CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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A G E N D A

Friday, August 7, 2020

TIME:
9:00AM

Jesse Unruh Building
915 Capitol Mall, Room 587
Sacramento, CA 95814

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

OPEN SESSION

1. Call to Order and Roll Call

2. Approval of the Minutes of the June 17, 2020 and July 15, 2020 Meetings (Action Item)

3. Discuss and Choose Between Various Regulation Structures and Strategies (Action Item)

4. Public Comment

5. Adjournment

FOR ADDITIONAL INFORMATION:
Judith Blackwell, Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
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The Agenda is also available on our website: http://www.treasurer.ca.gov/cdlac

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A Zoom option may be available with the meeting ID of 873 1832 8791 and passcode 300113.

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California Debt Limit Allocation Committee
Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
June 17, 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 3:44 pm.

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. Approval of the Minutes of the May 15, 2020 and May 20, 2020 Meetings (Action Item)

Executive Director Judith Blackwell stated there were two tiny technical changes which were reflected in the golden rod they were just basically adding "d" to a word that should have been in past tense and a "but".

MOTION: Ms. Miller moved to approve the minutes as edited for the May 15, 2020 and May 20, 2020 meetings, Mr. Sertich seconded, and the motion passed unanimously via a roll call vote.

3. Policy Discussion for Updating CDLAC Regulations (Action Item)

Ms. Blackwell stated the action item label was added just in case this committee wanted to take some type of action so the Committee would not be stuck; it was just an information item at this time.

Caleb Roope with the Pacific Companies stated he was here today to, as a co-chair of the Task Force to discuss Task Force policy recommendations. The recommendations specified guiding principles and foundational elements, mainly focused on implementing the policy direction that have been provided by the legislature and Treasurer's Office, and other recommendations to help make the program more efficient, more effective, reward the public benefit being delivered, and work to align the programs so that the 9% and 4% programs work together well. For example, a site amenity in a grocery store in one program should be the same as the other program. He stated they were actively and aggressively working on a scoring system for the Committee's consideration in the very near future and a lot of that is going to be paying attention to cost containment, and production efficiency.

Doug Shoemaker with Mercy Housing, as the other Task Force co-chair, expressed appreciation for Ms. Blackwell's availability. The working group was initially pulled together on the issue of cost. The key components are not a mystery - land value and construction costs. The Turner Center in Berkeley, he said, has done a great study. He cited the following quote from the study: "Land value has gone up between 76% and 100% in this State in the last 2 decades."

He stated that construction costs have seen a double-digit inflation in the last several years, which does not have anything to do with the tax-exempt bond program or TCAC. Local fees range from $11,000 per unit for multifamily to $60,000 even $70,000 a unit in Irvine and Fremont. The problems go beyond anything that the Committee could control directly but they may have influence over the regulatory requirements. The Turner Center had a few more findings: (1) it costs more to build in high density projects (2) Prevailing wages are generally associated with the higher construction costs. (3) And that affordable housing projects cost more on average than market rate and mixed affordable projects; but this difference loses significance after controlling for project size. He added there is a false narrative out there that somehow affordable housing is unusually expensive by folks who are not actually familiar with the fact that almost all the housing produced in California is expensive.

He then went on to state that within the overall framework the legislature has set on SB375, they want to provide more flexibility. He wanted to reinforce the emphasis on smart growth that the legislature has set and thinks there's some flexibility to recommend lower land costs. He agreed with Mr. Roope on the extent that TCAC and CDLAC regulations and scoring impose additional regulatory requirements on construction. Their general recommendation is to go back to the basics of the state building code and not add bells and whistles. He believes the Committee should explicitly direct CDLAC and TCAC staff to move towards aligning with public funders like HCD and CalHFA to create the effect of a one-stop shop for funding.

Mr. Roope referenced aligning as many requirements and scoring criteria as appropriate across the public funding agencies and programs. Also, projects that meet state priorities should not be delayed in accessing bonds. They are still discussing other strategies like discouraging state and local fees. He mentioned there were some ways to use ceilings to find an effective measure of cost efficiency across project type and geography. This has always been the most difficult issue for the program because of the difficulty assessing or creating a standardized cost across the different project types and geographies. Lastly, he mentioned the lack of local rent subsidies in the form of Section 8 or other local operating support, which causes projects to have to capitalize very large reserves.

Ms. Miller stated the discussion was helpful but given the budget deficit the state has, the highest priority is making sure the state maximizes the use of public dollars. She wanted to hear from Mr. Velasquez to see how to better coordinate with HCD and to make sure CDLAC is way ahead of the 2021 demand survey.

The biggest priority is making sure cost efficiency is welcome but not necessarily at the expense of good public policies

Ms. Miller hopped off the call and stated she would be back at 5:10 p.m.

Mr. Roope stated he was going to deliver a lot of policy recommendations from a very diverse group (non-profits, for profits, small, large, rural, suburban, urban) of developers with broad consensus. He added they were looking for common ground on issues and are nearing delivery of the final recommendations.

He added the group was also going to come forward with recommendations on the scoring system. CDLAC can lean on TCAC in some way, he said, now that they are both in a competitive scoring environment. The completely systematic view will also focus on what thrash really does and what unintended consequences and disruptions look like.

Mr. Shoemaker asked the Committee to define thrash in its regulations, otherwise, they are going to see more of it.

Mr. Sertich asked if Mr. Roope was suggesting that the Committee have these types of discussions once every two or three years.

Mr. Roope stated he was suggesting that the Committee grind it out this year, come up with good policy recommendations as well as do the regulatory work, because it is going to be hard to draft and construct everything. He intends to try and deliver language to the General Counsel to work on and draft with staff. He stated it was not easy to overhaul a system when it has not been touched in many years.

Ms. Boatman-Patterson agreed with Mr. Shoemaker and Mr. Roope about cost efficiency and cost containment and extra costs. She then made the following statement:

"As board members prepare for a full regulation revision package to align CDLAC scoring and the state's affordable housing goals, I want to emphasize that the foundation of our affordable housing finance system (Private Activity Bonds and both the 9% and the 4% LIHTC programs) should at its core promote production and housing choice through a lens of equity, affordability and inclusion. And the housing finance system's foundation should be flexible enough to finance the continuum of housing needs from homelessness to homeownership.

