

California Debt Limit Allocation Committee

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
May 16, 2018
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

Vincent P. Brown, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:32 pm.

Members Present: Vincent P. Brown for John Chiang, State Treasurer
Jacqueline Wong-Hernandez for Edmund G. Brown, Jr., Governor
Alan LoFaso for Betty T. Yee, State Controller

Advisory Members Present: Lisa Bates for the Department of Housing and Community Development (HCD)

2. Approval of the Minutes of the January 17, 2018 Meeting (Action Item)

Jacqueline Wong-Hernandez moved approval of the minutes for the January 17, 2018 meeting. Upon a second by Alan LoFaso, the minutes passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

3. Executive Director's Report (Informational Item)

Laura Whittall-Scherfee provided the Board with an update regarding staff's outreach efforts. At the end of last year and the beginning of this year, Ms. Whittall-Scherfee stated that staff intended to reach out to stakeholders and talk about regulation changes and how staff would handle competitive rounds, as well as discussing streamlining any process improvements.

Staff started those outreach efforts. There was a meeting in Southern California on the 7th of May. There is another one in San Francisco on May 17th. Staff has scheduled a meeting with our sister agencies for May 29th. Other outreach efforts will be scheduled because staff wants to make sure that we are reaching all of our varied stakeholders.

Staff's goal is not to have regulations that we are proposing at the end of this calendar year, but rather to collect what our recommendations are with the input that we receive to make sure that the incoming Treasurer has an opportunity to weigh in and provide staff with some feedback as to the direction that the new administration would like to see the regulations in CDLAC's program move.

Ms. Whittall-Scherfee provided the Board with an update, a year-to-year comparison of where CDLAC is this year versus where it was at this time last year. There is almost an identical number of projects being presented to the Board today.

In 2017, CDLAC had 51 total projects which included four (4) single family MCCs projects and one (1) exempt facility project. CDLAC allocated approximately \$1.24 billion. Out of that \$1.24 billion, there were 46 multifamily projects of which three (3) were mixed income. The average was approximately 92 units a project at \$281,000 a unit.

Through this round, including what the Board has before them today, we have 50 projects, so it is very, very similar in number. Of those 50 projects, three (3) are single family MCCs and one (1) is an exempt facility. CLDAC has allocated about \$1.22 billion. Again, it is very close to last year, but our unit count is about 21% higher - 5,126 units to date. That is averaging 111 units per project, so both the unit count and the project count are up.

The average cost per unit is down. It has gone down from approximately \$281,000 per unit to \$229,000 per unit, thus far. CDLAC ended up with a higher per unit cost by the end of the year, but some of that may have had something to do with the fact that there were three (3) mixed income projects last year. Staff has only had one (1) this year and those projects have had a tendency to be a little bit more expensive.

Today, the Board has a change in front of you which represents a change to a project name. It is not any material change to the financing structure, but it is a name change.

Ms. Whittall-Scherfee stated that there would be no closed door session. That is the summary of the amendments.

Mr. Brown thanked Ms. Whittall-Scherfee then asked if there were any questions or comments.

Mr. LoFaso asked Ms. Whittall-Scherfee if when she said "same as last year" did she mean that the year to date at May 2017 was comparable to the year to date at May 2018.

Ms. Whittall-Scherfee responded in the affirmative.

Mr. LoFaso commented that the specter of CDLACs programs becoming competitive appears to be always on the horizon which seems to always stay a year away.

Ms. Whittall-Scherfee replied that staff believes CDLAC is inching closer to the horizon between the 15 bills that were approved last year and what staff is starting to see, just this year, with the legislation and the potential \$5 billion initiative. Staff also believes CDLAC is getting closer as many of these programs use 4% tax credits. Ms. Whittall-Scherfee agreed that it will take time.

4. Consideration of Requests for a Waiver of the Forfeiture of Performance Deposit and/or Negative Points for Various Qualified Residential Rental Projects (QRRP) (Action Item)

Posada de Colores Apartments	17-316
Maple & Main Apartments	17-373
Cottages at Mission Trail Apartments	17-378

Shirley Hom reported that three (3) projects requested 90-day extensions to the bond issuance expiration dates. The projects submitted reasons for the delay of the bond issuance. The reasons presented to the staff met both requirements: that the issues or events preventing the issuance were both unforeseen and outside of the control of the applicant and the sponsor.

