

California Debt Limit Allocation Committee

Jesse Unruh Building

Room 587

915 Capitol Mall

Sacramento, CA 95814

November 18, 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 12:15p.m.

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

Treasurer Ma: It is 12:15 p.m. and we're calling the California Debt Allocation Committee to order. It is November 18th at 12:15. We are meeting at the Capitol, Room 587, as well as virtually. We do have a hard stop at 1:30 today; otherwise, we'll lose the quorum. And if we don't finish the agenda, we'll have to reschedule or continue the meeting another date. So, I thought I'd let everybody know.

Evan Kass: Read the telephone script

Treasurer Ma: All right. Anthony, please call the roll.

1. Roll call was taken.

Treasurer Ma: We have a quorum.

2. Approval of the minutes of the September 16, 2020 and October 14, 2020 meeting. (Action Item)

Treasurer Ma: Approval of the minutes for the September 16, 2020 and October 14, 2020. And you may ask why the dates. We had a transcription service and that's why it took a little while and the minutes are out of order because they took the minutes out of order. But I have personally reviewed all the minutes. But if Members have any edits, please let me know.

Gayle Miller: Move for approval, Madam Chair.

Anthony Sertich: Second.

Treasurer Ma: Thank you. Any public comment?

Anthony Wey: No public comments.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Aye. The minutes have been approved.

3. Executive Director's Report.

Judith Blackwell: Hello, I don't really have much of a report today. I just want to say, once again, and I mentioned this already in TCAC that I would like to thank my staff that has worked very hard on drafting changes to our Regulations. We won't be discussing them today, but they have worked on them almost every meeting since July, July 15th, August 7th, August 21, September 10th, and then again on October 14. We've also been publishing the proposed regulation changes for the public to read and to make comments. So, I just want to say everyone has done a fabulous job. And other than that, please go ahead with the meeting.

Anthony Sertich: I just wanted to mention that yesterday the State Auditor released the Audit titled "California's Housing Agencies" with Recommendations going forward. The one piece that I know that you have been looking at, and I want to make sure we do this and not get ahead of ourselves, is the combination of CDLAC and TCAC. I think there may be ways that we can do much of that administratively without going through the legislative process. So, I just wanted to get that out on the record.

Tia Boatman Patterson: So, I couldn't agree more with Mr. Sertich, and I know the Housing entities have been working very collaboratively with the State Treasurer's office. I think there's room for a staff/working group, especially as we start talking about a common form of data. And I do agree that there are things that we can do administratively, as Mr. Sertich says, that we can get this started on, and we're looking forward to bringing you in and working with you on that.

I did want to absolutely commend CDLAC's staff leadership. A lot of the things that were in the Audit report, have already started to be done under Ms. Blackwell's leadership. CDLAC staff had been leaderless for a little bit and weren't prepared for a competitive environment. And she's already done a lot to get the Committee going in the right direction. So, I want to commend Ms. Blackwell and her staff.

Judith Blackwell: Thank you.

Gustavo Velasquez: I just want briefly talk about the Audit regarding the harmonization of programs across the state. I just want to say thank you to you, Madam Treasurer, because you really have provided tremendous leadership around harmonizing and aligning our housing programs. So, you've really stepped up in a big way to bring us together and make sure that alignment is possible. I think we are on our way to achieving that. So, thank you for your leadership.

Treasurer Ma: Thank you. And I totally agree we have all been working collaboratively. So, I thank all of the parties: The Controller's office, HCD, CALHFA, the Governor's office. Some of what was reported in the Audit occurred before I got elected. The Governor and I got elected in

November 2018 and started on January 7, 2019. We have been working diligently to try to rectify and make sure all of our processes, meetings and activities are as transparent as possible. As you know, our Minutes of Meeting are anywhere from 25 to 45 pages. I prefer to have more information in the Minutes than less so when/if in the future, auditors and/or the public try to follow along, they will see that we have been trying to make the necessary changes. So, I thank everyone here, as well as the working group, for also leading the charge and keeping us on track. All right. Item #4. Oh, I forgot to ask for public comment on the Executive Director's Report.

Unknown Speaker: On the regulations, Madam Chair, that it's (indiscernible). I do want to speak specifically to that 55% and that we were talking about 40% spread between low and high. I know Ms. Blackwell is familiar with that. Before we get too far -- I know public comments are coming in -- I just was wondering, Ms. Blackwell, if you would be willing to address just that one key issue today.