The idea or belief, that our affordable housing finance system must choose between serving our homeless and most vulnerable renter populations or focus on increasing the production of affordable housing is a false narrative. We can and must do both. The foundation of our affordable housing finance system can finance housing for a broad range of incomes that range from multifamily housing for those that are homeless or severely rent burdened to Homeownership program's for Veterans.

For a housing delivery system to serve a broad range of incomes it must increase housing production and preserve existing affordable housing stock. However, the state cannot improve its overall housing delivery system without ensuring that the foundation of the state's affordable housing finance system maximizes the efficient use of the public subsidy and benefit created through the private activity bond and low-income housing tax credit programs" [language from actual LIHTC Trailer Bill].

Mr. Sertich stated he didn't want to get into too many details right now since Ms. Miller was not present for. He agreed with everything that Ms. Boatman Patterson said and appreciated everyone's work. He also appreciated the hard work that the California Housing Consortium was putting in and wanted to ensure that they make this process as public as possible. He also mentioned that developers are not the only stakeholders in this process and that the Committee needs to think about tenants and others, even though developers are definitely the most vocal.

Mr. Roope stated the victories of coordination between CalHFA and TCAC and CDLAC this year should be noted, and should try to be replicated. He emphasized that success this year is going to be measured by how much HCD and CDLAC and TCAC can work together.

Treasurer Ma stated that Ms. Miller is available on Friday at 9 a.m. and recessed the Committee until Friday, June 19, 2020 at 9 a.m.

Friday, June 19, 2020

Treasurer Ma stated they were reconvening the CDLAC meeting that was started on June 17 and that the date is June 19, 2020 and the time is 9:00 a.m.

CDLAC Director's Report

Ms. Blackwell said we are focusing on policy questions to give direction to myself and CDLAC staff as we begin reworking our regulations and try to bring them into alignment with TCAC regulations and also to respond to the Governor, Treasurer, and the Legislature's goal of increasing production because we have so many Californians experiencing housing insecurity.

She said she wanted to focus the discussion on production and costs. She read an excerpt from a joint letter she signed in December 2019 with the Housing Authority of Oregon, the Housing Authority of Washington State, and Tia Boatman-Patterson.

"Oregon Housing and Community Service, the Washington State Finance Commission, and the California Housing Finance Agency, in partnership with CTCAC are housing agencies whose financing tools for affordable housing in their respective states include the federal low-income housing tax credit. The housing credit, which harnesses the power of private investment is the nation's most effective tool for building and preserving affordable apartments (more than 3.2 million nationwide since it was created in 1986 through a bi-partisan act of congress). For the past few years, within our industry, the rising costs of housing construction has led to intensified discussions centering on cost controls and comparisons. Housing finance agencies and our partners are often asking, why does it cost more to build affordable housing than it does to build market rate? The underlying premise of this question is inaccurate. As numerous studies have shown it does not cost more than market rate to construct housing. It is noted that all types of multi-family housing are expensive and construction costs continue to rise.

All construction is getting more expensive. HFA's internal data along with industry-wide construction data have shown significant increases each year in construction costs all along the West Coast. These increased costs impact both market rate and affordable housing cost construction. Studies show the construction costs are equal. Multiple studies on both a national and statewide level have shown that construction costs associated with affordable housing are similar to those costs associated with market rate."

After that, she said, the report goes on to list a number of studies. They list the low-income housing tax credit improved data oversight, which would strengthen the cost assessment and fraud risk. We have always wanted that, she said. It goes on to conclude that based on the evidence of multiple studies, the affordable housing development community is providing for the construction of affordable housing as efficiently and cost effectively to the public as the market allows. With this consensus in studies across studies, geographies and context, it should now be clear that when the same housing is built in the same place, for the same purpose, the cost for the site location is the same regardless of the builder. She said she will probably post the letter on our website.

Ms. Blackwell said she wanted to bring that to this Committees' attention so that we do not go "down the rabbit hole" or "red herring" of attempting to figure out how to cut the cost of housing construction or build housing more cheaply. I want you guys to think about what factors you should use to distinguish projects that get funded versus projects that do not get funded with all other factors being equal. Some factors you may want to think about - CTAC base limits, number of units produced; efficient use of state and or local resources on a per-unit basis; amount and type of funding present; transportation-oriented development or jobs-centered projects; locations in high resources areas; and creating new pools that specifically support homeless and extremely low or very low income targeted projects.

Ms. Blackwell indicated that we must decide whether CDLAC should align its' definitions in scoring with TCAC's programs and regulations or whether CDLAC should seek to maintain meaningful differences; and we might also consider whether a geographic system should be utilized to ensure a meaningful portion of CDLAC resources are distributed throughout the State.

Ms. Blackwell then proceeded to discuss incentivizing the building of projects of 100 or more units for example: in urban centers or near transportation-oriented developments. Ms. Blackwell also noted that we should consider whether CDLAC equally weigh and incentivize the value of private and philanthropic capital, such as big Tech companies and large employers in the same manner that it currently does with public funding. Most of us have read in the papers that a lot of large companies are willing to invest in housing but we do not have a mechanism right now for taking advantage of that or incentivizing it.

We should consider incentivizing high-density housing, such as units of 50 or more per acre to align with local government movements in this direction. Transit-oriented development should be further incentivized. Ms. Blackwell also indicated that in her current observation, the current tie-breaker used by CDLAC is a relatively blunt instrument that does not account for unit type variances for example: a one-bedroom unit and a four-bedroom unit are granted the same weight; nor does it consider regional cost differences for instance the cost of building in San Francisco versus Fresno.

Ms. Blackwell explained that the current tiebreaker favors projects that have smaller unit types and areas of the state where building and land costs are lower.

Other questions Ms. Blackwell raised included whether CDLAC should incentivize projects with limited funding sources, for example; projects with less than three gap financing loans and grants; and whether CDLAC should give score incentives for projects that otherwise meet most of CDLAC's public policy objectives but for some reason have not been successful in prior rounds. Ms. Blackwell reminded the Board of past attempts and whether to do so with our Other Affordable category

Mr. Sertich stated that he does not believe there is any reason the Committee should be comparing the cost of building affordable housing to the cost of building market-rate housing. He mentioned that he believes the resources of the State should stretch as far as possible. He also believes in the need to build a more balanced system that accurately measures public benefit and compares it to the investment that was made so that the state can maximize its limited resources. He believes it is important to build this measure into the CDLAC scoring system.

