California Debt Limit Allocation Committee
Jesse Unruh Building
915 Capitol Mall, Room 587, Sacramento, CA 95814

December 9, 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 a.m. Anthony Wey read the phone script.

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: We have a quorum.

2. Approval of the minutes of the November 16, 2020 meeting. (Action Item)

Treasurer Ma: So, let's move to the approval of the minutes of the November 2020 meeting. Are there any edits? Ms. Miller?

Gayle Miller: No edits. I was just going to move as edited by you, Madam Chair.

Judith Blackwell: I just want to mention that we also have edits from Tia Boatman Patterson. She did not move for approval of the minutes. That was Gayle Miller. And also, on Item 4 that was Gayle Miller. And in the statement about moving the projects seeking an extension her statement was "date certain," not that. So, after that --

Gayle Miller: I move for approval with those changes as well, please.

Anthony Sertich: I'll second.

Treasurer Ma: Thank you. Any other comments on minutes?

Anthony Wey: None.

Treasurer Ma: Okay. Seeing none, please call the roll.

Roll call was taken, and the motion passed unanimously.

Treasurer Ma: The minutes have been approved as edited. Okay. Executive director's report. Judith?

3. Executive Director's Report.

Judith Blackwell: All right. So today we're going to have a few things that we're going to focus on, but one thing that I want to mention is the change to the regs. And I want to just remind everyone that these are emergency regs, and we have a time table to follow. The OAL posts those regs and then OAL has 10 calendar days within which to review and make decisions on proposed emergency regs. So, an emergency reg usually becomes effective when filed by the Secretary of State, and generally remains in effect for about 180 days. During that time, we have time to approve the regs before they become final. So, that's the process that we're dealing with. It's different from TCAC, so I just wanted to mention that to you. And that's my report for today.

Treasurer Ma: All right. Thank you. Any public comment on the Executive Director's report? Seeing none. Let's move on. Item #4: Reapportionment of $600 million Reverted Xpress West Train Project and remaining 2020 Volume Cap Discussion.

4. Reapportionment of the $600 million Reverted Xpress West Train Project and Remaining 2020 Volume Cap Discussion

Judith Blackwell: All right. We don't have Sarah on the line, but I think she's having a problem getting in. So, let me just say that we have gone through all of the remaining unfunded applicants and we have noticed that in every case, for every single one of them, all projects are for residents who have either less than 30% AMI, less than 40% AMI or less than 50% AMI. The Board also asked us to look at those applicants who have expiring DDA's in this calendar year. So, every single one of these projects is going to help people that are in the homeless category and those that are being affected by the disease that we're dealing with this year.

Treasurer Ma: Let's go back to the allocation numbers. I want to thank Judith and her staff and stakeholders for really digging in this year and coming up with the carryforward numbers. As many of you saw, we had a recent audit that focused on issues that occurred before I started in position and before Governor Gavin Newsom got elected, however we committed that we were going to carefully track the carryforward. The carryforward number is $808,726,902.

With the return of the $600 million for the train and one of the CMFA deals that came back as well as a couple of extra fees, we now have $563,221,092 that can be reallocated to more projects. So, let's say $563 million is the number that everybody agrees on. So that is good news. And I think from the last minutes of meeting, the will of the Board was really to try to go down the "New Construction" list therefore we will be able to fund an additional 15 projects on the "New Construction" list of we applied this entire $563,221,092.

What I believe Judith was talking about is the analysis we asked her and the staff to do regarding the remaining applicants that didn't get funded in our last round: the project AMIs and categories such as how many homeless units, special needs seniors, special needs mental health, special needs family units are still left in the "New Construction" pool. So that's the list that she was talking about and be able to fund about 15 more projects if we allocated that $563 million entirely to the "New Construction" pool. So, I think that's where we're at and it's not an action item. So, it's just a discussion item, but we can see if anyone has any questions or if we have any public comment on this.

Stuart Boyd: Hello. I'm calling to support allocating funds to the “Mixed Income” pool and not just to the “New Construction” pool. I'm calling in support of the project Perris Sterling Villas III. It's the only qualifying application in the Mixed Income Pool for the December round. It's located in the City of Perris, Riverside County, and it would be “New Construction” of a high density 429-unit senior living facility with 75% low income in two phases. We submitted an application to CDLAC for $35,939,000 in bond allocation for Phase I, which would be 286 units with 215 categorized as low income. And CalPFA would apply $6.5 million of carryforward so we only need $29,439,000 of bond cap.

The Perris Sterling Villas III project would have a very significant impact on the low-income seniors’ community in Riverside County. Picking up on the comments earlier about the COVID impact, seniors do need places and a new facility and this project would get them out of a dangerous position. There's a severe shortage of affordable housing in both the county and in the city. The wait-lists are either closed or have over a two-year waiting period. In addition, the construction project would create, in the short-term, almost 3,000 construction jobs and create 40 permanent jobs in the community. As I'm sure you're all aware, the Mixed Income Program has been highly successful in California, and it has been exceptionally efficient at using both Bond Cap and the Credit Volume. And compared to previously allocated Mixed Income projects, it's highly competitive. The project is shovel-ready and has multiple permits from the Building Department. We believe that the allocation process specified in CDLAC Committee Regulation 510 implies that a portion of the returned bond volume must be allocated to the Mixed Income Pool according to the key that was established at the beginning of the year. Using this key, it would assign $157 million to the “Mixed Income” pool. We only need $30 million plus the CalPFA carryforward. So, we would ask you please to support the Perris Sterling project and allocate the required funds to the “Mixed Income” pool. Thank you.

Treasurer Ma: So, the caller mentioned that there was $137 million agreement to go to the “Mixed Income” pool at the beginning of the year. I don't recall that. Tony?

Anthony Sertich: Yeah. That was one of the decisions that was made to take from the future rounds of the Mixed Income Pool, or we moved it forward from the later rounds to the earlier rounds so there was none left. We did add some back later. We made this an official motion, I think.

Gayle Miller: I do support the staff recommendation. And I know it's not an action item, but I appreciate all the work that was done to make sure that we're serving folks that were hardest hit by the pandemic and really appreciate the analysis and the work and especially all the people that applied for this round to make sure that we can serve as many as we can who have such great need right now. So, thank you for that.

Treasurer Ma: All right. Next caller?

Sarah White: Hi. Thank you. Yes. My name is Sarah White with Bridge Housing, and I just wanted to reiterate a letter that Bridge and a group of other Northern California developers submitted to you earlier this week recommending that the Committee consider using some of the returned or reverted bond cap from the Train project to support "Preservation" projects. There are a number of high scoring projects submitted this round. So, I think those resources should be distributed equitably with a small portion of those to fund "Other Preservation" and "Other Affordable" projects in addition to "New Construction." Also, we recommend generally to fund high scoring projects in those three categories with scores of 135 for "Preservation," "Other Affordable" and "New Construction," and that would still leave enough money to fund additional "New Construction" projects. So, we would just encourage you to consider that in your decision making. Thank you.

Treasurer Ma: Next speaker.

Robin Zimbler: This is Robin Zimbler from Free Bird Development. I know there's slim hope for this project, but I still want to make a personal plea for Monroe Street Apartments as a 65-unit project with a 25% set aside for special needs. There's tiers at 50%, 60% and 80% of AMI. It's an inclusive project in a site surrounded by a $1.5 million dollar homes. I believe it's exactly the type of project that we should be advancing. We had planned on applying in the third round this year under the MIP program, but we were notified in April that all the Bond Cap had been allocated for that program in the first two rounds. This project would have scored better than 77% of the projects that were funded under the MIP set aside this year. We're ready to go on it. So, we didn't want to wait until 2021. So, we got creative and went back to the drawing board and restructured it with (undiscernible) vouchers, and the City and County both stepped up to the plate and put in more subsidy for the project. So, there's $14.9 million in local subsidy in the project and no state subsidy. It took some time to fill in the gaps, so we missed the third round but applied in the current round. We have an expiring DDA right now. Again, it expires next year, not this year. That would result in about a $3.5 million loss for this project in tax credit equities. We're reapplying this week, but we don't even know how to underwrite the project since the MIP regulations for next year haven't come out yet. Speaking of which, since the MIP regulations haven't come out yet, we have a hard time imagining that we're going to be in a place ready to apply in the January round for 2021. So, it effectively looks like there'll be a one-and-a-half-year gap between missed rounds between April of this year and August of next year. That means there's a year-and-a-half delay for projects that are completely ready and have to wait through no fault of our own, again. We're hoping that given our 25% set aside for special needs -- we have another 10% of project based Section 8 -- and our expiring DDA that we can be funded with some of these returned bonds. Otherwise, we're going to have to wait until next year to reapply but will be incentivized to take state resources including state subsidy and state tax credits next year when we don't even need this year if we're funded this year. So anyway, that's my personal plea and I really, really, really, appreciate your consideration.

Treasurer Ma: Thank you, Robin. Next speaker.

Danielle Thoe: Thank you. Hi, my name is Danielle Thoe, and I'm a project manager with Community Housing Partnership in San Francisco and representing the St. Christina Rehab Project, which is 100% for homeless residents and has an existing award from HCD of over $3 million. I am here to urge you to allocate the $600 million dollars, or $560 million as soon as possible, and to include funding for "Preservation Projects" with scores of 135 points, as well as

"New Construction" projects with a score of 125 points. Our project is going to be ready to go in this round of allocation and our $3 million plus HCD funding is on hold if the project must reapply. I think it's in the best interest of keeping our existing affordable housing properties in good condition and having high quality living conditions for residents, as well as being good stewards of state money to allow "Preservation" projects, especially those with state money from other affordable housing funding to be able to move forward. Thank you.

Treasurer Ma: Okay. Thank you, Danielle. Any other callers on the phone?