Judith Blackwell: Oh, absolutely. When determining the eligibility for homes in low opportunity areas, we were originally going to put a 55% cutoff, but we realized that that was going to conflict with HCD's requirements. And so instead, we're going to now have a 40-point spread as our cutoff and that is something that will conform with HCD's requirements. So, we're taking care of that and that will appear shortly.

Unknown Speaker: I really appreciate that. Thank you.

Male Speaker: Yes. I just wanted to ask Ms. Blackwell -- our organization asked nine clarifying questions about the CDLAC point system. Thank you so much. Huge effort for writing that out and putting that together. We appreciate it. We had a few questions on that, and I was curious if it was possible to get a response prior to the end of the public comment period.

Judith Blackwell: Yes, we can get you a response by then.

Male Speaker: Okay. Thank you.

Treasurer Ma: When does the public comment period end?

Judith Blackwell: It's not ending today.

Male Speaker: Friday.

Judith Blackwell: Is it Friday?

Male Speaker: Yes, the 20th.

Judith Blackwell: All right. We'll have it by Friday.

Treasurer Ma: Okay. I just wanted to clarify what date we're talking about. All right. Let's move on to Item #4.

4. Consideration of Exempt Facility Applications on Qualified Activity Bonds. (Action Item.)

Judith Blackwell: Okay. Richard is going to discuss this item.

Richard Fischer: Good morning. The California Debt Limit Allocation Committee received four applications for the Exempt Facilities Program pool. We are recommending all four as follows:

- Organic Energy Solutions, LLC – allocation requested and approved \$23,677,224
- Mission Trail Waste Systems, Inc. – allocation request and approved \$25 million
- Garden City Sanitation, Inc. – allocation requested and approved \$42.5 million
- California Waste Solutions Inc. – allocation request and approved \$64 million

The projects are located primarily in the Bay Area. One project is in San Bernardino. We have a total requested amount of \$160,500,000. And we are recommending the allocation of \$160,500,000. One particular project, if approved, will be able to use some carry-forward. So, the grand total of allocation requested today will be \$155,177,224. Staff recommends approval.

Treasurer Ma: To reiterate for Board Members: the Organic Energy Solutions project is \$29 million but they are requesting \$23.6 million today because they are going to be using some carryforward therefore the grand total allocation requested today is \$155,177,224.

Anthony Sertich: I think there's enough in there to award these projects so I will move to award them

Gayle Miller: I'll second, Madam Chair. And again, we reviewed and approved these projects at CPCFA earlier.

Treasurer Ma: And there is enough in this designated pool (Exempt Facility), that we voted on earlier in the year to fund these 4 projects. So, it won't come out of any other pool. I just want to get everyone on the same page. Any public comment on this Anthony?

Conference phone operator: You have zero questions remaining.

Anthony: No public comments.

Treasurer Ma: All right. Please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: All right. Those 4 Exempt Facility applications have been approved.

5. Discuss Returned Allocations.

Treasurer Ma: Item #5: Discussion regarding the returned allocations. This is an action item. As many of you know, the Brightline Project was not able to go to market due to the uncertainty in the market, as well as the volatility and liquidity, and so they are going to push back their bond sale to hopefully early next year. So that brings back the \$600 million in bond allocation that we initially

allocated this year to the Brightline Project so we are going to have a discussion on how we want to allocate that \$600 million.

Anthony Sertich: May I request that we take the next item #6 first before item #5 because I think that could affect how we set up the pools going forward.

Treasurer Ma: Yes, we can. But note, there may be more allocations coming back. So, it would be great if we have a policy discussion in terms of where we want to allocate any extra funds but let's not use an exact number since it is undetermined as of right now.

Anthony Sertich: That's fine. We can have a policy discussion.

Gayle Miller: Sure. I'm fine on this. Yes, that's affirmative on your agenda. But I do have a comment on the Item 5, the allocation, if that's appropriate at this time.

Treasurer Ma: Sure.

Gayle Miller: So again, the Administration does support and transit and rail projects and we look forward to continuing to work on those as well. So, thank you for your conversation about the liquidity in the market and how we can potentially do that next year. From the Administration's perspective, we would like to prioritize the additional allocation that's coming back. And I won't speak to a specific number because Ms. Blackwell and her team will figure that out once we take everything into account but we all know that the COVID-19 health and economic crisis really compounded our housing crisis, especially when we see how income disparity has disproportionately affected people during this COVID-19 induced recession. So, we have had families shelter in their home. We've got families out of their homes. Obviously, the Governor has committed himself to a huge eviction prevention package. So, we do think that stabilizing the housing industry is essential to mitigating an even deeper recession, especially for lower income people and to enable a successful economic and social recovery.