He added that the Committee must value how it uses the state's limited resources. For example, on the CDLAC side, if there are certain projects that are going to be able to leverage more subsidy out of bonds than others, projects that are in difficult-to-develop areas, that should not be held against them using the bonds for such projects. The Committee should incentivize projects in order to help them get more credits. On the CTCAC side 9% credits are the limited resource so the Committee should look at the cost that the state is putting into the projects. He stated that public benefit is a lot more complicated. The Committee needs to look at affordability, location, and other ancillary benefits that come along with that whether it is a workforce development-related project or whether it is environmental benefits the state is getting.

Mr. Sertich also wanted to see CTCAC's and CDLAC's scoring system better aligned. He also wanted to see HCD align with CTCAC's and CDLAC's scoring systems. It will enable them to align their state subsidy funding priorities, which will lead to a more efficient state housing funding system. He encouraged the agencies to work together to achieve long-term goals in creating a joint award system. In the short term, the Committee should align its scoring systems, simplify regulations and provide incentives through the scoring system to get the greatest public good.

He then stated he had done a lot research, modeling of different types of systems, wants to be engaged, and wants to make sure this process for changing the scoring system and regulations is as much a public process as possible. Mr. Sertich stated CDLAC should begin conducting public workshops beginning no later than August 2020 to talk through these decisions in order to get a final proposal out in September 2020 so that it would be ready to go early next year for both CDLAC and CTCAC. Developers have a huge stake in the process and need to be heard from. All stakeholders need to be taken into account, whether they are California taxpayers, tenants, or service organizations.

Ms. Miller mentioned that the business alliances she has been working with have put together a statement to better align programs. She was willing to make a commitment to align all programs in order to increase certainty, decrease cost, and provide public subsidy in an equitable fashion to promote housing development across the full spectrum of affordable housing needs. She also expressed the need to be cognizant of their budget crisis and the on-going challenges facing the state. She believes the Committee should increase production in a manner that helps Californians who are economically vulnerable or experiencing homelessness and in a way that advances equitable access for racial and ethnic minorities. The Committee should actively seek ways to more efficiently use resources, including reducing time and cost and ensuring certainty for developer partners. To reiterate, Ms. Miller stated that the three main goals should be to establish process certainty, reduce cost, and to provide public subsidy in an equitable fashion to promote housing development across the full spectrum of affordable housing needs. She also expressed the need to commit to working together to evaluate the state's housing data and find new ways to implement unmet needs. Affordable housing should have a stimulus effect and be part of the anticipated recovery effort. Economic mobility for those served is also factored into the Committee's decisions by making intentional and deliberate equity decisions within the state's programs. From the Governor's perspective, these were the guiding principles because nothing in the housing world is on a continuum and nothing is mutually exclusive. This is the frame that the Committee should work on from the Governor's Office and all of their partners.

Mr. Olmstead agreed whole-heartedly with Ms. Miller. He stated HCD recently had a new Director join just over a month ago and a lot of their time already has been talking about the question of alignment. HCD has many programs that have been implemented legislatively and via passage of propositions by the voters, so there are many conflicts as things evolve and change over time. While alignment will have its challenges, he thinks that if the Committee can get there it will be very, very helpful.

Ms. Boatman-Patterson stated that QCT's and DDA's bring in more credits but wanted the Committee to be aware that these are also areas of concentrated poverty. She distinguished between cost of construction and public benefit since sometimes the Committee gets those two confused. There is a cost to the public benefit and it is a good measure to use. She stated that the Committee needs to understand and be transparent about the cost to that public benefit. The Committee needs to recognize that every time they add design, add additional local taxes, and add additional amenities fees, those are costs too. The Committee needs to be aware of those costs and while they may be good costs, they need to be balanced with public resources and public investments.

She also added that CTCAC and CDLAC scoring should be aligned. Part of the problem is that over the last 25 years state housing programs have not aligned themselves to CTCAC and CDLAC. Due to the fact that the foundation of the scoring systems are the tax credits and bonds, when the mixed income programs were designed, instead of having CDLAC and CTCAC align with CalHFA, the Committee went in the opposite direction and aligned CTCAC and CDLAC, which proved to be the most successful model. It was a process issue. It is not just about aligning scoring because sometimes aligning scoring can be a "Red Herring" because the various programs may have different policies, goals, and objective. The system needs to accommodate the continuum of housing needs and the various housing programs need to align their processes to work with that foundation.

Treasurer Ma stated she didn't see much input from the financing communities at housing outreach meetings when she got elected last year. She believes it will be critical to listen to financial intuitions as well for feedback for the next year or so since the Committee will be looking to finance larger projects. She also stated one size does not fit all and different parts of the state have different needs. Sometimes it is more affordable to build outside of bigger cities so the Committee needs to consider that. She mentioned that the California Pollution Financing Control Authority (CPCFA) managed a $60 million infill remediation fund, which goes to fund many affordable housing projects that are sometimes difficult to build. Yet, that fund has been depleted.

She asked to hear more about infill sites from possible developers she had also been working to try to establish an infrastructure revolving loan fund. She went on to say that she understands that there are many projects that have been permitted and local governments used to provide the infrastructure needs, whether it is sewer hookup, roads or others. And now, due to local government constraints and the pandemic, they are no longer able to do this.

She agreed with the point of aligning with TCAC and CDLAC, but commented that CDLAC has a slower process going through the Office of Administrative Law (OAL). By contrast, TCAC was able to accommodate tax credit programs as well as the disaster credit program very, very quickly, to create the regulations, have the emergency regulation hearings, and finalize the regulations. She stated that her team has been trying to figure out how to make the CDLAC process quicker or at least aligned with TCAC. She said that she is looking for a system that could shorten the CDLAC process.

Mr. Sertich stated that in a lot of ways, we are all aligned on some of the changes. He expressed his concern about getting the details right and wanted to make sure we are improving things and not making things worse with unintended consequences. He mentioned that we may not want to measure cost when calculating public benefit. He also stated that projects should be awarded based on state priorities. He agreed that QCT's are not always the highest resources areas but the DDAs do not really align with the low resource areas. We need to use our resource funding as efficiently as possible and take into account the rules we cannot change which are the federal rules when thinking about those as we discuss changing our regulations and providing incentives. He advocated for a more flexible scoring system which could reduce the need for incentivizing certain desired project developments and said some of the extra requirements that local governments are requiring of project developers should be financed by local government.

