



California Debt Limit Allocation Committee

CDLAC

Committee Meeting

Wednesday, October 2, 2024

9:00 AM



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
Sacramento, CA 95814
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www.treasurer.ca.gov/cdlac

MEETING NOTICE AGENDA

MEETING DATE:
October 2, 2024

TIME:
9:00 a.m.

LOCATION:
State Treasurer's Office
901 P Street, Room 102
Sacramento, CA 95814

BOARD MEMBERS (voting)
FIONA MA, CPA, CHAIR
State Treasurer

MALIA M. COHEN
State Controller

GAVIN NEWSOM
Governor

ADVISORY MEMBERS (non-voting)
GUSTAVO VELASQUEZ
Director of HCD

TIENA JOHNSON-HALL
Executive Director of CalHFA

DIRECTOR
MARINA WIANT
Interim Executive Director

Members of the public are invited to participate in person, remotely via TEAMS, or by telephone.*

[Click here to join the TEAMS meeting \(full link below\)](#)

Public Participation Call-In Number

(888) 557-8511

Participant Code:
5651115

The California Debt Limit Allocation Committee (CDLAC) may take action on any item.

Items may be taken out of order.

There will be an opportunity for public comment at the end of each item, prior to any action.

1. Call to Order and Roll Call

Action Item: 2. Approval of the Minutes of the August 6, 2024, Meeting

Informational: 3. Executive Director's Report
Presented by: Marina Wiant

Action Item: 4. Recommendation for Award of Allocation to Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Round 3) (Gov. Code, §§ 8869.84, 8869.85; Cal. Code Regs., § 5440.)
[EXF Round 3 Preliminary Recommendation List](#)
Presented by: Christina Vue

Action Item: 5. Request to Waive the Maximum Bond Allocation Amount (\$75,000,000) for Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5232)

<u>Application Number</u>	<u>Project Name</u>
CA-24-598	Block A Family Apartments
CA-24-685	Trolley Stop Apartments
CA-24-686 & CA-24-719	Sunnydale Hope SF Block 9 and Block 7
CA-24-693	Orbisonia Village

CA-24-696	Mandela Station Affordable
CA-24-704	Bay Fair Apartments
CA-24-706	Alvarado Creek Apartments
CA-24-707	41st & Soquel Apartments
CA-24-712	Madrona Meadows
CA-24-735	Victory Blvd
CA-24-745	300 De Haro
CA-24-780	Bella Vista A by Vintage
CA-24-781	Bella Vista B by Vintage
CA-24-783	Chadwick

Presented by: D.C. Navarrette

Action Item: 6. **Supplemental Bond Allocation Request for Qualified Residential Rental Projects, Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5240)**

<u>Application Number</u>	<u>Project Name</u>
CA-24-592	Sugar Pine Village Phase 1A
CA-24-594	Brine Residential

Presented by: D.C. Navarrette

Action Item: 7. **Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Project and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5052, 5101, 5132)**

<u>Application Number</u>	<u>Project Name</u>
CA-23-646	Citrus Grove Apartments

Presented by: Christina Vue

8. **Public Comment**

9. **Adjournment**

FOR ADDITIONAL INFORMATION

CDLAC

901 P Street, Suite 213A, Sacramento, CA 95814

(916) 654-6340

This notice may also be found on the following Internet site:

<https://www.treasurer.ca.gov/cdlac>

*Interested members of the public may use the call-in number or TEAMS to listen to and/or comment on items before CDLAC. Additional instructions will be provided to participants once they call the indicated number or join via TEAMS. The call-in number and TEAMS information are provided as an option for public participation.

CDLAC complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of CDLAC in

appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, please contact CDLAC staff no later than five calendar days before the meeting at (916) 654-6340. From a California Relay (telephone) Service for the Deaf or Hearing Impaired TDD Device, please call (800) 735-2929 or from a voice phone, (800) 735-2922.