So, we recommend that we use the excess funding for shovel-ready Qualified Residential Rental Project (QRRP) program applications that are already in your queue. We do believe that will expedite economic recovery, create much needed jobs and obviously housing. And we really want to talk about how that multi-family housing will work in accordance with the principles that we've discussed here before and as Secretary Castro Ramirez discussed. We call them the four P's: Protection, Preservation, Production and People. We thank the housing working group for all your help for helping us address these principles. Obviously, we're trying to protect vulnerable people as one outcome. We want to preserve existing housing stock and accelerating production. And then what's at the core of housing is this idea of being people centered. So, we'd like to support those who have been hardest hit by the pandemic and fund, to the greatest degree possible, those types of housing that aren't always produced by the market, that support the most vulnerable amongst us.

Treasurer Ma: So, are you talking about a specific pool or asking staff to relook at everything and pull out certain ones?

Gayle Miller: Yeah, that's a great question. So, what I'm suggesting is that we focus on the "multifamily" pool and likely "new construction," although I don't think we can say that because we need to understand what's in "preservation." So, I know that's not very specific, but I think we'd be able to see that better once we have the analysis in December. So today, we should clarify that all excess bond allocation goes into the QRRP and because that is within our ability as the Board is to make sure that it's clear that it goes into multifamily housing and then the broad 4 "P" principles.

Anthony Sertich: Thank you. I generally agree with Ms. Miller's comments that this money should be moved to the Multifamily Affordable Housing pool. I think just from a fundamental perspective we're able to leverage more federal funding on the multifamily side than we are in any other pool because it would tax credits that come with it. So, I think as a state we need to think about how we can maximize the leverage we get from the federal government and then make sure that we fill the needs of the other types of projects that traditionally have been funded by funds through other state subsidy programs. I think it makes a lot more sense. I know we can't get there

next month for sure, but probably won't get there next year, but I think we should be thinking about that long term so we could maximize the whole pie and that everyone can have at least their fair share of that.

I think from Ms. Miller's comments about those hardest hit, I mean generally everything that we're producing shouldn't be produced by the market or we wouldn't be subsidizing it. So, I think we may be a little bit too broad there. I think we need to define specifically what we're talking about. Are we talking about when you say "special needs?" Are we talking about a specific income requirement? I also think, because we have the scoring in place, we can create sub pools that we allocate to, but I don't think we can just pick and choose projects that we want to fund. So, I think we're going to set up some pretty clear criteria about what the sub pool will need to be. I also think that we need to make sure that, because of the movement of funds, that the over allocation is done at different times throughout the year. I think we need to make sure that all of the pools that we have are made whole so that we're awarding the original amounts that we voted on at the beginning of the calendar year unless we explicitly, as a Board, make a motion to change that. For example, we over awarded the "new construction" pool in September so the December amount was reduced. I think we need to make sure that we balance that out and provide the original amount in the "new construction" pool at a minimum. I do think the majority of the new amount should go to "new construction" just as we've been doing most of the year. But I don't want to forget about the other pools in the sense of we have moved stuff around throughout the year from those pools so to make sure that those are made whole. But the "new construction" pool should get the vast majority of any existing money.

One question I had for staff: what's the total amount of bonds that we have remaining? I know the number that staff put out as preliminary recommendations was pretty low because it didn't include the \$600 million and that expense. But I do want to make sure that we have enough when we created these pools that it would be substantial enough to make a real difference in what we're trying to do.

Treasurer Ma: So, Mr. Sertich, and I'll let you chime in, but we are really trying to drill down and make sure the carry forward number is right. We may have more returned allocation. We have

some IDB (Industrial Development Bond) allocation unused, some “exempt facility” unused, the \$600 million from the train, as well as the remaining allocation. So, Judith, my calculation is about \$1.2 billion.

Judith Blackwell: That's approximately correct. Yes.

Richard Fischer: Yeah, that's correct.

Judith Blackwell: We all agree on that.

Treasurer Ma: We need guidance to make sure the December pool makes all the pools whole but then any remaining, goes to QRRP projects. So, do we go down the list for “new construction” as far as we can go, or we want to pick from other pools?

