent we can run different scenarios against those, that would be helpful as well.

Ms. Boatman-Patterson asked if the board has any direction to staff or to the working group.

Ms. Miller suggested that the staff not do anything until the next meeting because I think maybe that would be time well spent in terms of drafting regulations. But I defer to Ms. Blackwell on the process.

Ms. Blackwell said she is fine with beginning after the 29th of July. I welcome the feedback, she said, but I don't need you to drill down to all the detail, I just want you to provide some structure.

Ms. Miller said she wants the internal group and the external group, to the extent the law allows, to come together to hash these things out and reiterated that one top priority is measuring the public subsidy.

Ms. Blackwell said we may need some consulting assistance.

Mr. Sertich asked Ms. Miller whether she was talking about public value or public subsidy.

Ms. Boatman-Patterson said she thinks Ms. Miller is talking about measuring state-controlled resources and then asking what you are getting for the cost.

Ms. Miller explained that we need to have a system and structure that is clear for 2021 so we avoid having a confusing and hectic 2021.

Mr. Sertich said the most difficult thing about creating a system is deciding how to calculate public benefit.

Ms. Miller reiterated her desire to have a system that can be implemented in December 2020. She added that she needed to leave by 3:59 p.m. and was sorry she could not hear what others have to say.

Treasurer Ma asked if the CDLAC board could hold the next meeting on July 30 instead of July 29.

Ms. Blackwell said she was hearing from the Board and others that people generally like Proposal one plus some elements of this math equation for item 11 of Proposal one. She said that is all the direction she needs. She said it is not fair to Board members, who have full-time jobs, to ask them to do our work and drill down into this line by line.

Ms. Boatman-Patterson stated she is hearing that the focus should be on measuring state controlled-resources and public benefit. It sounds to me, she said, like it's Proposal one with us telling this Working Group to get more data on how to measure state-controlled resources and maximizing public benefit.

Mr. Sertich believed that a lot of the reason we had chaos this year is because of the outdated scoring system and the outdated regulations. He explained that if we get good clean regulations, then we will have a much better time next year. He expressed a feeling of confidence that we will get there.

Treasurer Ma asked if there are any public comments.

Ms. Boatman-Patterson said she was struggling with a following policy issue and provided the example: You have a bond and tax credit deal, or just a tax credit deal, and it comes in and you put in enough soft debt for it to underwrite that certain income levels are 30 percent of 50 percent AMI and you put in the money to basically capitalize and buy down that affordability, and you later come around and get rental subsidies. You are now getting market rate for a restricted rental unit, which means that extra cash flow is all going back to the developer.

Mr. Sertich cautioned that a lot of that cash flow would be going back to the soft lenders.

Ms. Boatman-Patterson was not sure that is correct. There is a significant amount of rental subsidy, she said, that is providing subsidy on top of subsidy. She added that when we talk about our affordable housing systems, we should think about building and using subsidy to bring down affordability. She threw that out there because this has been bugging her for about a year now.

Mr. Sertich mentioned another issue that needs to be taken into account is there are housing choice vouchers that gives the tenant the right to choose where they want to live.

Treasurer Ma asked them to take the issue offline. She said there was one person who wanted to comment publicly.

4. Public Comment

Matt Callahan, stated that CDLAC's housing is out of balance because it does not support affordable home opportunities for low-income households. The Mortgage Credit Certificate (MCC) Program is the only state-level program that supports affordability for low income households. CalHFA's programs are principally helpful to moderate and high-moderate income buyers who can afford to finance virtually the entire purchase price of a market rate home.

The MCC program, he said, is the only program that actually increases home buying power for low income buyers. One of the most effective strategies for bridging the wealth gap in California is expanding homeownership opportunities for low income households. The MCC program is the resource that supports this goal. The cities of San Francisco, San Diego and Los Angeles have shut down their MCC programs because CDLAC cancelled MCC funding in 2020. I would like to ask that you redirect the $600 million in bond allocation from the Virgin Trains project could be redirected and to the MCC program.

Treasurer Ma thanked Mr. Callahan.

Ms. Miller asked if there is consensus among the 26 members of the Task Force. If there is not, she said, she wants to know who agrees and who disagrees.

Treasurer Ma adjourned the meeting until July 30th at 11 a.m.