Ms. Boatman-Patterson agreed with Mr. Sertich. It is not the cost of projects but the value of projects and the value of the projects that need to measured, using an incentive-based system to incentivize those public benefits that we as a state value; but understanding that the public benefit may come at fewer units, or the public benefit may come at higher cost.

Treasurer Ma mentioned that over the years a lot of bells and whistles have been added, and like the Christmas tree, at some point there are too many ornaments. You can't put them all on the tree if you have a smaller tree. Some things are just not going to get out of the box in certain years. She asked to hear about community concerns.

Mr. Sertich mentioned that there are a lot of minimum requirements whether that is with our 4% or 9% tax credits programs and having a more flexible scoring system allows for developers to earn their public benefit points.

Ms. Boatman-Patterson reiterated her point of letting tax credits and bonds be the backbone and then letting other programs and the developers creatively come in and help to get the efficiency.

Mr. Sertich suggested that if there are specific bells and whistles or needs that local governments have above and beyond what is valued at the state level, they should come in with the resources to pay for them.

Treasurer Ma mentioned funding from the private sector and suggested putting their money into a fund versus requiring them to pick communities and decide which community is better and what each community needs. Given the scarce public resources, private/public partnerships are going to be an important way to raise additional money. Companies, such as Amazon, need to understand that if they build huge job centers such as the Amazon Distribution Center, they need to work on employee housing.

Mr. Olmstead mentioned that, as a community we often fail to explain to the public that we are serving many households over time and we don't often put the "human face" of that on it. We are buying 55 years of affordability and that we are failing to articulate the benefit over time. He also mentioned the only people who will be potentially be paying attention will be judging us about how we are responding in this unprecedented time. We want to be thinking about what is on the minds of most people currently and that (COVID) is probably going to be at the forefront of most people's minds as they look at the policies that are going to come out of the system that we devise.

Treasurer Ma opened the meeting for public comment.

4. Public Comment

William Leach suggested that energy efficiency is a place that we as an industry should pull back. He would let California's Title 24 lead the way. He agreed with Treasurer Ma that funds from technology firms and other philanthropic organizations should go into a fund. Smaller non-profits and smaller developers could use parts of this fund. He mentioned his belief that the right incentivizing does work for developers to produce the desired results for prospective projects.

He stated that he thinks there is huge value as a state to increase the efficiency of the financing process with alignment. He then added that the aligning agencies should look at the scoring. If TCAC and

CDLAC take a little bit of extra time and listen to HCD nuances, so that the state's system incorporates the value of HCD goals, alignment is much easier for them. He explained that he is a huge advocate of creating a single underwriting tool, not a single application, a single underwriting tool that talks about rent and costs and expenses, very measurable stuff that he thinks every housing agency cares about.

The last thing he noted was that when you go to a production-oriented system you have to make sure that you are very comfortable with your minimum requirements. If you incentivize developers to get creative, we are going to get creative in wholesome ways, and we are going to get creative in some unwholesome ways. One unwholesome way might be to try to reduce the cost of something simply by reducing the quality. So you want to make sure your minimum standards are standards you believe in. One of your major minimum requirements is square footage. He warned the Committee that if we have a production-oriented scoring system we are going to start producing smaller units. Some might say smaller units is a good public idea. It would use less construction material, and use less labor and is a tool for density for getting more housing in California. He also stated that he not an advocate of tiebreakers.

Mr. Sertich reminded the Committee that if we are incentivizing things, we may need to add different restrictions or different minimums. The goal should be to get as much housing built with the resources we have. By example, he mentioned that just because you get an award from HCD or Cal HFA, does not mean you should be guaranteed a bond or a credit award. You should still go through a scoring process.

Mr. Leach said the AHSC program is intended to build housing, but also to reduce greenhouse gas emissions by increasing ridership with public transit. So some of the funding that AHSC is putting into the project is given to the project to reduce greenhouse gas admissions, which is not a direct housing goal.

Ms. Boatman-Patterson expressed concern about competition. She said that HCD and the affordable housing communities program go through significant competition and expressed her concern about having them go through additional competition at CDLAC and TCAC. She asked for a discussion on processes in competitive versus non-competitive rounds, meeting minimum requirements, and what are actually the more efficient processes to provide developer certainty.

Mr. Sertich mentioned that he thinks that the competitive process is important when we have limited resources. He thought if we have public benefits that we want to incentivize, we should ensure that we are getting the most out of those projects.

Ms. Boatman-Patterson stated that the Board really needs to have a robust discussion about what are the minimum requirements and that HCD and CalHFA need to think about their processes to fit the foundations of the bonds and tax credit.

Ms. Miller said we are all aligned in terms of HCD and all the various programs working together and went on further that maybe the priority should now be the alignment between CDLAC and TCAC.

Mr. Olmstead mentioned that some of the changes needed on the CDLAC side may require legislation.

Ms. Boatman-Patterson reminded the Committee that a lot of this could be done administratively as the first job in managing the pipeline, i.e., how many awards are out, and what's the bond need. She added that it is administrative if you can answer the demand survey on the front end by understanding how much bond, how many awards you have, and what is the bond need for the awards you have outstanding.

Mr. Olmstead said he had heard people saying interchangeably the terms "state resources" and "public resources" and those are not necessarily the same thing.

Mr. Sertich explained that he was thinking of state resources and reminded the Committee that there are some quasi-state programs to discuss like "No Place Like Home." It is administered by the state but certain counties have their own allocations

Ms. Boatman Patterson agreed with Mr. Sertich that the focus should be on state-controlled resources.

Mr. Leach recommended programs like MHP, AHSC. If you want to set aside resources for them, you don't just have bonds. You could also set aside 9% credits.

Mr. Roope mentioned that the comments made, so far, by the Committee are in line with the working groups thoughts. He also commented that when we talk in terms of efficiency and production and of public benefit, it comes down to specificity. What is public benefit? Is public benefit de-targeting of rents? Is public benefit serving the homeless? Is public benefit more units?

Mr. Shoemaker started by addressing one of Treasurer Ma's concerns. In his experience at Mercy, there were no problems getting banks to invest in projects. He stated that he does not think the goal of the Committee should be to try and make them (banks) comfortable. It should be to get them to invest in the things that we need to get them to invest in.

One of the reasons why the working group is going to recommend greater specificity in the pools system, he said, is because the current CDLAC scoring system is nowhere near as detailed as the HCD system. He explained that the MHP process is significantly more sophisticated today than the CDLAC process. He stated that they will be proposing the factor of high density that he believes meets state priorities.