Tia Boatman Patterson: So, are we creating a waiting list for those that meet the priorities for the new bond allocation coming back? I'm confused because it seems like we're treating people on the back end different than we treated them on the front end because we artificially gave them these amounts as opposed to funding all shovel-ready projects. So, it seems like people on the backend have more bonds available and we're going to fund the projects before us versus those from past rounds. So, I'm struggling with the processes we're talking about.

Anthony Sertich: I don't think we can go back and reallocate from prior rounds. I think all we can do is look to the upcoming round since we have an extra \$600 million that we can now allocate in December. I think that's the choice before us. Alternatively, we don't have to make an extra allocation in December. We can carry it forward, but I think the goal was to get as much housing built as we can, as quickly as possible. So, I think we want to award in December. I'd like to hear from Mr. Velasquez if he has any ideas about any specific projects, because I don't think we're limited to special needs, seniors, and family. I think we also can basically stop with incomes that are ELI and VLI.

Gustavo Velasquez: Thank you, Mr. Sertich. I guess the short answer goes back to what Ms. Miller said, that it's about establishing the priorities right now to address the most vulnerable and funding those in the queue. I think that's a really good starting point.

Tia Boatman Patterson: What do you mean by "in the queue?" Those seeking bonds, are those that didn't get a bond? Because there's a queue of HCD awarded projects that are waiting to get bonds and then there's a piece of HCD projects that have been awarded that didn't get a bond.

Gayle Miller: Mr. Velasquez if I could. We mean that folks that have already applied. What we can do with all the applicants that have met all the requirements and have been scored by CDLAC is go further down that list; we do not want to create a new application. We don't have time for that.

Now, I don't want to go through and figure out what each of those projects are because I think that work has to be done on the backend by staff. So, we're just saying that we'd like an excess bond allocation to go to QRRP. What we'd like to fund first are those I'm going to call "highest need/hardest hit by COVID." And after that, we can go down the list based on our scoring system. So, it's a three-step process: One, any excess, after staff has figured it out and after we fund the CPCFA projects, would go into multifamily housing. But we don't know what that number is. So that would be our motion today. Two, we'd ask you to do an analysis to determine which projects are "highest need/hardest hit by COVID" and make sure that they get bond allocation in our December round. And then three, we continue down our list based on the criteria that we set up previously. That's sort of the way I understand it. I would love to hear public comment. But we are in no way suggesting that we set up a new application process.

And the other thing we would definitely like to see, Madam Chair, is that we allocate all bonds in 2020 and do not, under any circumstances, push them into 2021. So, I hope that makes a little more sense.

Tia Boatman Patterson: Can I make a suggestion? We know that there are HCD awarded projects. So, of this list of projects that have now been scored, it would be helpful to see which of these are

HCD deeply vulnerable, targeted projects so that we can probably take care of two issues: help HCD with its backlog because we know that they have made several awards in the type of projects that Ms. Miller is talking about. And we know that they may be on this list of having applied but are not going to get a bond allocation. So, if we're going further down the list, is there a way to match those two kinds of policy areas because it's HCD funded, stimulus, vulnerable population, and an extra allocation of bonds that we weren't expecting on coming back. And so maybe we can use that to pair both of these kinds of policies.

Gustavo Velasquez: Madam Chair, I appreciate Ms. Boatman Patterson's comment. I suspect there will be overlapping types of priorities that we want to put first, but happy to look into the list once again to see what other kinds of projects have received HCD funding after the first set of priorities. So, happy to look into it.

Treasurer Ma: I think leveraging HCD-funded projects should be a priority. Also, there are a couple of projects with expiring DDAs (Difficult Development Area) designations that will expire at the end of this calendar year so they would lose some competitive points. So, I think we should also prioritize those with expiring DDA's to be funded.

Tia Boatman Patterson: I think HCD and CalHFA are willing to work collaboratively with your staff and think about the broad parameters that Ms. Miller has laid out and can come back with an analysis of our findings kind of the findings and then the Board can then make a decision based on the staff's work and you can present in that way.

Treasurer Ma: Okay. Mr. Sertich.

Anthony Sertich: All of would ask for is if we are creating a sub pool for these, I think we just need to be very specific in our findings for the sub pool at this time in choosing a specific project. We need to just have some good parameters about what is qualified for this pool so that we can -- it could be we can keep the scoring the same and go by the scoring. So, we just need to make sure that we're doing but as the regulations call it.

Tia Boatman Patterson: That's fair.

Gayle Miller: Mr. Sertich and Madam Chair, what makes the motion for today -- I don't want to use exact numbers just to -- that any excess would go into the QRRP and then staff will do the analysis. We may have to have two meetings and not just one. Sounds like we may. So, one meeting to go over the data and further prioritize the pools and then from there go to the actual allocation in December. Does that make sense?