Full TEAMS Link

https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZDBmMmJkODctMmNkOS00NjY1LTg4ZGQtZjkwZTRhMWQ3YmNI%40thread.v2/0?con_text=%7b%22Tid%22%3a%223bee5c8a-6cb4-4c10-a77b-cd2eaeb7534e%22%2c%22Oid%22%3a%22838e980b-c8bc-472b-bce3-9ef042b5569b%22%7d



California Debt Limit Allocation Committee

AGENDA ITEM 2

Approval of the Minutes of

the August 6, 2024,

Meeting



California Debt Limit Allocation Committee

901 P Street, Room 102
Sacramento, CA 95814

August 6, 2024

CDLAC Committee Meeting Minutes

1. *Agenda Item: Call to Order and Roll Call*

The California Debt Limit Allocation Committee (CDLAC) meeting was called to order at 1:06 p.m. with the following Committee members present:

Voting Members: Fiona Ma, CPA, State Treasurer
Evan Johnson for State Controller Malia M. Cohen
Michele Perrault for Governor Gavin Newsom

Advisory Members: Department of Housing and Community Development (HCD) Director Gustavo Velasquez
Tiana Johnson Hall, Executive Director for the California Housing Finance Agency (CalHFA)

2. *Agenda Item: Approval of the Minutes of the May 15, 2024, Meeting – (Action Item)*

Chairperson Ma called for public comments:

None.

MOTION: Ms. Perrault motioned to approve the minutes of the May 15, 2024, meeting, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

3. *Agenda Item: Executive Director's Report*

Presented by: Marina Wiant

Marina Wiant, Interim Executive Director, reported that CDLAC has hired one new staff member since the last meeting, Daisy Andrade. Additionally, Andrew Papagiannis was promoted to Analyst last month.

Ms. Wiant commended the staff on their work prior to today's meeting. There was a late withdrawal from the applicant list and staff diligently reviewed an additional application to update the list. Additionally, there is a new joint Project Staff Report, which is a step forward in better aligning CDLAC and CTCAC. CDLAC and CTCAC are also now offering a convenient new online payment portal which allows applicants to make payments online instead of mailing a check. The "make a payment" link is available under the quick links section on the CDLAC home page.

Chairperson Ma called for public comments:

None.

4. *Agenda Item: Appeals for Round 1 Award of Allocation of Qualified Private Activity Bonds for Qualified Residential Rental Projects (Cal. Code Regs., tit. 4, §5038)*

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Ms. Wiant reported that no appeals were received by CDLAC within the five-day notice period, so this item requires no action.

5. Agenda Item: Round 1 Award of Allocation of Qualified Private Activity Bonds for Qualified Residential Rental Projects (Cal. Code Regs., tit. 4, §5037) – (Action Item)

Presented by: Christina Vue

Ms. Vue reported that 161 applications were received on April 23, 2024, and 61 award recommendations are being presented today. Marina Towers Annex (CA-24-411) withdrew last week, and Vacaville Gables Apartments (CA-24-549) was added to the final recommendation list. The total unit count is 6,987, and 6,882 of those are low-income units, including 840 homeless units. The total allocation is \$2,159,079,809, \$1,604,688,886 of which is 2024 bond cap, \$474,090,020 is 2023 carryforward, and \$80,300,902 is 2022 carryforward. Staff has reviewed all applications for completeness and compliance with federal and state laws. Additionally, the CDLAC management team would like to acknowledge all the hard work done by the analysts during this round.

Chairperson Ma called for public comments:

None.

MOTION: Mr. Johnson motioned to approve staff's recommendation, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

6. Agenda Item: Round 2 Award of Allocation of Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Cal. Code Regs., tit. 4, §5440) – (Action Item)

Presented by: Christina Vue

Ms. Vue reported that CDLAC received one EXF application for Round 2 from Recology Inc. Project (CA-24-103). The bond issuer is California Municipal Finance Authority (CMFA). The application was reviewed and deemed in compliance with CDLAC regulations, and the project is being recommended to the Committee for a total allocation of \$61,000,000.

Chairperson Ma called for public comments:

None.

MOTION: Mr. Johnson motioned to approve staff's recommendation, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

7. Agenda Item: Resolution No. 24-006, Adoption of Regular Rulemaking for Amendments to the California Debt Limit Allocation Committee Regulations (Cal. Code Regs., tit. 4 §5000 – 5259) – (Action Item)

Presented by: D.C. Navarrette



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Mr. Navarrette explained that CDLAC released proposed regulation changes on June 28, 2024, and held a public hearing on July 18, 2024. After reviewing comments and making adjustments, staff prepared the final set of regulation changes for approval. There are 18 various regulation changes, the highlights of which are changes to the BIPOC pool requirements, readoption of a previously approved emergency regulation, and some technical changes for consistency and the correction of typographical errors. There was one typographical error missed by staff in the process: BIPOC was spelled “BPOC” in one section and should be corrected to “BIPOC.”