Mr. Olmstead asked the Committee to consider how the CDLAC and TCAC systems set policy to the extent HCD can manage that policy so that it works in their system while dealing with federal requirements from time to time. He suggested creating a pool of resources to avoid having HCD projects have to re-compete for the money they have already got from HCD.

Mr. Sertich suggested that we need to have regional pool set asides with minimums. He explained the necessity to create a system that has some ability to compare across different project types in different locations. We need to determine the public benefit, value affordability, value location, and to figure out where we want to build, and how we want to build.

Treasurer Ma explained that we set aside money for acquisition and rehabilitation, money for new development, and yet no project qualified for acquisition and rehabilitation. She asked the Committee: why bother creating a pool if we are not even going to try to have some flexibility to allow acquisition and rehabilitation projects to qualify? She suggested that if we are going to set pools we should stick to the pools and allow flexibility so the folks who apply do not necessarily have to be apples to apples. She suggested sticking with specific pools and not moving monies between pools from round to round.

Mr. Shoemaker stated that the challenge for the communities that he represents is that the pools are too blunt and that the actual priorities of the State are not acquisition and rehabilitation. The priorities of the State are to end homelessness, address the giant senior tsunami that we have coming our way, and address the climate change issue.

Ms. Miller mentioned that we need to do a demand survey sooner and in a more intentional way. She believes that we did not have enough information to set the pools properly originally. She suggested that when we set the pools we should be making sure that the resources are spread in a way where no one gets 100% of what their need was. She stated this needs to be done in short order for January 2021.

Mr. Sertich stated that if we have not set priorities and if we have not set how we want these projects to be funded, it is hard for the community to provide a clear demand survey. He went on to say that as a Committee we need to set what our priorities are and how we will allocate that to best meet our goals. He also agreed with Mr. Shoemaker, that having an acquisition rehabilitation pool should not be the goal. It should be a population served and it should be regional, ensuring that we are serving different populations across the state and not necessarily the types of projects.

Mr. Shoemaker indicated that preservation was a priority for the working group. The reason why the pools need to speak to housing type is because they are so very different from each other. When you compare within a housing type you actually are able to measure incremental or marginal differences between them.

Mr. Sertich suggested having a large set-aside for a statewide competition in addition to smaller apportioned pools.

Mr. Shoemaker explained that when you set a pool you are setting policy and the working group will recommend about a half dozen pools. He warned that developers may be optimistic showing more projects in the demand survey and suggested that we may be better off getting the information from public partners like HCD and the issuers.

He then discussed the topic of geography and mentioned that the working group is coalescing around the idea of super-regions. He added that we should think of regions that are similar in cost and maybe rental rates and in location, and geography. He suggested that after going through the pools there might be a general competition for the super-regions.

Treasurer Ma suggested that this may be where private companies and the high-tech companies can assist. She provided the example of Amazon which is building six mega distribution centers in the state. She stated that the housing is not going to be where they are building these centers. They bought the land where it was inexpensive and they are hoping someday housing will come, but believes the companies will help finance housing.

Ms. Boatman-Patterson mentioned that if you are incentivizing a job-housing balance, then you will be incentivizing those developments closer to jobs and that plays into the location factor.

Mr. Sertich agreed and added transit-oriented jobs criteria and high resource areas as places in which to incentivize.

Mr. Shoemaker mentioned that Mercy is working with a couple of technology companies and one is putting a direct subsidy into the building. It is a grant that is never coming back to them. He then commented on Treasurer Ma's example of the Amazon Distribution Centers. He stated that many communities will charge the Amazon Super Centers a fee because they are not convinced that Amazon or anyone else, on a voluntary basis, is just going to charitably make the world a better place for affordable housing. He further explained that, by and large, most employers are not providing money on a voluntary basis other than revolving debt and very few of them are actually making meaningful contributions that are comparable to any HCD loan or a tax write off.

Ms. Boatman-Patterson asked if we want to incentivize other capital, we want to make sure that the State resources are used most efficiently, but we want other capital to be brought in, should we be treating public capital any differently?

Mr. Roope expressed his thought that the 9% program, after many years, has been through a pretty exhaustive definition of what public funding is and they have a unique definition that incorporates a lot of different ideas including land donations, public rental subsidies, and other items.

Mr. Sertich stated that we consider how much local or philanthropic money is going to a project. The more local and philanthropic money that goes into a project should reduce the state investment.

Mr. Roope explained that the working group has good definition for private philanthropic resources. He added that he is in favor of defining a measure for public resources.

Mr. Sertich clarified his point as the focus should be more “no matter where the money is coming from.” This is not necessarily refuting Mr. Roope’s comment. He mentioned, by example, that we shouldn’t focus on whether it is a first loan, that comes from Citibank that is fully amortizing and reducing the state cost because they are giving the state a lower rate or something, or if it is a donation from Google of $100 million dollars. He added that neither of those are reducing the state investment and that is we should be measuring because that is all we can really control.

Ms. Boatman-Patterson stated that we try to measure other public resources and other money and give points or credits for that, when what we really should be focusing on is the state-controlled resources and incentivizing that. She pointed out that this is part of the problems with the tiebreaker now. She agreed with Tony on focusing on the State controlled resources.

Mr. Shoemaker mentioned that the Committee should consider whether the CDLAC scoring system is going to provide additional points for affordability or you meet some measure of income and it is the HCD loan amount that brings the project into alignment.

Mr. Sertich added his view that the number one benefit that TCAC with the tax credits provide (4%, 9%) is housing affordability and that ultimately should be the driving force.

Mr. Shoemaker agreed and added the idea of controlling for geography and population. If you don’t do those two things you just never wind up doing a comparison. .

Ms. Blackwell agreed with Mr. Shoemaker, saying proper incentives are important for different areas: would you even want to encourage something that only goes eight stories near the Trans-Bay terminal in Oakland? She warned that we don’t want to have a system that is going to make people build teeny-weeny little wooden projects somewhere where we really need a skyscraper.

Ms. Boatman-Patterson requested further discussion on the “color of money.” She asked if the local government is bringing in funds versus HCD bringing in funds would it be different or the same? Are we measuring HCD’s funding coming in as a state resource along with the bonds and tax credits? And are local government funds different than HCD funds?