Judith Blackwell: Yeah. I just want to clarify about the priorities? What is the criteria?

Gayle Miller: The criteria is this idea of “highest need/hardest hit by COVID” projects, family special needs, and senior projects. We've done some analysis. I would love to have a little bit more time to work on this. But we think that there are about 11 projects within that list. But again, we rely on you for the analysis, and I don't want to get into specific projects. And it's about \$218, maybe \$220 million for those. So that would be part of that allocation. And then I agree with you on the expiring DDA projects by the end of the year. And then we could do a sub pool for that. And then we would continue down the list.

Anthony Sertich: I would recommend that we, again, fill up all of the different pools per our agreement at the beginning of this year and then the rest would go to the “new construction” pool would be my recommendation, but that's without the final allocation numbers. I don't know if it's going to be an extra \$500 million or if it's going to be a \$100 million. If it's \$500 million still remaining, you might be able to add a little more to the “preservation” and split it up into the different pools

Gayle Miller: Right. I agree with that. So, if this is enough direction where we move today to ensure that it all goes into Qualified Residential Rental Program and then from there, we get this analysis. So, it would be a three-step process, but it would also allow us to make these really important decisions. That's what I'm thinking but I totally agree with what you were saying.

Treasurer Ma: So staff can work with Ms. Boatman Patterson and Mr. Velasquez to identify which projects are of higher priority and then the expiring DDAs and then we would go down the list for “new construction” and try to fund as much as we can.

Judith Blackwell: Okay. I think we figured out which ones have expiring DDAs. With regard to priority categories, I think we've already analyzed those projects so we could still go forward today.

Gustavo Velasquez: Do you have a rough amount that --

Treasurer Ma: I wouldn't set the amount right now because if you go down the list and you miss someone, people are going to say, “Well, you gave us an allocation at that meeting and now you're taking it away.” So, I would just like to have a high-level policy discussion and then have staff at CDLAC work with Mr. Velasquez and Ms. Boatman Patterson to double check applicants.

Treasurer Ma: Does that work with everyone?

Gayle Miller: Madam Chair, I would say that any excess volume cap is devoted to QRRP and that we create a sub pool for special needs and senior projects, and we fund expiring DDAs and then while we are continuing to analyze and come back at the next meeting when we've had time to refine the list more. So, I kind of defer to you on that.

Treasurer Ma: Okay. So why don't we do this. Given the time -- it's 1:00 -- we may not get to the extension requests today. So, can we want to push the extension requests back to the next meeting?

Tia Boatman Patterson: Madam Chair, we already have agenda item re extension requests that didn't make it on today's agenda. Maybe we can hear all the extension requests at the same time on the 23rd.

Treasurer Ma: That's what I'm thinking.

Gayle Miller: We can't do that because they weren't listed for the agenda on the 23rd.

Tia Boatman Patterson: What we can do is set them for a date certain now which will be heard at the November 23rd meeting.

Treasurer Ma: Spencer, can you help us with this? Mr. Walker.

Spencer Walker: Yes. What I recommend is that you table the extension requests on agenda Item 6 and indicate that they will be included on the agenda for the 23rd. Isn't that correct, Richard?

Richard Fischer: Yes, we can list them and make sure it's there available to be heard on the 23rd.

Treasurer Ma: So that's what I would recommend since there were a couple of projects that were not included on today's agenda. So, let's move all of the extension requests to our next meeting on November 23rd.

Now, I'd like to hear from the public on where we should allocate the \$600 million and any extra bond allocation that comes back

Mark Stivers: I'll be quick. Mark Stivers with the California Housing Partnership. We fully support dedicating the returning bonds to the QRRP Program, and we love the idea of prioritizing that for special needs and/or HCD projects. Thank you very much.

I guess there's one clarification, which is excess bonds. Does that mean all the rail bonds would be going back to QRRP or will some of them would be used for CPCFA projects? That part was not quite clear.

Treasurer Ma: I think the intent in this meeting is that all excess bond allocation would go back to housing.

Mark Stivers: Thank you.

Bo Han: Hi.