Bo Han: Yes. I have spoken a few times to speak previously, but thank you again for the opportunity, Madam Chair, and the Committee. I'd like to echo Sarah White. I'm one of the seven nonprofits that sent in that letter. I hope you had a chance to review it in support of using the $600 million bonds being returned from High-Speed Rail towards the "Other Affordable" pool, as well as "Preservation" pool for projects that score 135 or more, as well as "New Construction" projects that scored at least 125 points. I also sent in a separate letter from Chinatown CDC on behalf of the Three Line Project, which is a scatter site. We have three buildings, two of them are over 100 years old. We serve a very low to low-income population and very vulnerable populations who are most affected by the pandemic. And we feel that we have projects that deserve funding as much as "New Construction" because we do need to preserve these buildings. We realize it's important to build more housing, but it's also important to maintain existing housing. So, I'd like to speak on behalf of the "Preservation" pool and "Other Affordable" pool as well. And our project made the initial funding list from CDLAC staff, but it fell off the second list. But currently, it's on the recommended list for tax credit. So, it would be great if our projects could receive allocation. Thank you for the opportunity.

Treasurer Ma: Thank you Bo and others for talking about the need to fund "Preservation" and "Other Affordable" projects. I think we've spent most of our bond allocation this year on "New Construction," but we should be mindful that we can't wait until the 15th year to focus on these aging buildings; that we really have to think about, as the Board, how we're going to make sure that we continue to allocate bonds and tax credits to those projects that will be expiring in 15 years. So, we need to manage our pipeline a little bit better going forward. And I know we're going to have a discussion at the January meeting about the allocation of pools, but this is something that weighs heavy on my mind. So, thank you, Ms. Han.

Anthony Sertich: Yeah. With that in mind, I think we're of the same mind set to some extent, Madam Chair. I do think it may make sense to allocate, maybe $500 million or so to the "New Construction" projects and the remainder of this $63 million to the "Preservation" pool to achieve a more balanced approach. I don't know how many projects this would fund -- I haven't looked at the list -- but I do think it makes sense to apply some of this returned $600 million to the "Preservation" pool.

Treasurer Ma: I don't think we're going to make a decision today since we don't have all the necessary information so perhaps we can compile the data and make a decision at the next meeting? Next speaker.

Capri Roth: Hello. This is Capri Roth. I'm here on behalf of EBALDC. And we don't have a project in consideration in this round, but we wanted to voice our support for the proposal that's been made to fund all the 135-point scoring projects in the "Preservation" and "Other Affordable" pools along with the "New Construction" projects that scored 125 points. As you've discussed, we should also focus on "Preservation" projects since we have really critical investments that the State can make to continue to invest in low-income residents across the state. So, we hope that some of this returned bonds can be allocated to "Preservation" and other rehabilitation projects accordingly. Thank you.

Chris Cummings: I'm calling in from the Tenderloin Neighborhood Development Corporation. I just want to echo what a lot of folks have already said. There are a lot of high-quality, high-scoring "Preservation" and "Other Affordable" housing rehab projects in the queue below the funding line, and I am in full support of allocating even a portion of these returned high speed rail bonds to "Preservation" and or "Other Affordable" pool. And I fully support what Tony said…even $60 million or $65 million or so would go a long way down the line of funding some very high-quality "Preservation" deals. Thank you.

Treasurer Ma: Okay. Great. And like I said, we don't have the entire list for the "Other Affordable" and "Preservation" pools, but we will get that out to Board members after this meeting. So, to reiterate, I don't think we're ready to vote to allocate on the $563 million today. Next speaker.

Ryan Wilson: Hi, my name is Ryan Wilson. I'm a project manager with UP Holdings. Our project, Butterfly Gardens in Clovis, CA is currently below the funding line. It's a 75-unit, 100% permanent supportive housing project. But it's in the precarious position of having our 4% tax awarded but not have the bonds. So, we're actively pursuing closing on our tax credits without the bonds in hand. So, we're in full support of reallocating the transit bond money for the "New Construction" Pool to help projects like ours that might have tax credits in hand, but no bonds. Thank you.

Pedro Galvao: Good morning, Treasurer Ma, members of the Committee. I'm Pedro Galvao, policy director with the Non-Profit Housing Association in Northern California. I just want to strongly side with the comments made by Mr. Sertich. Our members think that the returned bond allocation should go towards both "New Construction," "Preservation" and "Other Affordable."

Marianne Lim: Hi, I'm Marianne Lim with EAH Housing. I'd also like to support "Preservation" projects with 135 points, as well as special needs and senior projects, because it's very hard for senior projects to have a path forward and then the remainder to go to general family, new construction. Thank you.

Don Gilmore: Good morning. Don Gilmore with Community Housing Development Corporation advocating for, like the other seven groups, for "Preservation" projects with 135 points to be funded. Our project is Barrett Terrace in Richmond, and it's over 50 years old. It's never been syndicated before. We really would love to be able to have those funds go into this project for consideration since this is a highly-impacted area by the COVID-19. So, I think it'll be put to good use. Thank you.

Anthony Sertich: Yeah, just a quick follow-up question for Ms. Blackwell. At the last meeting, we granted some extensions: Did anyone return their funds last week?

Judith Blackwell: No.

Anthony Sertich: Okay.

Treasurer Ma: Okay. Any other public comments on this item? Otherwise, we're going to move on to Item #5.

Paul Patierno: Hi. This is Paul Patierno. I just wanted to voice my support, my agreement with what Tony and Pedro and another woman mentioned on the $100 million going to the “Preservation” pool. Thank you.

Gayle Miller: I hear what folks are saying on “Preservation” projects. And again, just want to reiterate that given the demand, it makes a lot of sense to allocate more to “New Construction” projects. We always have trade-offs on this committee given the high demand. I think we're all getting really used to that. However I just want to reiterate our position. We appreciate all the comments today but we continue to be supportive of “New Construction” projects given where our existing demand is in all of the state programs.

Treasurer Ma: Item #5.

5. Consideration and Approval of Proposed Amendments to CDLAC Regulations (Action Item)

Judith Blackwell: Okay. Item #5 is our new emergency regs that we have been working on throughout the year. We will still have time to change them before they become permanent regs. Even once they're adopted by the OAL, we'll have another 180 days to make adjustments. But let's talk about them now. Essentially, the main changes that we have from the last meeting is the Application and Award Process, which is Section 5305.   We put in a process that substantially mirrors TCAC. We think that this makes a lot of sense. It includes the prompt posting of the application list, issuing formal scoring and disqualification letters with explanations for staff assessment. I don't think that should be a problem.

The other thing that we did was we removed the “Preservation” and “Other Rehab” projects from the eligibility Housing Type Scoring: The scoring was increased through Rehab Projects to a maximum of 20 points while simultaneously removing them from the Housing Type 10-point scoring category. We heard from stakeholders regarding the inability of existing projects to comply with the housing type requirements and could cause some potentially unintended consequences, so we removed it.

The third thing that we changed was the treatment of “Permanent Supportive Housing in High Resource Areas” and we basically changed it so that if you have Permanent Supportive Housing that has at least 50% of their units serving the homeless, that they're going to get equal treatment with the Large Family Projects and all corresponding categories. Also, with regard to AFH, Low Resource Area Income Targeting, we had initially said that we wanted up to 55% AMI. However, we got a lot of feedback that that was not going to work. So, we changed it so that there's a spread of Income Targeting now for 40% from low to high. That is in agreement with what most people wanted. They don't think it should be a problem. We also said that, with regard to the grandfather clauses, we're allowing previously approved HCD and public-funded projects to maintain their income targeting specified in the public funding source awards. So that was effective through December 2021.

In addition, we looked at the addition of State tax credits to the tie-breaker. This was one that I really wanted. The State tax credits included in the tie-breaker ratio will incentivize the use and acknowledge removal of any competitive criteria in the TCAC regulation. So basically, all of the decision making would be in one place for TCAC. So, I thought that was interesting. After that, the only thing that I am mentioning is the Geographic Apportionment. We did already accept the Geographic Apportionment in a range, but we did not come to a conclusion so we put Options 1, 2 and 3 in here for both the regional set asides and for the full set asides. I would recommend Option

2, but the Board might have some other reasons that I'm not aware of. So those are the basic changes that I have, and I just wanted to mention those. Thank you.

Treasurer Ma: Did you go through the Pools and Set Asides?

Judith Blackwell: Yes.

Treasurer Ma: You did? Okay. Any comments from Board members or the public?

Caleb Roope: Thank you, Madam Chair, and members of the Committee on the phone. I'm here in person at CDLAC. And my colleague, Robin Hughes, who's one of our four co-chairs for the Working Group, is also on the line, and she'll be speaking soon. But I just wanted to start by saying, thank you to the Committee for allowing the Working Group to have the role that we have had, and try to do the best we can, to come up with the regulations that you have in front of you for consideration. It was a very long process. I have to just thank my fellow Working Group members and all the comments that they made. I'm sure some members in our group do not agree on everything and will probably peel off and make individual comments but I would just say as a whole, we're pretty thankful for the work that we did and the consensus that we were able to reach on numerous things. I think you'll see a lot of our philosophy and groupthink efforts in these regulations, and we're, just again, grateful for the chance to be able to do what we did.

So, we just had a few things to highlight. I'm going to cover a couple of things then I'm going to turn it over to Robin. I think, first and foremost, as we think about our members and sort of stakeholders in general, we would very much encourage the Committee to adopt the Pools, the Set Asides, and the Geographic Apportionments concurrent with the regulations. I think at one time there was a concept of maybe waiting to specify the percentages of the Pools until you set the allocation amount in January. And I do believe that a lot of folks would feel a lot more comfortable if the Committee could find a way to do that concurrently with the regulations and set those percentages…granted they can/may change. You could change them throughout the year. We know you have the authority to do that under the regulations, but I think that would just help people kind of get a sense of where the landscape is for the coming year. And I understand that might not be an item ready for today, but, very soon after, would be great.

The other thing I would say is that we've focused a lot on alignment of TCAC and CDLAC. And they're borrowing from each other. Certainly, the CDLAC program now is borrowing the basis limits provisions from TCAC. It's kind of the only measure that we have. Like it or hate it, it is what we have. But we have a subgroup of the Working Group right now that is soon ready to pop out a specific set of recommendations for modification and reform to those basis limits that are going to fix some of the inherent discrepancies and older data problems that have really plagued those limits for a while. That can all be done at a staff level, the methodology, the formulas, things like that. So, we are going to have a specific set of recommendations that can be implemented for 2021. And I think what it will do is bring some clarity and consistency with those cost limits throughout the State, as well as account for some anomalies that do exist in the current system. So that's our next little project. We should have that out to the staff within the week or early next week at the latest. And, again, we're committed to closely working with staff on that issue and trying to see if we can get something done to implement in 2021.