Mr. Sertich mentioned that each of these is a state-controlled resource. He did not count the CDBG and hold money that they allocate because they get only a very small portion from the state, but said in the short term all the programs are not aligned. He stated that federal money coming in, whether it is project-based Section 8 contract, whether it is HOME or CDBG money, or USDA subsidies (as a State entity), HCD, CTAC, CDLAC, CalHFA do not control how these funds are allocated. If the federal government decides to put new money into those places it is a benefit for us to incentivize that. Whether it is local bond money coming, or federal money, he stressed that we should incentivize those investments in California housing.

Ms. Boatman-Patterson provided an example for her point. Mr. Shoemaker said two projects are proposed within the limits of the City of Los Angeles; one of those has HCD funds and one of them has just local funds. She asked, all things being equal, are you going to prioritize one project over the other?

Mr. Sertich said he would prioritize the one that has the local money in it for two reasons: 1) Part of the reason we have the 9% tiebreaker now is it does give the locals some control over these decisions and he wants to continue allowing that; and 2) If HCD money is in there we could roll that money into another project somewhere in the state that is determined to be as valuable as that project that the City of Los Angeles, or the County of Los Angeles has determined is valuable.

Ms. Boatman-Patterson stated that some of that is what is happening now. Some HCD projects did not get funded because there were other projects that came in that scored better than they did.

Mr. Shoemaker mentioned that what we heard from the working group is that for folks wanting to go through the HCD door and agree to provide much deeper public benefit and live with all the complications of being an HCD funded project, it is complicated. The CDLAC system is sort of taking both of those projects and has to decide whether or not they want to take them in an equal way and give that HCD loan an opportunity to bring in all that public benefit.

Ms. Miller stated that we cannot change any HCD programs in this discussion or actually at this board. One of the common messages she heard was that there should not be any really broad instruments and mentioned that we need to be very clear about what we can and cannot do. She reminded the Committee that they can't tell other folks what to do through this process. She also stated that there is a lot that we can do better and focus on the priorities in trying to help CDLAC staff sort through the discussion. She then asked Ms. Blackwell for further comment.

Ms. Blackwell stated that she heard a consensus that we need to incorporate regional distinctions and that we have consensus that we need to have distinctions with regard to project types. She further stated that she heard, very clearly, that we need to look at the entire spectrum of housing need from our tenants so that we need to do a very thorough demand survey and then perhaps, develop pools that include a pool to get at deeply affordable because we know that there is a homeless need and an extremely affordable need. She said that we also need to have regular affordability and we need to have mixed income. Maybe our pools need to be divided in that way and within those to have regional distinctions and other types of geographical distinctions such as urban versus rural. That is what she heard, similar to TCAC but I didn't think you want to be overly granular.

She stated that she also understood that we wanted to think long and hard about putting together a mechanism that anticipates private philanthropic investment as well. We haven't thought that through but that right now it's just kind of an extra add on and she has seen it in certain projects. For example, we have a very successful project in San Jose that is a homeless project. There was a desire for a philanthropical donation. The donation bought the housewares for the homeless community that was brought indoors. But they had to come up with that idea. Maybe there was a way to make the financing run a little better or some other kind of way to just incorporate it a little more efficiently. Not that this wasn't a wonderful help but maybe we can think about that in advance rather than have the philanthropical organization just try and guess what we might need.

Ms. Boatman-Patterson stated that she would like to make sure we are incentivizing income averaging on the CDLAC side and reminded the Committee that it was discussed in April and we did not have a good policy discussion around that. She asked if there are any concerns about making that change? She mentioned that because it is allowed by federal law that we should not be disadvantaging those developments that want to use income averaging. She then requested for a conversation about using the federal law that allows us to use income averaging to the extent that we can.

Ms. Blackwell agreed with Ms. Boatman-Patterson and stated she needed some time to think it through. She further added that she just did not want to make a change in a two-week time frame, so this is the perfect time to focus on that.

Ms. Miller requested clarification and asked if income averaging would be across the board or in certain project types.

Ms. Boatman-Patterson explained that this is why we need to have a policy conversation. Right now, the mixed income program has used income averaging and now we closed up the loophole to where CalHFA is the only program that can come in and use income averaging. She then added that if someone wanted to come in and do income averaging in the new construction general pool, their affordable units from 60% AMI to 80% AMI, which would be regulated under tax credit rules, are not necessarily counted under the CDLAC rules as a qualified restricted rental unit. So they don't get scored as well and so she asked the board for a policy conversation as to should that ability to do income averaging be across the board or should it be limited to CalHFA's mixed income program?

Mr Sertich mentioned that he thinks it is allowed right now. The tie-breaker on the CDLAC side doesn't take it into account income averaging and agreed that it should be included as a restricted rental unit. He also stated that (a) things are going to change for next year anyway so said he is not terribly concerned about it but (b) there is a discussion to be had about whether there should be some other incentivizing factors that we want to include for mixed income type projects. He added that , in areas of high resource, we are getting a lot of the good benefits from mixed income projects by being located in those neighborhoods. In other areas, if we incentivize mixed income, it is harder to build those in some cases. He said that he is open to discussion and ultimately, our number one incentive, as he has said before, should be the affordability of the projects.

Ms. Boatman-Patterson asked to take a deeper diver in Tony's use of "affordability". She stated that she knows that we want to talk about our most vulnerable populations and ensuring that we are using our resources to help those that are the most rent burdened. By example, she stated that creating developments that are averaging 40% AMI and need an enormous amount of public subsidy plus rental subsidies may work in some jurisdictions but do we want the flexibility to have varying income levels?

Mr. Sertich suggested that if we're putting in subsidies for these projects, more subsidies are needed for a 30% AMI unit than for a 60% or 80% AMI unit and that should be valued appropriately. In reference to HCD's study from a couple of years ago about the housing needs in California, almost all of the low-income housing needs were for low and extremely low incomes in California. That has a knock-on effect in terms of effecting the very low-income renters because there's just not enough very low income, altogether. But most of that falls at the low and extremely low-income levels. There's a much greater benefit to the state to have extremely low permanent supportive units to get as many homeless housed as possible. It's not as often that you'll fall directly into homelessness from 80% AMI as much as 40% or 50% AMI. He then said, from a policy standpoint, we should incentivize building those lower income units. However, because it is generally cheaper, it requires less subsidy to build the higher income units, he mentioned a balanced scoring system, that weights those incentives properly, should get a range of units built. He then suggested that we should be able to get 30% up to 80% AMI units built.