Treasurer Ma: Thanks for this opportunity. Even though I work for Chinatown CDC in San Francisco, I'm sure that I speak for many of the nonprofits, not just in the Bay Area, but also in California. We support the \$600 million bonds from the high-speed rail project to be used for QRRP, but we do have a proposal for you to consider. If you look at the recent staff-recommended list, you'll see that there are many projects -- to be exact, nine projects, that were under the "preservation" pool that did not score 135 points so did not make the recommended list. And there are three projects under the "other" pool that also scored 135 that did not make the list. And if you add up those two pools, it's about \$337 million. We would like to propose those small projects be allocated bonds from the \$600 bond from the rail project. We appreciate your consideration and thanks for the opportunity to speak.

Treasurer Ma: Okay. Also, Richard: the list that was posted, as I understand, is the list of all of the applicants for December? And although there was a bold line on that posting, that line should not have been there?

Judith Blackwell: That's true.

Richard Fischer: That's correct.

Judith Blackwell: We can repost it.

Treasurer Ma: The last speaker was talking about the 135 scores. There are some above the line and below the line, but we have not made that allocation, right?

Judith Blackwell: That's correct.

Richard Fisher: That's right.

Treasurer Ma: Next speaker, Pedro Galvao.

Pedro Galvao: Hello. Good afternoon, Madam Treasurer. My name Pedro Galvao. I'm a policy director for the Nonprofit Housing Association Northern California. I just want to strongly support Ms. Miller's motion to reallocate the funding to the QRRP projects. In looking at the additional pools, one critical addition is looking at projects that are serving people experiencing homelessness, as well as projects with units affordable to extremely low-income households as those are households that are deeply impacted by the pandemic as well. But we strongly support this motion and just wanted to add those too for your consideration. Thank you.

Treasurer Ma: Mr. Galvao, with those projects and those people experiencing homelessness, what categories are they in?

Pedro Galvao: So, some are HCD-funded projects, some are not. But some projects have units targeted to people experiencing homelessness and projects that have units targeted to people at VLI and ELI households. So, we just want to make sure that those are counted.

Treasurer Ma: Okay. I think that's what Ms. Miller is saying, those are the most vulnerable. Thank you.

Pedro Galvao: Thank you so much.

Treasurer Ma: Lydia Ely.

Lydia Ely: Hi Lydia here. I'm the Deputy Director for Housing at the San Francisco Mayor's Office of Housing and Community Development. Just really want to express our support. I know we're not the only city to be extremely relieved and pleased to hear there will be more opportunities than originally anticipated for our projects. These are so important to our community's economic recovery. More specifically, we support the proposals that we've heard you all talk about today in terms of special needs projects. Those projects with expiring DDAs...

this might be their last chance to really leverage that DDA boost for the sake of the project. And then also projects that have a vote of confidence from HCD and have awards to that effect. So, thank you so much, and we look forward to hearing more details from you all.

Treasurer Ma: Thank you. Rachel VanderVeen.

Rachel VanderVeen: Good afternoon, Madam Chair, and Committee. My name is Rachel VanderVeen. I'm the Deputy Director of the Housing Department for the City of San Jose, and we want to strongly support the recommendation to move the \$600 million into supporting housing. We're very happy to hear that. And we just want to reiterate the shared concern that we want to provide support for special needs populations and specifically our homeless population. We have several projects that are waiting for funding that actually have been designated units for permanent supportive housing, which is a strong priority for our city and in our county, and we all worked together to provide funding locally for these projects so we really want to see that paired with the state resources. Thank you very much.

Treasurer Ma: Andre Perry.

Andre Perry: Andre Perry with HCD LA with the City of Los Angeles. I'm the manager for the bond unit as well as the manager for the Proposition HHH funds. Thank you for this opportunity to speak. I'm in support of the recommendation by Ms. Miller. It makes sense to take into consideration those projects that are losing their QCT or DDA designations. I'd also ask folks to remember to take into consideration those new projects that are funded by local funding sources that are definitely necessary for combating the local issues of homelessness in the various community where we serve. So, thank you again for this consideration and I'm in full support of it.

Treasurer Ma: Community Economics.

Community Economics: Hi. Good afternoon. (Indiscernible) with Community Economics. Just want to add our support for the direction the Committee is going on putting this \$600 million into

the Affordable Housing pools and in particular the direction around HCD and HCD projects. There's a lot of talk around being in sync and coordination and collaboration these days. The HCD staff has done an amazing job of getting millions and millions of dollars for really critical projects out the door and now those projects are kind of stuck in a log jam. So, this money would go a long way towards releasing the log jam and moving those projects moving. I really appreciate your support on that. Thank you.

Treasurer Ma: Ramie Dare.