Chairperson Ma called for public comments:

Cherene Sandidge spoke on behalf of the Black Developers Forum (BDF) regarding the BIPOC pool. She said she had the opportunity to make comments during the public hearing and is suggesting an amendment to the regulations today to help clarify the intent for no organization to dominate and receive all the allocation in the BIPOC pool. This pool has been evolving and is a work in progress in terms of how members of the industry use and abuse it. Ms. Sandidge recommends adding a limitation of one BIPOC award per round per developer. This would ensure emerging BIPOC developers could receive an allocation rather than developers who may or may not even qualify for the BIPOC pool. Ms. Sandidge appeared in front of the Committee four and a half years ago and requested the establishment of this pool. BDF has been isolated from this process and is now vigilant about monitoring the applicants to this pool. BDF’s members do not want to see the pool abused, nor will they allow black developers to be used as shill corporations. BDF is requesting that if the BIPOC pool is not exhausted in any given round, the limits of one award per round and two awards per year may be disregarded for BIPOC entities. This will help ensure that if there is an eligible BIPOC developer, the pool may be sufficiently used. Ms. Sandidge expressed appreciation for the staff’s time and attention to the public comments on this issue.

Mr. Johnson said the regulation change currently proposed is to allow one project per developer per round, or two projects per year. He asked Ms. Sandidge to clarify if she is suggesting that those limits should not apply if the pool is undersubscribed.

Ms. Sandidge confirmed she is suggesting that the limits not apply to qualified BIPOC entities.

Mr. Johnson asked if Ms. Sandidge is referring to both the per-round limit and the per-year limit.

Ms. Sandidge said that is correct, and she is going to strongly push for staff to develop a qualification process to discern which developers applying in the BIPOC pool are legitimate.

Ms. Wiant said staff received several comments about putting together a prequalification in advance of this round, so that developers would know ahead of time if they could compete in the BIPOC pool. Staff is happy to work on that, but there was not enough time to put something like that together before the application deadline later this month. Staff will be working on that in the fall. There is currently a qualification in the regulations stating that if a round is undersubscribed, the cap will not apply.

Reese Jarrett from E. Smith & Company and BDF thanked the staff for bringing together the regulation changes. There was a myriad of comments and issues raised by several entities, and the staff had to shuffle through them all and come up with something that looked like a consensus. Under the current



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regulations, no nonprofit or for-profit entity with full experience points can participate in the ownership structure of the BIPOC pool. Mr. Jarrett agrees with the intent of that regulation, but there is a provision that needs to be modified to allow for a nonprofit, fully experienced entity to participate in the ownership of a BIPOC application, solely for the purpose of bringing about the welfare exemption for real estate taxes. That interest would be de minimis – 1% or less – and establish the ownership to allow the nonprofit to apply for tax-exempt status. This has been discussed throughout the regulation process; staff has been aware of it, and Mr. Jarrett's organization has synthesized how this could be addressed. Part of the concern is that this could allow nonprofits to usurp the BIPOC regulations and become partners in the transactions. Mr. Jarrett believes the structure must provide for a de minimis ownership of less than 1% and with no ability to participate in the cash flow, developer fee, or any equity in the project.

Additionally, the entity may receive a fee on a contract basis for services rendered. This is important because in the long-term compliance period of the project, the tax exemption has to be applied for and approved, and then refiled annually throughout the compliance period. It is important to have an entity with a track record that will ensure it is around for the duration of the compliance period to give comfort to the investors and lenders that come together to finance these transactions. Mr. Jarrett is seeking both a change in the regulations and an administrative process, either through staff or the Committee, to address projects that are burdened by nonprofits that they would like to substitute out.

Mr. Jarrett further expressed, in deference to his colleague at BDF, Cherene Sandidge, his objection to the restriction limiting the number of awards in any given round. This goes against the intent of the pool, whereby qualified development entities in the BIPOC pool have expended their resources to be able to bring their projects to the application process when they are shovel ready, often having spent several hundred thousand, or a nearly million dollars in some cases, to get to that point. Their applications should not be denied because of an arbitrary cap placed on projects that otherwise would have been awarded. This is a competitive process and there are limited resources available in the affordable housing space. This is an overstepping regulatory mandate that will do nothing but deter the ability to bring qualified projects to the BIPOC pool. There are other methodologies that can be utilized to ensure that abuse does not occur in the pool, and additional safeguards and vetting can be worked on. This particular solution is not fair and does not resemble the intent of the BIPOC pool. The barrier for entry for BIPOC developers to gain access to these public funds was initially the primary reason for the development of the pool, and until there is a way to limit applications across all pools, the BIPOC pool should not be limited. There is no limit within the general pool; the only limit is the maximum allocation amount of \$75 million. Mr. Jarrett asked the Committee to adhere to the existing limitations and not hinder the pool with this overstepped regulation.