Ms. Boatman-Patterson asked for clarification as to whether there is a distinction between an ELI unit that is not permanent supportive housing? She stated that not all ELI families need supportive housing. She expressed that permanent supportive housing should be reserved for our most vulnerable populations that need wrap-around services and having a system that makes sure that we are using a coordinated entry that these folks that are the most vulnerable are going into those units. But there are just ELI units that don't need permanent supportive housing. She asked when you talk about affordability, are you talking about affordability for a ELI unit or are you talking about affordability for permanent supportive housing? Because those are two different housing types. She added that you can serve an ELI with a more efficient use of rental subsidy. And so, you could be building developments that average 60% and 50% AMI and then putting in rental subsidies so that a 30% AMI person can live in a development that has a 50% AMI restricted unit since she did not believe we are effectively using our rental subsidies as part of this. She went on to add that what happens is, folks come in on the overhang of rental subsidies, you'll underwrite a development at 30% AMI and so it should be able to rent at 30% AMI and then you're putting your rental subsidy on top of that which means all of the extra rental subsidy is going to the development as opposed to the affordability because you had already underwritten it at that affordability.

Mr. Sertich explained that if we had a bunch more rental subsidy, he would be all for making that happen. He mentioned that there are two separate measures we are looking at here and stated that he may have been confusing them. One is about affordability. So yes, we should incentivize those that are making 30% AMI and there should be additional incentives for permanent supportive housing that are serving homelessness and formerly homeless individuals that are providing the services necessary to support those individuals. He stated that affordability, in and about itself, even away from the supportive housing, should be incentivized as well.

Treasurer Ma stated that we've all put a lot of information on the table and we know, pretty much, where most of us stand on this. There could be different pools to accommodate. She reminded the public that we also need a demand survey because even though we want to accommodate a certain group or region or type of project, we need to know what the projects are that you guys have. So everything has to fit inside this puzzle. She then opened it up for further public comment.

Joanna Ladd emphasized the importance of continuing to have a pathway for rehabilitations of existing affordable housing projects. She recollected a prior meeting mentioning that rehabilitations of existing affordable housing will be maintained for projects that really need it through demonstrated capital needs. She stated that they have very old properties that have been counting on having the pathway to access State resources for major capital improvements. She then expressed her opposition to an earlier comment about lowering the cost of construction by lowering green building standards. She stated that incentivizing green building standards not only promotes the State's goals with regards to climate change but it also helps these properties perform well in the long term by ensuring that they are not essentially wasting money on utilities.

Treasurer Ma thanked the speaker and provided a reminder that when the demand surveys go out, they should present their project's short term and mid-term.

Paul Beesemyer thanked the Treasurer, Committee, and Staff for the discussion. He then stated that, wherever this Committee ends up with new CDLAC regulations, it's important that we understand there will be some emphasis on cost. And if there is an emphasis on cost, there needs to be a like emphasis on public benefit so that an extremely cheap project will not necessarily beat out project that is delivering a lot of public benefit and vice versa. One of the ways to do that, beyond the scoring system, is to have some sort of geographic allocation system. He advocated for affordability to be a primary focus.

He went on to say that the current points system is anachronistic in that it gives a strong advantage to large family housing. State priorities have moved on so significantly that he thinks the program should be agnostic as to the project type because in so many cases the project type has long been set to HCD programs.

He stressed a word of caution regarding regionality. If the Committee and staff want to veer toward using regions for bond competition and bond allocation they should be careful about creating regions that are so small as to being ineffective. So one way to handle that would be to take however much you have as the governing body to put toward affordable housing in the next program year, take say, half of that and put it into the regions and leave the rest open to a general competition. And that would allow you to ensure some level of regional equity, but guard against unintended consequences of locking everything up.

Pedro Galvao expressed the concern of their members that critical rehab projects in acquisition of currently unregulated housing units have a path forward. He then added that if we go to a regional allocation system, we have to allocate funds to each geographic area based on enough resources to meet the critical need which means applying some kind of cost-adjuster and you need that data when setting the regions. Some regions such as the Bay area will inherently still be more expensive to build than other parts of the State. He also mentioned that projects such as treating homelessness may cost more but need to be prioritized.

Ms. Miller expressed her interest to include income averaging in the policy conversation and that we should work within the Federal allowance to maximize our opportunity for all of the public funds in general. She stated that we should not oversimplify the process when hearing about new construction or ELI or more senior supportive. Many things need to into this. She suggested that we need to work on the issues of economic equity and mobility and all of the other issues that were spoken about and it shouldn't be quite as binary. She also expressed her interest in fully vetting the topic of income averaging.

Treasurer Ma thanked everyone for the robust discussion and stated that ss a former elected official on the San Francisco Board of Supervisors, she always found its better to have more public hearings to provide more opportunities for people to give their input. In the end, not everybody is going to be happy but at least people have weighed in and we have listened to everyone. She added that continues to be her mantra for the Treasurer's Office. She then opened it up for final remarks.

Mr. Sertich thanked Treasurer Ma for holding this meeting and Staff for the hard work. He requested a schedule/timeline for this including the public hearings so that not just we as the Board know what to expect but also stakeholders know when they should be providing information and when things will be available for their review and again. He stressed that we need to give time for everyone to review all this but we need to get going as soon as possible. He then offered the Controller's assistance in pushing this through.

Ms. Blackwell thanked the Committee and public.

Treasure Ma mentioned that Ms. Blackwell will get back to the Committee on timelines and the working group will continue to provide input. Their points are for the next meeting. She thanked everyone and stressed the importance of this discussion.

5. Adjournment

The meeting was adjourned at 11:17am

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 and we do not need a lot of direction."

Ms. Blackwell said the internal group 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 against 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 AB-83, 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 indicated 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 AB-83 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 AB-83 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 AB-83. 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. 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 AB-83 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 ~~HCD~~ 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 options had the most support among members of the Task Force.

Mr. Roope said there is support for both options.

Ms. Boatman-Patterson stated that she prefers option 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 set 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 knowable 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 option 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 other 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.