Ramie Dare: Hi everyone. It's Ramie at Mercy Housing California and echo a lot of the comments in support of the proposal and just wanted to add one more thing for consideration. Some of the developments might not be 100% permanent supportive housing but have a 20 percent or some percentage thereof within the development that is set aside for permanently homeless households. So, it would be great to toss that in as part of the criteria as well. Thank you.

Alice Talcott: Hi. This is Alice Talcott at MidPen Housing. Good afternoon everyone. I also wanted to speak in support of putting the \$600 million towards a QRRP projects. I did want to reiterate the support for funding HCD projects but also to take into account that there are locally funded projects in line that are also serving very vulnerable populations. One suggestion would perhaps to look at the proposed new set-asides for VLI, ELI and homeless as criteria for which projects you will prioritize and use that as a criterion of who would qualify.

I also just want to say that I think in terms of funding expiring DDA projects, I do have some qualms about that not knowing whether those are projects that otherwise would be prioritized. The fact that they're losing DDA status it's true, but that doesn't necessarily mean that they become a higher priority project than those that are serving the populations you're trying to serve. Thank you.

Ann Chen: Hi, my name is Ann Chen. I'm with the Unity Council, which a 501©(3) non-profit community development organization, and we've been working for a long time to provide a lot of resources. I also want to support the shift of the \$600 million towards housing. But I wanted to

bring up a concern that our organization, as well as nine other nonprofits, wrote in about. We submitted a comment letter and we wanted to draw attention to a few ways in which we think the opportunity maps may end up diverting resources from communities of color because we believe that based on the rating system, there are a lot of particularly low income neighborhoods of color or Black neighborhoods, Latino neighborhoods, Asian neighborhoods that do not rate as a high resource and score points lower as results. And in our letter, we presented a few minor policy adjustments that would recognize the services that flag black indigenous and person of color-led organizations provide in these areas. And we also wanted to voice our support for the benefit (indiscernible) as a tiebreaker because we also believe that helps highlight some of the other benefits and resources in these areas of strength and support. Thank you.

Neil Saxby: Hi. I'm director of development at Bridge Housing. There are just a lot of very worthy and valuable projects that will serve homeless populations that are in desperate need of housing sitting right on that list of the preliminary recommendations, and that \$600 million will fund those shovel-ready projects. If they are shovel-ready, that will get them in the ground. So, hoping that this support will help in getting that going. Thanks so much.

Treasurer Ma: In the "new construction" category, Mr. Saxby?

Neil Saxby: That's right.

Gabriel Speyer: Thank you, Madam Chair, and good afternoon. Good afternoon committee members. My name is Gabriel Speyer. I'm with the Tenderloin Neighborhood Development Corporation. My comment is TNDC supports the suggestion to the reallocate the HSR bonds to QRRP, more specifically to fund all new construction projects with a minimum score of 125 points and all rehab projects with a minimum of 135 points specifically for the current applications under consideration for the December 9th hearing. Thank you.

Tia Boatman Patterson: How many projects have expiring DDAs? Do we know that? Because that's a big deal. Like you want to fund projects have expiring DDAs, and those projects aren't being funded? How many of those may be in a DDA? Do we know?

Judith Blackwell: Yeah. I think Sarah did do some research on that. Sarah.

Sarah Lester: Yeah. Currently, the round has two DDA expiring projects and both of them are below the line.

Judith Blackwell: And neither of them are in the “preservation” category?

Sarah Lester: Neither no. One is “other affordable” and one is a “new construction.”

Treasurer Ma: Okay. So, there's only two projects with expiring DDAs?

Sarah Lester: Yes. In this round.

Treasurer Ma: Mr. Sertich.

Anthony Sertich: Those ones that are expiring this year, or --

Sarah Lester: They're expiring this year.

Treasurer Ma: This calendar year.

Anthony Sertich: I'm sorry. I just want to make sure if they got allocation next year, they wouldn't get the DDA bond as another year of carry-forward --

Treasurer Ma: That's correct. If they don't get allocated this year, they lose it.

Gayle Miller: Just for clarification on the previous comment. Part of what the analysis that staff will be doing as you've mentioned earlier will disregard below the line because we'll be trying to prioritize expiring DDAs from '19 and '20 and special needs senior housing, so it wouldn't necessarily comport with the other below the line.

Judith Blackwell. I just want to be clear; I think we're talking about the DDAs from 2019 because they would expire next year, but we're not talking about the ones from 2020.