So those are my comments on that. I want to kick it over to Robin Hughes, who is on the phone right now, and have her make whatever additional comments we want to make. And then, of course, we're both going to be available for questions if you have any, Committee, or folks in the room/zoom call.

Robin Hughes: Thanks, Caleb, and thank you, Committee members. Again, my name is Robin Hughes. I'm president and CEO for Abode Communities. We are a nonprofit, affordable housing developer based in Los Angeles, and I have been part of the Working Group since its inception last fall. And as Caleb mentioned earlier, we have expanded the co-chairs to include myself and Ann. So, I'm really pleased to be with you today. I only have two additional comments from the perspective that came out of our recent meeting. The first one is on the ELI and VLI set aside. As we talked as a group, and I'm sure among the Committee, there's many different origin stories about how this set aside has evolved from originally being a set aside that was focused on HCD projects to one that also wanted to capture local priorities focused on serving extremely low and very low-income households, to ultimately where it is today labeled as a “ELI/VLI” set aside category. The Working Group, after a lot of deliberation, felt this particular set aside should have a minimum requirement of an average of 50% AMI for either extremely low or very low-income. We think that it's important because, again, it's a priority to try and target those HCD programs that encourage developers and even local government to serve this population. And the fact that so much of the resources at the local priority level is around serving extremely low and very low-income households, especially in some of the gentrified communities. So, again, the Working Group is recommending that at least a minimum average of 50% of AMI for the set aside.

Secondly, again, the Working Group really wants to acknowledge the work that the Committee and the staff has done around addressing Affirmatively Furthering Fair Housing (AFFH) and how that has impacted the program overall. We still have one comment related to the requirement under the AFFH category that has the spread for AMI being 40% for those projects that are located in high poverty, high segregation, and low-resource neighborhoods. While we understand the desire to have that range serve people at the extremely low-income level, but equally important at the higher level, we're still really concerned that that averaging really may result in projects being financially infeasible if projects at 60% and 80% of AMI are higher than the market in some cases. And then if you have to push down to 20% of AMI, that the rents for those units are not able to cover basic operating expenses. So, we recommend that we eliminate that requirement.

And lastly, it continues to tie back to the fact that so many other projects in the pipeline have focused on this as an issue, especially in gentrifying neighborhoods where people are very concerned about displacement of tax credit units, as well as the fact that so many of the HCD programs also prioritizes extremely low-income units. So those are my two areas that I wanted to cover with the Committee. And again, as Caleb said, we're both available for questions.

Treasurer Ma: Okay. Any questions? We're going to continue with public comment so don't worry everyone. That was just comments from the Working Group. Thank you. So, the Working Group would like us to make a decision and vote on the whole package versus picking and choosing.

Caleb Roope: Yes, perhaps you can vote on the Geographic Apportionments today if that's something the Committee feels comfortable doing. But I think until we have agreement on the emergency regulations, then the Pools and Set Aside amounts should be determined at that time, which would just give everybody a lot of peace of mind about the landscape in 2021 especially since applications are literally due within weeks. Right? I mean, per the schedule. So, folks are just trying to figure out what they're going to do for 2021, and this is a pretty unprecedented spot to be in for most developers. And so that's their concerns.

Treasurer Ma: And then the next meeting is going to be December 21st. I know, initially, it was December 17th, but staff needs a couple more days to get their work done.

Gayle Miller: Thank you, Madam Chair. From the Administration's perspective, I really appreciate all the work that everyone is doing. We do agree that we need some more time to be able to concurrently think through the Set Asides and the Pools. We're not going to be ready to talk about that today but we do agree that we would like to give some feedback on the regs today based on the work you've done and address the Set Asides, the Pools, and the regulations all together on December 21st. We obviously really appreciate your patience. We know how extraordinarily long and hard you've worked but would like these last couple of weeks just to make sure that the Administration has some recommendations around the Set Asides. So, I really appreciate that opportunity.

Treasurer Ma: Mr. Sertich.

Anthony Sertich: I generally agree with Ms. Miller, but I do think we need to make a lot of progress today in terms of whether we have any big outstanding issues. And I think that you're on the same page with this, that we need to address them. What I don't want to have to do, is repeat what has bitten us in the past, by trying to make motions and approve them on the same day and getting them a little wrong which causes other problems. So, I do want to have a clean -- as clean as possible -- final product that we can vote on at the next meeting. For example, when we're talking about percentages and such, it could get a little messy if we're trying to put them in the regulations and trying to make motions on the fly which has not proven to be a very fruitful endeavor for us to try to take on. So, I appreciate the extra time that we may have to make sure we have everything sort of finalized in writing before we vote on it.

Treasurer Ma: Mr. Velasquez.

Gustavo Velasquez: Thank you, Madam Chair. I agree with Ms. Miller's comment to give us a little more time to get more information so that we can think about the specific breakdown of the Set Asides. Interesting quick reaction to a couple of the comments we heard. Yeah, VLI has always traditionally been considered under 50% of AMI. ELI always considered under 30% of AMI. So just in terms of the reference earlier about 50% or less, that's what typically considered when we talk about the ELI/VLI category, at under 50% of AMI.

We have also heard a lot of comments, regarding the 40% range in the lower resource areas. We know all projects are not equal to another; that every project is very different. So, I think what we've been hearing is the ability to consider 30% instead of 40% for certain communities that are facing gentrification and displacement pressures. That's a concern that we have heard here at HCD repeatedly, so I think it's something that we should consider as a Committee.

Treasurer Ma: And Tia, are you on? I'd like to hear from you.

Tia Boatman Patterson: A couple of the issues that I want to clarify about comments made before. We have heard that there are projects in low resource or concentrated areas of poverty that are adjacent to high opportunity areas and that that 40% spread might be too much for those types of projects. So, an adjustment to the emergency regs would allow a 30% spread in low resource or a high area segregated property that's adjacent to a high resource area. I think Ms. Miller may have spoken to that. Also, in the regs, the grandfathering of the HCD projects… I think that date may be inaccurate: It takes it to December 2021 when I think the more appropriate date is December 21, 2020, for projects that are grandfathered in, not future projects necessarily. So, I want to make sure I get Mr. Velasquez's comments on that.

There was an issue with some of the cost containment measures that were in the previous version that didn't seem to make it into this version. I didn't know that we were going to have further discussion about that, that that might come up in the public comments. I think those were the big ones that I had based on my notes and leaning into what Ms. Miller said as well. We are talking internally about prioritization and having those internal conversations so that we can help make good, informed decisions. So, adopting the Pools at the same time as the regs are adopted, I think that does go a long way.

Treasurer Ma: Okay. I think we're all in unanimous support of making a decision at the next meeting on December 21. That's what I'm hearing. All right. Let's go to public comment.

Robert Whitehair: Members of the Committee and Madam Chair, thank you for this opportunity to speak today. I'm Robert Whitehair, W-h-i-t-e-h-a-i-r. I'm vice chairman of Sustainable San Mateo County. We are a 300-member organization that is dedicated to the three E’s: the economy, environment, and social equity. We think they're all interlinked. I am familiar with the work that the Commission has done over the years. I worked on a rehab project many years ago that was funded by you folks, and I very much appreciate it. I'm on this call because, bluntly, I'm not completely sure where you're going with the Sustainable Building Methods scorecard, but we are deeply concerned that it could get watered down, either by regulations today or the regulations you might pass at the next meeting. Sustainable Housing and Affordable Housing offers many opportunities, not only for good living, but also for labor and for other important parts of the economy. It benefits the residents of housing. State Building Codes have improved the efficiency of buildings that do not go far enough on health or de-carbonization. So, I urge you not to water down, if that's what you intend to do, any of the regulations pertaining to Sustainability Methods and Scorecard Methods as is possible. In the future, it would be very helpful if you could work with some of the organizations such as the California Energy Commission which you may have already or others to make sure that sustainability remains a vital part of the funding of Affordable Housing Projects. Thank you for your time.

Treasurer Ma: Thank you.

Mark Stivers: I'm Mark Stivers of the California Housing Partnership. First of all, I just want to start by saying that we're all very happy to be coming towards the end of this process. It's been long overdue, and we're very thankful that we are going to go into the New Year with an updated set of scoring and ranking criteria that we all need. And I want to also be very thankful of the many comments the staff accepted. I think there were a lot of things that did get taken care of in this final recommendation and then we can focus on the major policy stuff. So, a couple items I did want to bring up though. One goes back to the Tie Breaker and including State Credits and the Tie Breaker. I think we all really appreciate the idea of being efficient with the State Credits. That is a good thing. However, I think adding them to the State Credits is a cure that is worse than the disease because what will happen is that every single State Credit project, if someone applies for State Credits, will automatically have a worse Tie Breaker than everybody else because we're adding in a huge number into the Tie Breaker. Those State Credit applications will fall to the bottom of the ranking pool and then they can only get State Credits if they qualify for bonds, but they're last in line to get the bonds. And at the end of the day, we probably then won't use the State Credits. And so, this problem will probably be solved when we move to the 2022 tie-breaker that looks at public benefit and all state resources, but in the meantime just putting State Credits by themselves into the tie-breaker will just really undermine the State Credit program. It will become a very unattractive program and most people will try and avoid it if at all possible. So, I really encourage you to think about excluding that from the tie-breaker for 2021.