Staff recommends approval of the requested Waivers of the Forfeiture of Performance Deposit for the three (3) projects listed: Posada de Colores Apartments, Maple and Main Apartments and Cottages at Mission Trail Apartments.

RECOMMENDATION:

Staff recommended approval of the Requests for a Waiver of the Forfeiture of Performance Deposit and/or Negative Points for the three (3) Qualified Residential Rental Projects.

Mr. Brown asked if there was any questions or comments from the public. Seeing none, please call the roll.

Jacqueline Wong-Hernandez moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

5. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Single Family Housing Programs and Awards of Allocation (Action Item)

a. Consideration of appeals*

Sarah Lester stated that there were no appeals.

b. Consideration of applications – See Exhibit A for a list of Applications**

Ms. Lester reported that the Committee received two (2) applications for the Single Family Housing Mortgage Credit Certificate Program: one (1) application from the City and County of San Francisco requesting its 2018 fair share amount of \$5,556,364, and one (1) application from the Housing Authority of the City of San Diego requesting \$25,000,000.

The City of San Diego's 2018 fair share amount is \$8,875,346. The Committee's 2018 Allocation on Hold is over \$1 billion for the Undesignated Reserve.

Staff recommends that the Committee approve the City and County of San Francisco's 2018 fair share amount of \$5,556,364, and the Housing Authority of the City of San Diego's 2018 fair share amount of \$8,875,346. Staff also recommends that the Committee approve \$16,124,654 of the 2018 Undesignated Reserve for the City of San Diego for an aggregate total of \$30,556,364 for both Mortgage Credit Certificate projects.

RECOMMENDATION:

Staff recommended approval of \$5,556,364 for the City and County of San Francisco's 2018 fair share amount, \$8,875,346 for the Housing Authority of the City of San Diego's 2018 fair share amount, and \$16,124,654 of the 2018 Undesignated Reserve for the City and County of San Diego for an aggregate total of 30,556,364 for both projects.

Mr. Brown asked if there was any questions or comments from the public. Seeing none, please call the roll.

Jacqueline Wong-Hernandez moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

18-006	SL	City and County of San Francisco	MCC		San Francisco	\$5,556,364
18-007	SL	Housing Authority of the City of San Diego	MCC	San Diego	San Diego	\$25,000,000

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

a. Consideration of appeals*

Shirley Hom stated that there were no appeals.

b. Consideration of applications – See Exhibit A for a list of Applications**

Ms. Hom reported that there was one (1) project with a name change that is reflected on the colored sheets in front of the Board and in your binders. Agenda Item 6.1, Atria Apartments Project, has been changed to St. Anton ECR Apartments. There were no other changes.

Staff recommends approval of one (1) mixed income pool project in the amount of \$47,000,000, one (1) rural pool project in the amount of \$8,850,000, and 22 general pool projects totaling \$456,736,895. That reflects a grand total of 24 projects for an aggregate amount of \$512,586,895.

Mr. Brown asked if there was any significance to the name change.

Ms. Whittall-Scherfee responded in the affirmative. The applicant found out that there was a project with the same name in their approximate location. They were not aware of it and literally learned about it the morning of the meeting.

Mr. LoFaso stated that the Board has a green sheet in front of them and he cannot tell if it is revised. The column third from the right is labeled "tie breaker" and it has dollar amounts in it. What does that mean?

Ms. Hom replied that in the event of a competitive situation, staff would use tie breakers to change rankings. It ranks the projects and if it is a tiebreaker amount, that would be the amount that would break the tie.

Ms. Whittall-Scherfee stated that it is not currently being used.

Mr. LoFaso replied okay.

Mr. LoFaso stated that in the TCAC context he is familiar with a tie breaker as a point score, not a dollar amount.

Ms. Whittall-Scherfee stated that it is a dollar per unit amount.

Ms. Whittall-Scherfee responded that it is mainly used as the tie breaker when CDLAC is competitive.

Mr. LoFaso asked how a dollar amount breaks a tie.

Ms. Whittall-Scherfee replied that the lower the dollar amount per unit, the better the tie breaker.

Mr. LoFaso then asked if in a competitive situation staff draws a line that is relative to costs and then everybody above the line or below the line would meet the tie breaker and qualify.