Gayle Miller: Oh, thank you. I appreciate that clarification. Thank you. I thought it was both years. Yeah, those that expire. So that's your clarification is that the list, as it is on the website, will continue to be refined with the work we've discussed previously.

Treasurer Ma: Correct.

Sarah White: Yes. Hi, everyone. Thank you for the opportunity to comment. I'm Sara White with Bridge Housing and working on one of the projects in the new construction pool with a 2019 expiring DDA. So, we just strongly encourage that those projects with expiring DDAs be funded as it represents roughly a \$10 plus million-dollar impact in the city of San Francisco if this project isn't funded and it will be a huge set back to the city and county of San Francisco.

Also, just want to put in a pitch for preservation deals as well. I noticed there were several on the list with scores of 135. So, I think, that's an important funding priority as well. Thank you for the opportunity to provide comment.

Eve Stewart: Thanks for calling on me. Good afternoon, everybody. This is Eve Stewart with Satellite Affordable Housing Associates. Just wanted to chime in and add our support that the \$600 million in additional bond cap be reverted to Affordable Housing and the new construction pool. Thank you.

Shreya Shah: Hi, this is Shreya. Thank you for calling on me. Good afternoon. I appreciate the opportunity to comment. I want to, of course, like other people on the call be here also to support \$600 million bond to be diverted to Affordable Housing. And we also would like to say that it would be timely to allow some of the applications submitted in the September round to access those funds, otherwise they would need to wait for a really long time and delay the construction process for those projects. I'd also like to add support for the Controller's (indiscernible) for the

tie-breaker. If you're able to implement that right now, I would at least urge the Committee to consider adding the rent savings benefit component to the tie-breaker. Thank you.

Lydia Ely: I put a note in the chat just clarifying that there are two San Francisco projects with expiring 2019 DDAs.

Robin Zimbl: Okay, great. This is Robin Zimbl from Free Bird Development, and I just want to echo what I believe Ramie from Mercy said earlier about special needs housing. I don't think CDLAC -- correct me if I'm wrong, but I don't think CDLAC actually has a definition of special needs housing. So just a general question if you're looking towards the TCAC definition or if projects with less than 45% special needs will be considered for the special allocation?

Treasurer Ma: We can clarify that.

Judith Blackwell: We don't have a special needs category. So, we're going to have to come up with something.

Treasurer Ma: Well, how come some of the projects say "SN" on the spreadsheet, which I assume is special needs and "Family/SN?"

Sarah Lester: Because sometimes they have special needs for seniors as well. So, it's just a distinction to determine what type of unit it is. So, it's special need family or special need senior.

Treasurer Ma: Okay. So, do we have a category in CDLAC?

Sarah Lester: No, it's just a project type.

Gayle Miller: But to the question that the speaker just asked, these are all CDLAC definitions since we're at CDLAC.

Tia Boatman Patterson: Do we have a way of determining what is special needs? If you can designate it, you have to figure out how you designate it.

Treasurer Ma: Right. Exactly.

Anthony Sertich: I do think it's a good point that if we recreate a pool that's tied to that issue specifically to tie it to a definition or come up with a specific definition.

Tia Boatman Patterson: Staff will work on that with CDLAC when we bring back the analysis with the recommended clarification.

Gustavo Velasquez: That's right. I support that. Let us work on it and then come back to the Committee with a definition.

Treasurer Ma: All right. Gayle, do you want to make a motion?

Gayle Miller: Yes. I just want to make sure, Madam Chair, that you are supportive of that direction. So, I move that any excess funding goes into the QRRP Program for Multifamily Affordable Housing. In addition, I request staff to collaboratively work with the Housing and Community Development Department and the California Housing Finance Agency in order to determine a subcategory for special needs senior and family special needs housing in order to fund that. I also move that we fund any DDA projects that are at risk of expiring from 2019. In addition to that, I asked staff to work to present a list that clarifies all of the projects that have applied since December and how far down the list we can then go in order to fund as much Affordable Housing “new construction” shovel-ready projects as possible in 2020.

Anthony Sertich: I will go with the conditions that we make sure we fully fund all of the existing pools first before the new pools are funded when said pools are funded. I second that motion.

Gayle Miller: And I apologize for not adding that. Thank you.

Treasurer Ma: Okay. Antony, please call the roll.

Roll was taken and Motion passed unanimously.

Treasurer Ma: Thank you, Board, for the direction and I think we've got a clear direction on where we're going to go. So, we will see you on November 23rd. That's the next meeting. We are adjourned.