The second issue I wanted to talk about was with respect to sort of public benefit, right. AB-83 -- we often talk about the Cost Containment portion of it, but AB-83 actually had to two Co-equal objectives. One was Cost Containment and two was Public Benefit. And, you know, most of the structures we're putting together right now is heavily focused on Cost Containment, not so much on the Public Benefit particularly with respect to affordability, which has generally been the main benefit of affordable housing is to get affordable units. And so, a couple things that we would suggest. One is that the tie-breaker actually include a small portion from the Controller's proposal, which is the Rent Savings Benefit. And so, the idea is that we would equally weigh the cost efficiency of the project with how much affordability that project is providing. And if we weigh those things sort of equally, we get the best combination of that we are looking for. Right now, we're pretty much exclusively focused on Cost Containment. This would get us that balance of Cost Containment and Public Benefit that AB-83 was talking about. Also, in that regard, I think we support the proposal of the Working Group to add a 50% AMI threshold for the ELI/VLI set aside. And so, I think that would be sort of very helpful in that regard.

And then lastly, on the affordability in the Affordability Point category of exceeding minimum income restrictions, we now give maximum points to a project that meets the bare federal minimum of affordability. If they have an average of 60% AMI, they can still get full points. And every other program that we've run in the state of California on Affordable Housing and CDLAC in the past has always rewarded deeper affordability. And so, I think we would like the Committee to consider going at least to the historic CDLAC average, which was 57% average AMI to get maximum points. If the Committee wants to go deeper, we would be supportive of that, too, but at least to that historic CDLAC average. And I appreciate, again, the staff moving the extra Cost Containment from the Leverage Category. And I know that the staff commented that that may come up for further discussion. We think that that was the appropriate decision to exclude that. And so, by adding Cost Containment to the Leverage Category, we were really tripling our Cost Containment, where twice is probably good. And third, that leverage category is really meant to achieve alignment between bonds and other state and local funding programs. And if people then can get all those points through extra Cost Containment, that alignment goes away. We are not supporting our partners at the state level or at the local level.

And then one last thing is that I think there may be a little bit of a mistake in the definition of the “Preservation” pool, re a change made to exclude AB-1699 projects that had been syndicated previously. However, in the Preservation Point Section, they still get points. And so, I think the idea is that all AB-1699 projects should be eligible to be in the Preservation Pool, and we deal with the point category and prioritize whether they've been syndicated or not syndicated previously. We think that a project that has or hasn't been syndicated should both get the same amount of points, the 14-point level, but in any event, they should be included in the Preservation Pool.

And then with respect to Tia's comment about the HCD grandfathering date, our recommendation was, in fact, the end of 2021 because HCD will need a year to update its guidelines and regulations to reflect what TCAC does in the next week. In the meantime, any projects that gets funded by

HCD in the coming year under old guidelines still may not be in alignment with TCAC and we need to protect that pipeline as well. So, with that, I'll stop. I'll answer any questions you have, but I really thank you for your time today.

Treasurer Ma: Okay. Thank you, Mark. Next speaker.

Mee Heh Risdon: Hi, my name is Mee Heh Risdon. I'm with A Community of Friends. And I, too, wanted to thank everyone for all the work they put in. I know it's been a long journey to get here. I just wanted to comment on a few things. One, and it echoes a few things that some people have already mentioned, but one is about the schedule. I have a separate comment that I want to make on the next item about the timing of the application deadline, the January 28th one. But I guess, I don't know if there's any more opportunity to delay the implementation of these reg changes. It's not 100% clear to me whether the grandfathering currently being considered truly enables all projects that have been in the works over the last several would be able to clear the pipeline and get funded and into construction by the end of December 2021. So, I think there has to be a way for projects, especially ones that have already been entitled, where developers have spent years and hundreds of thousands of dollars advancing the projects under a certain rubric, to be able to complete the project. So, predictability is really important in the development community. So, if there's a way to adopt the regulations and give a timeline for as much advance notice as possible regarding when they would be implemented, perhaps one or two years later or something with a way so grandfathered projects would get funded and completed. That would be really important.

I'm also a little bit concerned about the tie-breaker. I haven't had a chance to fully review the tie-breaker scores based on what was just released. But what I previously saw seemed to favor projects that had larger units and supportive housing or housing for people experiencing homelessness tends to be smaller units, studios and one-bedroom units. And right now, with the homeless set aside still requiring only 25% of the units to target homeless households, that means that projects with larger units and fewer of the units targeting homeless households and smaller in size, would have an advantage over projects that are 100% supportive housing with a higher percentage of units targeting a homeless or chronic homeless population. So please keep that in mind and ensure that projects that really are focused on serving homeless and chronically homeless populations are not disadvantaged under the new regulation system, so the tie-breaker would be really important for us. And then we also do support the concept of removing the state tax credits from the tie-breaker calculation. Thank you.

Geoffrey Moen: Hi, this is Geoffrey Moen with Standard Communities, which is an Affordable Housing developer based in Los Angeles and across the state. First, I just want to thank the Committee and the Working Group for all of your work over the past year. We have a few comments on the scoring system. I think we've made some reforms. First is relative to the Preservation in the Other Affordable Project priorities. And this really comes down to setting things up the thresholds for different scoring, which effectively turned into internal tie-breakers. Specifically, on the Preservation Projects, we have a timeframe of five years at the top level of scoring points. And we're seeing that there's a lot of projects that have seven or eight or even ten years on their contract before they're expiring, and we think that it would be a good idea to rethink that time limit because it would still be a huge win to get an affordability provision on these projects that haven't been in the tax credit or bond program and allow them to do a lot of rehab as was done in the past.

And then the other thing that we want to talk about was the leveraging of soft resources. And I know we've talked about this before, but that provision used to have a provision for a taxable tail to come into play as well as a way to offset the soft resources. We think it makes sense to allow projects that can move forward without soft resources to preserve those resources for other projects that need them. If we have this eight point threshold in here for these projects that cannot attain it, I think that we are going to see these projects not able to move forward and it may not be the most efficient use of resources. So, thanks for your time.

Matt Franklin: Thank you, Madam Treasurer. I'm Matt Franklin. I'm the president and CEO of MidPen Housing. I want to add my thanks to Judith and the team and to you all for your hard work. This is an enormous lift that you're in the middle of and the energy and late hours the staff is bringing to this is really appreciated by us and I'm sure others. I just want to speak to a few points here. Fundamentally, I think the Committee has a really big opportunity to prioritize public benefit on the return on investment for the allocation of the Tax-Exempt Bond Authority. We're currently finding ourselves in a funny situation where you've got what is now a severely oversubscribed resource, as much as three to one this year, but the current proposed regs asks for very, very little by way of additional public benefit return in an exchange for getting access to that valuable resource. We have a long tradition of having valuable resources in California. And it's always been dealt with by asking for a significant public benefit return. I don't think this is surprising. A lot of this framework came out of the Working Group I was part of. It was 30 developers. There were no policymakers there. We did our best. We couldn't agree on the public benefit questions. Several times we would get stuck and say the policymakers are going to have to set the priorities. So, I think you're now in that place where you have that opportunity. The current system, just to give some examples, you can get matched points for just 60% average AMI and just having 10% at 30 and 10 at 50. That's an incredibly light requirement. And, in fact, the proposed regs would, for the first time ever in our state history, go up to the federal maximum for the average income requirement for eligibility in the program. We've never been in that situation. Where the Committee has sort of tipped the scales and what will be the decider is the causes of the (indiscernible) tie-breaker. That is an improvement over where we've been, but it still has very little accounting for variation across regions and very little accounting for variation across building types in terms of construction costs. So, we're still going to have a system, as currently proposed, that favors the higher income spectrum and incentivizes building in low-cost regions. And that's always been the math of Affordable Housing. But I think you have a better alternative and that is to incentivize serving those in the greatest need by generating the greatest public benefit and that's the homeless and extremely low-income. You can do that by prioritizing the funding for the homeless in ELI and VLI Pools. If you look at that population, they are clearly the most vulnerable today in COVID. In the Bay Area alone, we have 800,000 ELI and many of them are living right on the edge of homelessness. If you compare that to our homeless population of 36,000, if just 5% of that ELI population were to tip into homelessness, it will double our homeless population in the region. They're incredibly valuable right now. The greatest public benefit is to help stabilize the housing situation for the homeless in the ELI today. We have data that shows that that generates enormous public benefit, and public benefit that I would argue is much greater than serving higher AMIs that are much closer to market. So, I join many others, including the mayors of Los Angeles, Sacramento, San Francisco, Oakland and San Jose, in urging you to consider the set asides to put 50% of the funding into the homeless and the ELI and VLI Pool.

I also would like to speak briefly to the question of Geographic Apportionment. In our Working Group, we had a Subcommittee of the Working Group that tried to look at the best way to allocate for this, and the obvious thing is $1 of subsidy does not go as far in a high-cost area as it does in a low-cost area. So, if you want to have an equitable allocation, you have to account for the disproportionate construction costs across regions. And the Staff Recommendation #3 is consistent with this Subcommittee recommendation to the Working Group as the best technical means of accounting for that cost differentiation. Now, we did not come into agreement in the Working Group because there's a lot of self-interest in these regions. But when the technical Subcommittee looked at this and tried to account for that factor, it was the Staff recommendation #3 that was most accurate, and so we would urge you to consider that as well.

And then finally, I just want to speak up about the prior suggestion around an income requirement for the ELI and VLI Pool. That seems obvious to me. And I think the 50% average for projects with 10%. Minimum ELI is a level that makes sense. So, thank you very much for this opportunity.

<u>Dana Trujillo</u>: Good afternoon. I have a few comments, but I also want to reiterate what others have said about this revised draft; a lot of comments have been taken into account and there's a lot of improvement in it, and I know there was a lot of work put into that. The first is I want to reiterate what others have said about not including the State Credits in the tie-breaker. I think it will go against achieving the purpose of State Credits, which is to allow projects to utilize them and move forward and to increase production. So, if those projects end up getting pushed to the bottom of the ranking, the State Credits won't end up being allocated as intended. So, I think that needs to be removed.

The second is -- and I was hoping Cherene was going to go ahead of me because I think she's going to bring this up too -- but I think there's a typo in the PCWBE definition where it says that you qualify if a nonprofit has an executive director that's a person of color or a Board that is 50% persons of color. I think this was just an oversight because it doesn't really make sense if you have an executive director that’s a person of color and your Board is 100% white. So, I wanted to point out.