Characteristic	Recommendation	Non-controversial Proposed Regulations	CDLAC Regulation Section	TCAC Regulation Section
General Partner Information	Change to a threshold requirement to align with TCAC	Add a CDLAC threshold experience requirement: the project meets minimum TCAC experience requirements, or receives training before placed in service.	5190(c)	10326(g)(5)
Management Company Information	Change to a threshold requirement to align with TCAC	Add a CDLAC threshold experience requirement: the project meets minimum TCAC experience requirements, or receives training before placed in service.	5190(c)	10326(g)(5)
Housing Needs	Change to a threshold requirement to align with TCAC	In addition to the CDLAC large family point category, create a CDLAC point category for a project that is either (1) housing seniors or (2) has 50% of the units housing homeless. Projects may request one of the two point categories, not both (can't request large family and 50% homeless).	5230(g)	N/A
Site Amenities	Align CDLAC and TCAC requirements	Recommend aligning with TCAC site amenity point categories and point amounts. For CDLAC this results in additional options, which can also increase the number of potential eligible sites. Recommend using TCAC whole number point category amounts for user ease.	5230(j)	10325(c)(4)(A)
Service Amenities	Align CDLAC and TCAC requirements	Recommend alignment by adding case manager to CDLAC's options.	5230(l)	10325(c)(4)(B)
Sustainable Building Methods	Align to CDLAC requirements or amend	The language is currently aligned (CDLAC needs to go through OAL process to use TCAC's updated 2019 building code references).	5230(k)	10325(c)(5)
Low Income	Align CDLAC and TCAC requirements	No alignment recommended at this time, continue with Gross Rents category.	N/A	10325(c)(6)
Readiness to Proceed	Change to a threshold requirement to align with CDLAC	TCAC will adopt language cross-referencing the CDLAC bond issuance/readiness requirement for all 4% credit projects.	5100	10325(g)
Community Revitalization	Align CDLAC and TCAC requirements	Recommend alignment by TCAC, CDLAC language is more specific.	5230(i)	10325(c)(8)(E)
Smoke Free Residence	Align CDLAC and TCAC requirements	These appear to be currently aligned, just in different categories (CDLAC sustainable building, TCAC misc. policies)	5230(k)(4)	10325(c)(8)(C)
Negative Points	Any assessed negative points apply to both CDLAC and TCAC	These appear to be currently aligned, no action needed.	5230(o)	10325(c)(2)(T)
Preservation Points	Consider points for At-Risk	Recommend these points be applicable only to projects within the preservation pool, and only for projects that meet the CDLAC definition of at-risk.	5230(b)	N/A
Gross Rents	Remove	Removal would be non-controversial, recommend removing this point category.	5230(d)	N/A
Exceeding Minimum Rent Restrictions	Align CDLAC and TCAC requirements (consolidate with Lowest Income)	Recommend no changes at this time. Eliminate this point category only if the TCAC lowest income point category is added to CDLAC.	5230(e)	N/A
Exceeding Minimum Term of Restrictions	Remove	Recommend eliminating this CDLAC category from non-competitive scoring and make the 55 year term a threshold requirement.	5230(f)	N/A
Large Family Units	Align CDLAC and TCAC requirements	Some alignment recommended at this time, proposing for CDLAC to require a minimum of 25% 2-bedroom units in addition to current 25% 3-bedroom units requirement.	5230(g)	10325(g)(1)
Leveraging	Align CDLAC and TCAC requirements (partially included in the TCAC tie-breaker)	Recommend aligning by adding to CDLAC leveraging point category: unrelated party soft financing, public and unrelated private land donations, capitalized value of public rental subsidies. Also recommend adding a calculation similar to TCAC, a boost for larger projects (60+ units for rural pool, 100+ for all other).	5230(h)	10325(c)(9)
Foregone Eligible Developer Fee	Remove or Amend	Recommend amending CDLAC regulation to clarify that foregone amount cannot be included in the budget or as a source.	5230(n)	N/A
Qualified Project Period	Remove	Recommend removal based on Exceeding Minimum Term recommendation above.	5230(f)	N/A
Tie-breaker	Develop a consolidated tie-breaker	Align using the same tie-breaker for both CDLAC and TCAC. The first ratio is the current CDLAC tie-breaker (allocation divided by restricted units), plus second ratio that is a modified version of the current TCAC credit per unit ranking tie-breaker.	CDLAC 5231(d)	10326(b)(1)
TCAC Restricted Units at 70% AMI, 80% AMI	Allow TCAC average income restricted units to be considered Rent Restricted Units for CDI	Any CDLAC point and tie-breaker category that involves Restricted Units can include 70% and 80% AMI units that are restricted by TCAC ("TCAC Restricted Units")	5230(d), 5231(d)	10326(f)(13)
Density	Add site density point option	Add new site amenity category for building to maximum density of a site.	CDLAC 5190(b), 5230(j)(2)(A)	TCAC 10326(f)(4), 10325(c)(4)(A)
Align hard cost definition	Clarification of a defined term	Align using existing TCAC definition.	5170	10302(u)

Tax-Exempt Bond Financed Project (4% Projects) By Year Through 2020

YEAR	TOTAL UNITS	TOTAL LOW INCOME (LI) UNITS	AVERAGE % AMI	WEIGHTED AVERAGE % AMI	% EXTREMELY LOW INCOME (ELI)	% VERY LOW INCOME (VLI)	% LI (51%-60% AMI)	% LI (61%-80% AMI)	UNITS ELI	UNITS VLI	LI UNITS (51%-60% AMI)	LI UNITS (61%-80% AMI)	MIDDLE INCOME (MI) (81%-120% AMI)
2014	2,889	2,790	51.50%	53.10%	6.30%	41.20%	52.50%	0.00%	177	1,149	1,464	0	0
2015	3,634	3,571	51.30%	53.30%	6.40%	38.20%	55.40%	0.00%	230	1,364	1,977	0	0
2016	6,201	5,765	51.80%	53.70%	5.60%	39.50%	54.80%	0.00%	323	2,275	3,162	0	0
2017	4,570	4,220	50.00%	50.80%	13.50%	45.10%	41.40%	0.00%	570	1,903	1,747	0	0
2018	6,820	6,025	49.00%	52.20%	15.60%	30.20%	50.70%	3.50%	937	1,819	3,056	213	0
2019	4,969	4,714	48.60%	49.40%	21.20%	37.00%	36.10%	4.40%	999	1,745	1,702	208	0
2020	8,102	7,959	50.01%	52.41%	18.00%	37.00%	30.00%	15.00%	1,426	2,911	2,387	1,207	28
% INCREASE FROM 2019													
	63.05%	68.84%							42.74%	66.82%	40.25%	480.29%	