Ms. Whittall-Scherfee responded that staff would rank them in order. Also, for your information, it is the first application on the green sheet that is labeled St. Anton ECR Apartments which reflects the name change. On the white sheet it says Atria Apartments on line number one.

Ms. Whittall-Scherfee clarified that the tie breaker is used in the event that staff has projects in a competitive environment that score the same; then staff would look to the tie breaker.

RECOMMENDATION:

Staff recommended approval of one (1) mixed income pool project in the amount of \$47,000,000, one (1) rural pool project in the amount of \$8,850,000, and 22 general pool projects totaling \$456,736,895 for a grand total of 24 projects with an aggregate amount of \$512,586,895.

Mr. Brown asked if there was any questions or comments from the public. Seeing none, please call the roll.

Jacqueline Wong-Hernandez moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

18-351	LE	California Public Finance Authority	St. Anton ECR Apartments	Sunnyvale	Santa Clara	\$47,000,000	
18-357	RF	California Housing Finance Agency	Sunrise Gardens Apartments	Placerville	El Dorado	\$8,850,000	
18-340	RB	California Municipal Finance Authority	San Pablo Hotel Apartments	Oakland	Alameda	\$27,154,798	
18-341	RF	Housing Authority of the County of Santa Barbara	The Residences at Depot Street Apartments	Santa Maria	Santa Barbara	\$22,500,000	
18-342	RF	City of Los Angeles	Harmony Gates Apartments	Los Angeles	Los Angeles	\$9,000,000	
18-343	LE	County of Contra Costa	Antioch Scattered Site Renovation Apartments (Scattered Site)	Antioch	Contra Costa	\$9,260,000	

18-344	SL	City of Los Angeles	Casa del Sol Apartments	Los Angeles	Los Angeles	\$11,718,017	
18-345	RF	California Public Finance Authority	Coronado Scattered Sites Apartments	Coronado	San Diego	\$6,574,162	
18-346	RB	California Municipal Finance Authority	Westlake Christian Terrace West Apartments	Oakland	Alameda	\$57,289,000	
18-348	RB	California Statewide Communities Development Authority	Crossings on Monterey Apartments	Morgan Hill	Santa Clara	\$14,000,000	
18-349	LE	California Statewide Communities Development Authority	Channel Island Park Apartments	Oxnard	Ventura	\$35,500,000	
18-350	RB	California Statewide Communities Development Authority	Summercrest Apartments	National City	San Diego	\$67,450,000	
18-352	FW	California Housing Finance Agency	Danbury Park Apartments	Antelope	Sacramento	\$19,000,000	
18-353	RF	California Statewide Communities Development Authority	Palmdale Park Apartments	Palmdale	Los Angeles	\$10,200,000	
18-354	RB	Housing Authority of the City of San Diego	Parkside Apartments	San Diego	San Diego	\$5,500,000	
18-355	SL	California Housing Finance Agency	Creekside Apartments	Davis	Yolo	\$18,000,000	
18-356	LE	California Housing Finance Agency	Summer Park Apartments	Fresno	Fresno	\$26,836,000	
18-358	SL	Housing Authority of the City of San Diego	Playa Del Sol Apartments	San Diego	San Diego	\$11,000,000	
18-359	RB	California Housing Finance Agency	Village at Willow Glen Apartments	San Jose	Santa Clara	\$26,938,207	
18-360	RF	California Housing Finance Agency	Hookston Senior Apartments	Pleasant Hill	Contra Costa	\$23,920,000	
18-361	SL	California Municipal Finance Authority	Park Manor Apartments	Hayward	Alameda	\$14,500,000	

18-362	LE	California Municipal Finance Authority	Cobblestone Village Apartments	Escondido	San Diego	\$7,000,000	
18-363	RB	California Statewide Communities Development Authority	Highland Creek Apartments	Roseville	Placer	\$24,991,323	
18-364	LE	Housing Authority of the City of San Luis Obispo	Courtyard at the Meadows Apartments	San Luis Obispo	San Luis Obispo	\$8,405,388	

CLOSED SESSION: Litigation (Government Code Section 11126(e)(2)(c)) - Discussion with Legal Counsel Regarding Litigation (San Regis, LLC v. City of Los Angeles, et al., Los Angeles County Superior Ct. Case No. BC637630)

There was no closed session today.

8. Public Comment

There was no public comment.

9. Adjournment

The Chairperson adjourned the meeting at 1:48 p.m.