And then the last thing I wanted to bring up is I really appreciate that 50% of homeless projects that are in High and Highest Resource areas have been added to the Affirmatively Fair Furthering Fair Housing 20-point category and to the tie-breaker boost. I know it took a lot to add that and so I appreciate it, but I don't really think it goes far enough to aligning with state priorities in that Affirmatively Furthering Fair Housing is aimed at families and children and aligning them with resource allocation and access to resources. Only 10% of the State's homeless households are families with children, and so I think that by -- we need to expand that to go outside of the High and Highest Resource when we're talking about the 50% homeless projects and trying to promote those. As we know, the State has a huge homeless crisis and there's kind of a mismatch with those concepts. So ideally, I think that the State should include all projects that are 50% homeless in the eligibility for 20 points and the 20% boost on the tie-breaker, but I also recognize that there's a concern of concentrating PSH projects in high poverty areas. And so, I think an alternative approach to address all of these issues that aligns with data and policy priorities and avoids unintended consequences would be to include moderate resource areas for the 50% homeless projects to achieve the 20 points and the 20% boost because then you have homeless projects that can be built in more cities and communities and allows for greater acquisition opportunities for projects that are extremely difficult to get approved. It also aligns with the fact that only 10% of homeless households are families so there's not that intense need to be in the High and Highest Resource Communities for homeless projects. As Mee Heh pointed out, the projects we do are mostly studios and one bedrooms and serve one and two person mostly adult households.   By just including the moderate and excluding low and high poverty, then you're not incentivizing high percentage PSH Project in high areas of poverty. So, you kind of expand it and make a little bit easier, align with the data and the policy priorities, but not end up concentrating PSH projects in high poverty areas. So, thank you so much for letting me comment.

<u>Treasurer Ma:</u> Okay. Can you just remind us what PSH stands for?

Dana Trujillo: So, I was talking about in Section 5230, Section J, where you identify family projects in High and Highest Resource areas get the 20 points and you added 50% Special Needs Projects with 50% homeless, but they had to be in High and Highest Resource. And for those projects, I'm suggesting that you, at a minimum, include also those projects in Moderate Resource areas for both the Affirmatively Furthering Fair Housing Section and also the tie-breaker for the 20% boost.

Cherene Sandidge: Thank you, Treasurer Ma. When I saw yesterday had to be one of the happiest days of 2020 for me. In addition, I was happy to see that Treasurer Ma was appointed to the Council for Inclusive Capitalism. That is, you know, where California leads, others follow. So, it really plays into our activities that we've been doing as the Black Developer Forum to level the playing field here and allow the black communities to be more in control of development in their areas, as well as sharing in capitalism that goes with that. So, I just wanted to get that out the way. We will be sending an official letter of our support to you on that.

I'm a little bit disappointed to hear that this is only an emergency session and dah, dah, dah. We have been commenting on comments for about six months now, and we take them very seriously and we took it very to heart. So, it was disappointing that the regulations that we received the other day did not address seven of our must-have comments that we've been talking about. We have sent papers out to everybody in regards to it. And so, I want to make sure we get it on record today what some of those comments and issues are. One, we absolutely need a definition and to define the pool. And if we can't get it in this meeting, then we're going to ask that this meeting get delayed until this is resolved. We are a collective of both for profit and nonprofits, and we would like to have that pool identified. We're not talking about a pool that's a general pool with, you know, check a box on the 2020 census and you're in this pool. That's not what we are attempting to do. We are actually attempting to level the playing field and bring in the equity portion of the State's financing of Affordable Housing. So, the creation of this pool? Yes, very important. It's at the top of our and we need to have it fully address our concerns.

Second, we have been doing our research. So, we do know that you can align these type of pools. We saw that you did a dispensation in 2014 to the Native Americans set aside in the “rural” pool, and so we're looking for a set aside of our specific pool. One thing that has not been addressed in these regulations, and I do believe we had a consensus around, was the necessity to increase the developer fee for the type of related joint projects / joint ventures. I thought we had gotten your support on this in the past by it, but these regulations are silent and we don't know why. But we absolutely want to have put back in.

When we talk about management experience, we've sent over graphs and comments on how the Management Experience category would work. I will tell you it ties into what Dana says. We are not trying to create abusive pots and pools. So, it can't be that someone is an ED or they're this. They've got to be combined. They have to show true demonstration of community asset, community involvement, and be a representative of the community and aligned with their mission goals and statements. We see it. I'm not going to name call today, but if you call me afterwards, I'll tell you about projects that are in the black community and developers in the black community, that don't have a mixed Board. They're run by white organizations and that has got to stop. And so that's what we're trying to level set with the management experience category and the definition of the pot / pool. So that is very critical. I've talked to several people throughout the state. They understand where we're coming from and what we're trying to do, and they support that effort.

We're also asking that under the Affordable Fair Housing, we know, based on several conversations, that everybody has a position. It remains the same. We are advocating for 60% of averaging for those projects. I've heard people go down to 50% and I get it. But, you know, this project, this this pot of money CDLAC, and you know, it's okay for us to say it's not going to be for everybody in every objective. In fact, you might want to shift some stuff over to the 9% only. But be that as it may, we advocate that we need room for our folks to grow. Everybody that's in this whole -- you know, we used to say, "poor people complex," -- this whole thing about keeping people poor and in place has got to change and stop. You may not know, but the boots on the ground are telling us that people need to grow income wise. So that's why we are advocating for 60% of average AMI for the AFFH Category.

Now, there are a couple other things we'll get back to with you on regarding some of the terminology and some of the other stuff that was put in that pot, but clearly that's the biggest thing for us. We want to stop being a victim. We want to stop being a sitting duck. We want to make sure that we don't just move up the income ladder, but develop sustainable models that show how people can move up.

So that is the next item on our list. We have said this in a couple of different ways however we want the pool that is established to be for the entire year. We don't want the pool, after the first round, if there's money that has been unencumbered to go then to a Geographical set aside for Goal set asides. Just because a smaller project is taking a little longer time should not be the penalty for how the next group of projects that are submitted; that they now are all competing for the same pot of money when they would have had the money if the money hadn't been shipped out to somewhere else. So, we're asking for both, that pool be an established pool. I will tell you we did a poll of the Black Developers Forum. We have $1 billion worth of real estate getting ready to come online in black communities. That's why we're saying we need a longer base of this because now you have opportunities to bring emerging organizations along as well as fund these other projects in the black community. And so, we're not speaking off the top of our head. We literally have more business. And I can tell you, we are going to be very vigilant on new business coming into the community because we know cities, communities are closing ranks. The cities are saying they don't have any money. We hear that all the time.

Luckily for us, maybe we'll have a little change in the White House and maybe we'll have a little bit more funds that the cities could access in their homes or CVG or whatever their categories are, but we would like to have the pot or pool be maintained for the cycle, whether you have two applications, three applications, whatever the rounds are for that year.

Next, the Service Amenity Points. Having a 10-point Service Amenity Points for the CDLAC bond and the 4% credit, to me, is excessive. If you are doing only ELI/VLI Projects, then you might have to use supersized service amenities. But if you're doing Mixed Income or at 60% average, that is not you would call combat-ready service management plan. So, we really feel that that 10-point Service Amenity requirement is misplaced. It doesn't make sense.

So, our last issue, and I brought it up last time, is the tie-breakers. California, did we just give up on senior housing? I just need to know. My churches are just chomping at the bit. Did we give up? Because in the tie-breaker, I can't see how they still get through because the points are stacked against them because most of their projects -- I don't need to tell you folks -- you guys are professionals -- are going to be the smaller units. So that is -- so I have just outlined 1, 2, 3, 4, 5, 6, and 7 items, and having said that, we are asking if we don't address this pool thing today, that this thing be pushed back until we address some of these issues. I don't care if it's an emergency or not. Everything we do is emergency because we work every day. We're still real estate practitioners. So, for six months we have been giving these comments, and it is disheartening to see that so much of what we've asked for in the past six months has not made it into the emergency regulations. That concludes my remarks right now. Thank you.

Treasurer Ma: Thank you. I agree with you regarding the senior units. As we are all getting older and living longer, we're going to want to stay in place. I think having two bedrooms where you have a caregiver or a relative or a friend be able to live in the same unit, is important and makes sense. Cherene, thank you.

Before we continue, we're going to lose quorum at two o'clock. So, if someone else has already commented on the same issue, it would be great if you please keep your comments brief. Thank you.

Pedro Galvao: Good afternoon, Madam Treasurer, members of the Committee. Again, Pedro Galvao, policy director at the Nonprofit Housing Association Northern California. So as others have said, I really want to thank you for the very thorough process you've undertaken to review these regulations and create a more workable system for funding Affordable Housing in California. In an effort to keep my comments short, I want to very strongly agree with the comments made by Mr. Mark Stivers of the California Housing Partnership, as well as Matt Franklin of MidPen Housing. We are fully aligned in their asks, particularly when it comes to the tie-breaker and removing the State Credits from that calculation because specifically when you're thinking about housing that is affordable to ELI households or permanently supportive housing, this tie-breaker will be a permanent disincentive for that housing type because that housing type takes more subsidy to be made available. So, in that sense, and if the State wishes to prioritize construction of housing affordable to people experiencing homelessness and at lower ends of the income spectrum, we really very strongly side with CHPC and MidPen in their comments. I wanted to ask you all is it appropriate to make comments on pool sizes right now or are you reserving those comments for the 21st?

Treasurer Ma: No, you should make your comments now.

Pedro Galvao: Okay. Great. So, on the pool sizes, I want to note that our members strongly support making a significant investment in the "Preservation" and "Other Rehabilitation" pools in Option 3. Though those were only targeted at 5%, and we have asked for 10% for each one of those pools, we think that that additional 10% that we're asking for can be taken from the Geographic set aside. And the reason we asked for this is because preserving existing affordability to us is just as important as building new units. And up until the very recent past, as much as 57% of the bond allocation went towards Preservation. And now we're only asking for 20%, and we think that that's a modest investment, but it will ensure that we can preserve the Affordable Housing that we do have. Going into the Geographic set aside, we strongly support having a 24% set aside for the Bay Area Region, while maintaining a 10% set aside for the Northern Region. As you know, the Bay Area has the highest construction costs in the State, and it will require more funding proportionately to create the same number of units as other cheaper areas of the State to build. We are asking for a 10% set aside for the Northern Region because it includes the counties of Sonoma, Napa, and Marin, which share the same high construction costs as the five county Bay Area for the purposes of the regions, and we think that those counties should not be disadvantaged. We strongly side with CHPC and MidPen on the EVI/LVI set aside on that income targeting and 50% of average AMI, and we also strongly stand with the cities of Los Angeles, San Francisco, Oakland, San Jose in that we recommend that the Committee use a significant portion of its bonds towards the homeless, ELI and VLI set asides.

Just to quickly get to the remaining points regarding the regulations at large, we also agree that the Exceeding Minimum Income Restrictions, that category should be changed to target households at an average of 50% of AMI, not 60% as called for in the Bay Area because so many people have been displaced. And so, to illustrate this point, a household of four at 60% of AMI in San Francisco makes $104,000 a year. We think that limited state subsidy should be targeted to households that are one paycheck away from homelessness at 30% of AMI. And to, again, illustrate that in San Francisco that would be about $38,450 for a family of four. So, we think that that should be the target.

Finally, on the Affirmatively Furthering Fair Housing, we have been coordinating with the Black Developers Forum and the BIPOC-led group that weighed in. We just want to strongly side with their letter on those regulations. And so that includes my comment. Thank you so much for your time.

Rich Wallach: Thank you, everyone. And I'll be very quick. I do want to just echo comments, particularly around Mark Stivers' comments related to the state tax credits. And I will not go into all the details because you've heard them, but I do want to emphasize as well the Northern Region, what MPH is asking for in terms of the Northern Region is not to increase the apportionment, but not to decrease the apportionment as the proposal was to reduce it to 8%. So, I wanted to clarify these two points. We strongly urge to save the state tax credits and its competitiveness. It's a key subsidy in lieu of other funding sources that are highly competitive. Thank you.

Treasurer Ma: Thank you. I'm going to try to go to people I haven't heard from yet today. Reese Jarrett. Reese.

Reese Jarrett: I just wanted to follow up on the set aside pool that Cherene commented about as it relates to the focus for black indigenous people of color versus the general category of people of color. It that goal is to have a set aside that's specifically for the black indigenous and that that pool can then be set aside additionally for 50% of the other category of people of color so that if it's a 5% pool, 50% of that pool would then go to the black indigenous people of color and the other 50% would be for people of color. I think this is significant. And it's not just a Set-aside. It's not just an opportunity. It's really a remedy and an equity issue. And I would hope that you would give that due consideration as you look at this particular provision in the regs. There are some other cleanup comments, but I'll provide those for you offline.

Elissa Dennis: Hi. Good afternoon. I wanted to add a couple of quick comments about a couple of items relating to the ELI/VLI. First of all, I think it's important that the 40% spread is definitely a better scenario than the average 55% of AMI, but it still has problems at both the low end and the high end of that other the folks have mentioned. So, I want to add our support for and/or add our opposition to that. We really appreciate that you took into consideration many of the points that the commenters made about not changing regs in midstream in terms of having projects that have been awarded, for example, HCD, that are going to get left behind if state credits are part of the tie-breaker. I want to make sure that you acknowledge the fact that people have been working throughout 2020, 2019, 2018… many, many years on getting city money, county money, HCD sources and other HCD sources and more HCD sources, and now we're just in line in need of state credits to be the final piece. And by putting the state credit projects behind the non-state credit projects, you're going to leave these projects stranded in high-cost serving areas for ELI and VLI homeless and special needs populations. So please take both of those comments into consideration. I'll stop there. Thank you.

Rachel VanderVeen: Good afternoon, Madam Chair and Committee. My name is Rachel VanderVeen. I'm the Deputy Director of the Housing Department with the City of San Jose, and I just wanted to echo a lot of comments from different housing agencies across the State. But I wanted to share a little bit about our concerns locally here in San Jose. So, the City of San Jose, the County of Santa Clara, and Santa Clara County Housing Authority have all aligned very closely to provide permanent supportive housing here in our county. We're concerned that the guidelines are misaligned with that very local priority. First of all, we would like to request an exemption for projects from the Low Resource Area Designation if they have local funding commitments. In the case of San Jose, the majority of our entire city is in a Low Resource Area, and we are cautious where we invest, and we think about those things. But when we do find sites, we really want to make the Affordable Housing happen, and we are going to be really challenged by that new rule.

Second, we would really like to see some change in the tie-breaker to reflect Permanent Supportive Housing and Extremely Low-income Housing costs. It just costs more to develop that type of housing but also have a great public benefit and is our strongest priority here in San Jose. So as stated in the letter from Mayor Liccardo here in San Jose and also the mayors from LA, San Francisco, Oakland, and Sacramento, it's really critical that this valuable state resource is aligned with our local priorities.

We're also concerned that these proposed guidelines will really grind our production of Affordable Housing to a halt. We have 280 new affordable housing units sitting on the unfunded list right now, and we have over a thousand units just in San Jose that are right behind that in our pipeline. And so, we have so many partners who are excited and willing to do Affordable Housing. We just need to make sure that our energy and resources are lining up with the goals for these funds as well. Thank you very much. That concludes my comments.

Capri Roth: Hi, everyone. This is Capri Roth again. I'm an Associate Director at EBALDC. I will make my comments brief and not repeat what others have previously stated. So first, I really just wanted to say we appreciate the Committee's commitment to incorporating public comment into the revised regulations. I don't want to go into too much detail regarding the pools and set asides however we really align with the comments you've heard today from CHPC, MHP, and MidPen, especially regarding the importance of funding the ELI/VLI and Homeless Housing pools. We also, again, are very well-aligned on the importance of funding Preservation and Other Rehab. And we're also here in support of the Black Developer Forum's recommendations regarding the PCWEBB equal.

We also support the inclusion of the Comptroller's Rent Benefit Efficiency Measure into the tie-breaker for 2021, and we are in support of CHPC's comments regarding the inclusion of state tax credits and exceeding minimum income restrictions to reduce the average income needed to achieve the four points in that category.

I also want to speak about the Affirmatively Furthering Fair Housing categories, which are really important to EBALDC and really core to our mission. We fully support deconcentrating poverty and to affirmatively provide low-income people with access to neighborhoods from which they have been historically excluded. However, as an organization that is fundamentally committed to improving the lives of longtime residents of Oakland, we're concerned that the current proposed regulations inadvertently result in the gradual disinvestment in Affordable Housing within our existing low-income communities. We ask that the Affirmatively Furthering Fair Housing scoring be a change to achieve the Balanced Approach to fair housing that we have discussed with HCD and the Controller's office. The Balanced Approach that we've proposed in our letter prioritizes family housing and high resource areas, but also supports the efforts of black indigenous and people-of-color-led developers to increase resources, economic opportunity, and stability in the neighborhoods where low-income people of color are already living. I'll conclude my comments there and thank you for your time.

Malcolm Yeung: Thank you. Good afternoon. My name is Malcolm Yeung. I'm the executive director at Chinatown Community Development Center in San Francisco. I'm here on behalf of CCDC, but I'm also here on behalf of nine organizations who have come together representing places in Northern California, primarily Oakland and San Francisco and also downtown Los Angeles. The downtown LA groups from those parts haven't been able to make it so I'll name them off: Little Tokyo Services Center Committee for Responsible Community Development, which serves South LA and ELAC, which serves at East LA and is Latino-led and Latino-serving. We're here just to, one, call attention to the letter that we sent in which proposes a number of different things. I won't go through them in detail, just quickly state off a couple of things. One, for sure we support the Black Developers Forum for the proposal on the PCWEB pool, just like EBALDC and Capri mentioned. Number two, we also support the Black Developer Forum’s comments on raising the threshold for qualifying as a PCWEB organization. Like others, we support a 10% allocation of the overall bond pool to the Preservation pool and 10% to the Other Rehab pool because so many of these Preservation projects are in the communities that need them the most. We also support the tie-breaker proposal from the Controller's office around the Benefit Efficiency Measure.
I would like to spend one additional minute on the Affirmatively Furthering Fair Housing component. We definitely support a Balanced Approach, and that's why our letter proposes two pathways to the full 20 points. One is the existing scoring system, but the other, again, is a recognition and full scoring for investing in low resource income, low resource communities that have existing CDC's that have invested deeply in these communities already and therefore can pull together a comprehensive strategy to lift up people, not only through housing but a number of the

other investments. So, thank you for your time and looking forward to seeing how this plays out on the 21st.

Darren Bobrowsky: Treasurer Ma, members of the Committee, Ms. Blackwell, thank you for the opportunity to comment. This is Darren Bobrowsky with USA Properties Fund. I'll be brief and comment on a couple items. The first item is regarding Section 523H, which is a leverage point section. And we strongly recommend adding back the last sentence that was stricken from the final draft that allows projects to obtain up to additional eight points for the Cost Containment scoring. As you know AB-83 requires CDLAC and TCAC to align the programs of both Committees with the objectives of increasing production and containing costs, which would include a scoring system that maximizes the efficient use of public subsidy. The leverage section that's currently proposed does not achieve the AB-83 objective of containing costs, as leverage is a substitution of different funding sources and not a Cost Containment mechanism. In many cases, these leverage funding sources actually increase project costs or reduce other leveraged sources. The Cost Containment point section does achieve the AB-83 objective of contained costs and therefore we strongly recommend that the Committee allow these eight points in the leverage section to be obtained through additional Cost Containment. A project should not have to have subsidy funds to be competitive in obtaining an allocation of tax-exempt bond cap. USA Properties has developed projects in the recent years and has one before the Committee currently that is able to develop high-quality affordable housing without the use of private or public subsidies. We strongly recommend that you restore this last sentence in Section 5230H that was stricken in the final draft of proposed regulations.

The second item I'd like to comment on is that we support staff's recommendation, that the tie-breaker should include the state tax credits to incentivize the use of this limited resource in the most efficient manner and leverage other resources to the maximum extent possible. Thank you. I'll conclude my comments there.

Allie Cannington: Hi, everyone. Thank you so much for all of your work, and Madam Treasurer and members of the Committee, for the opportunity to share my public comment. My name is Allie Cannington, and I work for Kelsey, and we pioneer disability forward housing solutions that open doors to more affordable homes and opportunities for everyone. To aid in the effort of promoting Affirmatively Furthering Fair Housing with CDLAC's regulatory changes. We would like to further offer these comments to ensure a disability inclusive lens is incorporated into the implementation of AFFH. People with disabilities experience disproportionate rates of poverty, and it's important to note that there are higher rates of disability amongst communities of color, black indigenous, and folks of color. Before COVID-19, and now exasperated by the pandemic, people with disabilities, particularly black indigenous people of color with disabilities, continue to be disproportionately impacted by our state's housing crisis and clearly, as we all know, do not have access to the housing they need. People with disabilities are the most likely population to experience homelessness, be rent burdened, unable to afford housing and face the highest rates of housing discrimination. In 2020, based on HCD's analysis of fair housing complaint data, disability is the most common and race the second most common fair housing discrimination complaints. And the most recent National Fair Housing report noted that 55% of complaints of housing discrimination were on the basis of disability, along with 19.6% of the basis of racial discrimination. So, the proposed CDLAC scoring changes include important changes intended to address racial disparities, promote inclusive growth, and prevent gentrification and displacement. And we support all of this. However, nowhere in these changes is there a reflection of the role of AFFH in advancing housing opportunities for people with disabilities, the intersection of racial equity and disability access, and the necessary role of State Housing Finance and advancing disability inclusive housing infrastructure.

Our overall recommendation is that the CDLAC scoring include points that reflect intentions of AFFH to support community-based housing for people with disabilities. In addition to, and never in lieu of, changes to advance racial equity. We have a series of specific recommendations that we laid out in a letter sent in October and some of them include adding an additional point section for disability-specific site amenities, for example, accessible transit, specific specialty, health service providers, vocational programs, day programs, etcetera, in the surrounding area or accessible by transit, if the project will include, for example, 20 to 30% of its units for people with disabilities. Additionally, we would like the possibility of giving additional basis points in the Cost Containment scoring section when a building goes beyond minimum accessibility. So, for instance, if a project has 100% of its units with accessibility for mobility and visual impairments, the developer could get a 10% basis boost for Cost Containment. So, this ensures excessively designed buildings will still be competitive if they contain costs within other areas outside of accessibility.

I want to, again, thank you for the opportunity to share my public comment today, and we also welcome the opportunity to connect with you further on these recommendations as well as connect with people with disabilities, particularly black indigenous and people of color with disabilities who are impacted by our state's housing crisis or host-focus groups on this topic as would be helpful. Thank you.

Treasurer Ma: I'm going limit public comment to two minutes because we're hearing a lot of same comments and we're trying to get through both CDLAC and TCAC so we can get these awards out before we lose quorum. So, Robin?

Robin Zimbler: Hi, I have two points that have not been raised, and I'll be brief.

Treasurer Ma: Okay. Thank you.

Robin Zimbler: So, the first one is on the PCWBE set aside, which I really applaud for being there. Freebird is a WBE. It's 51% owned and controlled by me. I got the idea for Freebird when I was accepting an award on behalf of my former employer of the 20-plus awardees that night, that there was zero WBEs and only one PCWBE being honored that night.

My comment is that I would like PCBEs and WBEs to be treated equally with respect to the eligibility criteria. Right now, the regulations require a third-party certification process for WBEs, and there is not that same requirement for PCBEs even though they are third-party certification programs. The WOSB certification, which is now required in the regs for WBES, comes with a time and a cost and there are requirements beyond just ownership.

So again, I would ask the same standards and process apply for both WBEs and PCWBEs. And if that's not the case than at least allow self-certification under WOSB as that will at least remove the time and the cost factors from getting that certification.

My second comment is about the tie-breaker calculation. We request that the tie-breaker calculation be discounted by 50% of the acquisition price. The reason for this is that the amount of bonds requested is a function of the 50% test. And while acquisition costs are not included in the eligible basis, it isn't included in the aggregate basis as a part of the 50% test, which artificially drives up the bond request. It penalizes projects with an acquisition price, which really discourages developers like myself, from purchasing sites on the private market. I've been approached by several landowners wanting to sell their land for Affordable Housing, and I've simply said, “No, thanks,” because I know I won't be competitive under these regulations with an acquisition price, even if it's below the appraised value of the site. So, thank you very much for your consideration and for letting me get that in. I promise not to speak again today.

Doug Shoemaker: Treasurer Ma, thanks very much. This is Doug Shoemaker from Mercy Housing. I'll be brief. I really wanted to focus on two things. One is a general agreement with many of the comments made by CHDC and our Working Group, obviously, as well, especially as it relates to the appreciation for where the regulations are at this moment. But it's a more specific comment. The one comment I would make around AFFH and the 40% range being too broad for certain areas. I actually would just try to make the point that I think 40% AMI range is just too broad a range to begin with. I don't think there is much to suggest in the research that there is reason for pushing this to 70% versus 60% in the AFFH focused areas. As an example, you're talking about the difference between a family earning $70,000 and earning $80,000. Or in the case of the Bay Area sometimes between 80 and 90. So I would just offer that I think that the suggestion on the range for AFFH should be 30% for all projects, rather than 30% for certain specific projects adjacent to higher and higher opportunity areas.

The only other point I want to make is, again, the staff asked whether or not there was further consideration of including cost efficiency points in the leverage category, and actually Mercy is very supportive of the changes that's been made to exclude those, as others have noted. Cost efficiency appears over and over again in these regulations and it just seems too much to keep adding it to every other category. So, I appreciate all the work that's been done. And last but not least, I guess I'll just say that I think the importance of having a cost adjusted regional framework for the Geographic Apportionments is critical. I don't have a strong feeling on where that should land other than that it needs to be cost adjusted. Thank you very much.

Pat Sabelhaus: Hi, Treasurer Ma. This is Pat Sabelhaus with the California Council for Affordable Housing. I just want to be brief and say that I thought that the framework laid out by the Committee over the last several months is reflected in great detail by the way Judith Blackwell and the staff drafted the first set of regulations that were put out in October. I think it perfectly reflected all of the issues that were debated by the Committee and complies with all that was required by AB83; and that Cost Containment was built in purposely the way it was to reflect what the Committee discussed at length with regard to cost efficiency, including the item that Darren Bobrowsky mentioned that the cost efficiency should be allowed the 20 points to make up the eight points if you don't have leverage because it has proven already, with regard to the Mixed Income Program that the California Housing Finance Agency put together, that you can have cost efficiency and you can lower your costs on projects, if people are forced to pay attention to cost.

A couple of other items that aren't on this agenda is that I would ask the Committee to consider a grace period when it issues the tax-exempt bond cap for this next round of applications that are suggested as being on the approval list; that you have a grace period of 30 days or so just like you do on the 9% program when you issue a reservation letter and you give them 20 days or so to make a decision on whether they accept the bond cap or not. And secondly, that you build into the current CDLAC regulations a provision that would allow for a 90-day extension. It's currently in the regs, but it conflicts with the other provision that says if you accept bond cap and you don't close within 180 days, then it automatically causes your cap to be rescinded. And I would ask that you bring those together and reconcile those, and allow for a 90-day extension at the discretion of the executive director for good cause. And I say that primarily because we continue to see problems with what is going on with planning and building departments not having the staffing to process applications in an expeditious manner as we've seen in the past. So, thank you for considering my comments, and I look forward to the final regulations. Thank you.

Tomiquia Moss: Good afternoon. This is Tomiquia Moss from All Home California. Thank you so much for allowing me to make public comment on this item. I concur with a lot of the comments that have already been made, but I just wanted to make two very specific points. All Home is a Bay Area organization that focuses on disrupting the cycles of poverty for people who are most at risk of experiencing homelessness or ELI communities, as well as those who are currently experiencing homelessness. So many of the comments that have been mentioned already in terms of really focusing on these resources for our ELI and very low-income households are critical. I think that you all are already making adjustments to thinking about the percentage of AMI levels are really focusing on that 30% and below that not only provide opportunities for black, brown and indigenous folks who are disproportionately impacted by homelessness and poverty, but it also allows for those very communities to stabilize so that they can have housing ladders as the AFFH priorities are trying to target. But we also have to look at the other interventions that provide economic and social prosperity for black and brown and indigenous households. And so, I really want to encourage the Committee to really consider those as priorities both at the local level and the state level, and that we aren't in a false choice around making sure that there is prosperity for our most vulnerable communities at all income levels, but we are prioritizing those who really need these credits to be focused on zero to 30% AMI. Thank you so much for allowing me to comment today.

Frank Martinez: Hello. My name is Frank Martinez, policy director of the Southern California Association of Nonprofit Housing, and I want to thank leadership for turning these regs in and carefully considering comments. I'm just going to make two quick points. One, we asked for an AMI definition for the ELI. The ELI set asides on many projects land on average of about 50% AMI with minimum 10% of 30% of AMI. A definition is needed because the set aside also includes projects with local funds, not just HCD projects, and many local jurisdictions don't have the portability as a requirement. The second point I want to make echoes something that our colleague commented on earlier. We want to point out in Section 5230J (indiscernible) housing, that we're happy that special needs have been added in the category of 50% homeless projects for 20 points. And we support Dana's suggestion, considering the low percentage of homeless, households or families. We would like to include the middle resource area as well. That's all I have and thank you so much for listening.

William Leach: Good afternoon, Madam Chairman, and Committee members. My name is William Leach, and I'll be as brief as possible. When talking about regional allocations and apportionments, I'd like to point out the fact that the 9% methodology takes multiple factors into account, not simply population. It takes out how affordable a specific area is, how high cost the area is. And so, I would warn you before you do modifications to those percentages that you first look at how that methodology has already modified the calculation that was based on population. I'm going to echo the comments about the current tie-breaker and the way that the bedrooms are calculated on Disadvantaged Senior and Permanent Supportive Housing projects. There are ways to fix that, but I won't go into those right this moment.

I'd also like to point out that the tie-breakers doesn't specify that only Affordable Units count for their bedrooms and you may want to add a word so it's clear that only Affordable Units count in that measurement. There's a couple of places in the regulations where it talks about there being 10% of the units at 30 AMI and 10% at 50 AMI. It's unclear to me, and I think it might be helpful if it was clarified in the regulation, if it's acceptable to have 10% at 30 and another 10% at or below 50%. 10% at 30 and 10% at 40 in most minds is as good as 10% at 30 and 10% at 50. And so, the at-or-below-50% might be clearer, if you're comfortable with that, as an equivalent. I'd like to throw my vote towards keeping the 60 AMI opportunity possible in the rent averaging. The (indiscernible) AMI is helpful in leveraging the State's resources with private funding and while I know other people have commented that the programming in the past has always averaged 59 or less, I think in promoting production that would be the reason to go to a 60 AMI average possibility for certain projects.

Treasurer Ma: Thank you, Will.

William Leach: I am particularly opposed to the other parts prescribed in All Projects, and I do agree that the cost efficiency alternative is useful. And then the last comment is that I agree that the state tax credits in the tie-breaker, being one of very few factors, will disadvantage those types of projects, and I would recommend that the tie-breaker be written to say that if there is a tie between two projects requesting state tax credits, that that measure will be added to the calculation. That way only projects that are asking for state credits will have that additional measure be considered, and when a state credit project is being considered versus a non-state tax credits project, it'll get measured like the other projects. Thank you.

Shreya Shah: Hi, this is Shreya with EAH Housing. Thank you so much for allowing me to comment. I'll be really quick. I just wanted to add whatever people have already said that it would include other (indiscernible) modifying the type of calculations for 2021 to exclude the tax credits from that calculation. And we will also support setting aside more funds for the homeless ELI/VLI pools and something like an income average at or below 50% in your mind. And I'll leave it at that. Thank you so much.

Mara Blitzer: Hi there. This is Mara Blitzer, and I'm the Director of Housing Development at the San Francisco Mayor's Office of Housing and Community Development. And I just want to thank everyone so much for all of your hard work on this. It's a really important decision. Thank you for delaying the vote until the 21st so that we all have a chance to fully review all of the changes and how they are interconnected. And we hope that the Committee and staff will adopt base limit reforms before the applications are due in January or February, and that you'll consider adopting the set asides Allocations and Geographic Regions before you adopt the revised regulations booking. So highly important. And lastly, regarding the schedule, we're also hoping that you will consider pushing out the deadline for the first-round application or provide some flexibility on part of the application that are time sensitive, as it's now less than 60 days from when the proposed regulations have been posted and when the first application in next year is due. So, thank you all so much for listening to all of us today, and the new proposal is much improved from the previous, and I appreciate being heard. Thank you.

Jim Schmid: Hello, this is Jim Schmid. I'm CEO of Chelsea Investments. We're partnering with Weingart Center Associates Develop a two phase 275-unit project in Skid Row. I do support Mr. Sabelhaus' request that the Committee modify the regulations to include a one-time 90-day extension at the discretion of the executive director. And because of the size and complexity of the project and the financing markets, we think it's just going to be challenging to get things done at the closing table. We also support his notion of a grace period similar to the one that TCAC affords. Thank you very much.

Richard Schindler: My name is Richard Schindler, and I'm a developer and a syndicator. And I put in the chat box what I want to briefly talk about. Basically, the returned bonds should be allocated in pools according to the percentage key established at the beginning of the year. It's not equitable to award to just one or just in the New Construction pool. The regulations require not only establishing the amount for the year, but also the percentage for each pool. The key is supposed to be established without reference to any application. Please allocate the returned bonds into the various polls, not just New Construction. And thank you for allowing me this time.

Treasurer Ma: Ms. Miller.

Gayle Miller: Thank you, Madam Chair. I just wanted to make the point that you just made.

Treasurer Ma: All right. So, no action item today. We will vote at the next meeting on December 21st. So, let's move on to Item #6. Consideration and Approval of the 2021 Meeting Schedule. And I know that the first meeting is going to be January 15, and we can still stick with it if we can finalize the vote on December 21. Right?

6. Consideration and Approval of 2021 Meeting Schedule (Action Item)

Gayle Miller: Madam Chair, I do think the point from San Francisco about pushing some of the applications back which will also give staff more time as well. I mean if you wanted to wait, I'd be happy to approve the meeting schedule on the 21st, too, since you have time to put that on the agenda again. It may make sense to give a 15-day window because we are pushing the vote on these regs back.

Treasurer Ma: Okay. Sounds good. All right. Let's move that.

Gayle Miller: Okay. We already have a window.

Treasurer Ma: Let's just put it back. Okay.

All right. I guess it's an action item. So, can I have a motion and a second?

Gayle Miller: For the calendar?

Treasurer Ma: Yeah, to move it to the next meeting.

Female Speaker: Oh sure. I move putting it on the agenda for the meeting on 21st.

Anthony Sertich: Second that.

Treasurer Ma: The motion is second. Any public comment on that?

Conference Speaker Voice: You have zero questions remaining.

Treasurer Ma: Please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Hi. All right. We'll move it back to December 21st. Item #7, Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation.

7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation. (Action item)

Judith Blackwell: I just want to mention that in this group we have three projects that are above $50 million dollars, and based on our rules, we have always mentioned that in the group. The first one is 20-668 Midway Village Phase I in Daly City. The second is 20-703 Gateway Family in Menlo Park in the New Construction Pool. The third one is in the Preservation Pool and its 20-660

Ambassador Ritz. It's in San Francisco. After that we basically have our projects that have all been awarded by our staff, Madam Chair.

Gayle Miller: I move approval, Madam Chair.

Treasurer Ma: Do we have a motion in the second, Mr. Sertich?

Anthony Sertich: I have a really quick question. Was there an appeal that we were supposed to hear before we move this or is that --

Judith Blackwell: I have been informed that there was going to be an appeal by Mr. Witte. I'm not hearing from him at this time.

Anthony Sertich: With no appeal, I will second.

Treasurer Ma: Any public comment on the allocations?

Conference phone voice: You have one question remaining.

Treasurer Ma: Speaker?

Male Speaker: Hi. I'm (indiscernible), counsel to the applicant on the Rosehill Court matter. I know that there was an intent to raise that appeal on this call. I don't know if Mr. Witte or the representative for the applicant is on the line. But before we move on, I wanted to try again to see if they were available to speak on that appeal.

Treasurer Ma: Okay.

Jenny Scanlon: Hello, Jenny Scanlon. Hi, I've been trying to get a word in. I apologize. Jenny Scanlon. I'm chief development officer with the Housing Authority for the City of Los Angeles.

And yes, we still have an active appeal in front of the Committee members and so we did want to speak on that. If now isn't an appropriate time, I do want to submit some comments.

Gayle Miller: Madam Chair, isn't this something that had to be submitted in writing though? Am I misunderstanding that? So, would this be appropriate for the 21st as well?

Treasurer Ma: Yes. So, if you wouldn't mind, please submit your comments in writing, and we'll hear you on the 21st.

Jenny Scanlon: We did submit a letter to the Committee on December 2nd.

Judith Blackwell: Okay. All right. I'm not aware of it.

Jenny Scanlon: Yeah, it was submitted to the Committee through Judith Blackwell.

Judith Blackwell: All right. Well, can you please go ahead and speak to what you're --

Anthony Sertich: I recommend that since the Committee members have not seen the letter and the reasons for appeal, I recommend that it be heard on the 21st.

Jenny Scanlon: We would be okay with that as long as we do get a chance to have that appeal heard.

Anthony Sertich: Yes.

Treasurer Ma: We'll be hearing more appeals on December 21. All right. Do I have a motion and a second on the Allocation, Pools and Recommendations? Any other public comment on the list?

(Conference phone voice: You have one question remaining.)

Treasure Ma: Hello.

Bill Witte: Treasurer Ma, this is Bill Witte. I've been trying to dial in, and I guess you've decided to hear the appeal on the 21st.

Treasure Ma: Yes, if you wouldn't mind because we don't have the documents in front of us.

Bill Witte: Okay. We did send the letter some time ago, but as long as we can hear the appeal.

Treasurer Ma: Yes.

Gayle Miller: Madam Chair, may I just clarify this motion, please. It's just a motion to approve the allocations, right?

Treasurer Ma: Correct. Can we also add an extension period since we are again in lockdown/ shutdown mode and that we take into consideration, that if applicants cannot close then we'll give like a 60 or 90-day extension period?

Gayle Miller: I'll be happy to amend the motion to include a 90-day extension period. Do you want that to be upon approval of the executive director or an automatic extension?

Treasurer Ma: To return the allocation.

Gayle Miller: Right.

Treasurer Ma: No penalty.

Gayle Miller: Right.

Treasure Ma: So, 90 days, if we award this list, they have 90 days to return the allocation without penalty or holding their performance deposit.

Gayle Miller: Right. I agree with that. I would actually further amend this motion to grant the executive director the authority to, as Mr. Sabelhaus actually stated, the authority to extend time periods for unforeseen circumstances, especially related to COVID.

Anthony Sertich: So, I'm in support of this generally. I think we just need to be careful when we're crossing over calendar year periods because the money is returned to the issuer, and not to us. I did look at the issuers that are out there, and I think they're all large issuers that are being awarded. So, I don't think it would be a big problem, but I do think we need to be aware that if it's going to issuer that does a deal every three years or so… that money may never be used and maybe lost. Subject to that, I will support that motion.

Gayle Miller: Second.

Treasurer Ma: All right. So, we've motioned the second.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: All right. So, the applicants have been approved, and we've got a 90-day extension to return the allocation if the applicant cannot use it, and we will give some discretion to the executive director. All right. Thank you all.

General public comment. Any members wishing to comment on anything not on the agenda?

(Conference phone voice: You have zero questions remaining.)

Treasurer Ma: All right. Then we will adjourn. Thank you all.