William Leach from Kingdom Development thanked the staff for continually trying to improve the regulations. Whether they are small or technical improvements, they are helpful for the program usage. He expressed agreement with Mr. Jarrett and asked the Committee to consider making it possible for nonprofits with maximum experience to serve BIPOC entities and projects so that they could have an experienced, qualified person to help them get the real estate tax exemption. This would also help them take advantage of the CTCAC joint venture developer fee provision that could help BIPOC projects cover gaps in their financing sources. Mr. Leach echoed Mr. Jarrett's comments about allowing BIPOC developers to partner with nonprofits with maximum experience that have a de minimis economic interest in the project.



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Mike Miller from Bold Communities expressed that he would push back on the idea of nonprofits in the BIPOC pool. One thing that is special about the pool is that partners with maximum experience are not in the pool. That is what makes the pool unique. There are a lot of smart people in this industry, and Mr. Miller is concerned that even with safeguards regarding a de minimis ownership, if developers with maximum experience points were let into the pool, it could disrupt what Mr. Miller believes is making the pool work so well. There are other nonprofits that can be relied upon to obtain the welfare tax exemption. Bold Communities is a nonprofit. However, if there are partners with maximum experience in the pool, there will be structuring around that, and there could be unintended consequences. As an emerging developer who was able to take advantage of the BIPOC pool, Mr. Miller expressed gratitude for what CDLAC has done to create the pool. He is constantly thinking about strategy and making sure his organization can sustain itself, and nonprofits with maximum experience points entering the pool would cause things to change. He asked the Committee to keep that in mind.

William Wilcox from the San Francisco Mayor's Office of Housing and Community Development (MOHCD) thanked the staff for the great regulation updates and echoed Mr. Leach's comments. The technical changes are helpful and important. Additionally, in Sections 5232 and 5233, there are fixed numbers for per-unit and per-project bond limits. The \$75 million per-project limit allows a waiver that is fairly easy to obtain, which is helpful. However, Mr. Wilcox is not sure if the waiver is serving a purpose at this stage. Similarly, the per-unit bond limits were set in 2021 and have not changed since then. It would be helpful to index those limits to either inflation or the California Construction Index, similar to what Chairperson Ma shared that she did for the jockeys' salaries at a previous meeting. The limits could also be removed because the tiebreaker serves as a valuable incentive to have lower bond amounts. This regulation is setting an arbitrary limit that developers will eventually hit as construction costs increase.

Ms. Perrault expressed that the regulation changes to the BIPOC pool are good, but in light of the continual conversation and feedback from the public, perhaps the Committee can come back in a year or so and reevaluate whether these regulations are doing what the Committee wants them to do and if positive changes are taking place. This is a recommendation to staff and does not need to take place within the regulations themselves, but it would be prudent for the Committee to make sure they are monitoring the impact of these regulations. Ms. Perrault's other consideration is regarding the extension of the five-day hardship regulation, allowing the Executive Director to grant extensions up to 90 days. The Committee tends to get extension requests ahead of projects needing an extension due to the timing of some of the meetings. Perhaps, before changing the regulations, staff could do a deeper dive and analyze the percentage of extensions that are granted, some of the general reasons for the extensions, and how often projects are requesting extensions before they are actually needed due to the timing of the Committee meetings. There is sensitivity from the administration because it seems like there are more requests for supplemental allocations and projects are taking longer. The Committee needs to understand the impact of the extensions being granted further out, both from a cost perspective and in terms of a timeline for completion. Ms. Perrault would like to put a hold on that piece of the regulation changes in order to obtain a deeper understanding of why CDLAC is experiencing an uptick in extension requests.

Ms. Wiant said the staff is happy to take a deeper look at the reasons for the extensions and how many extensions are needed. One of the reasons staff put this forward in the regulations package is because of the Committee's conversation at the last meeting, when there was a desire expressed for this change. Additionally, staff thought that if the Executive Director had a clear authority to approve 90-day



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extensions, there would be a lot more focus from the Committee if a project were to request a second extension. CDLAC has gotten into the de facto practice of moving projects along, so this change might allow for a bit of a reset.

Mr. Johnson said he had the same concerns upon his initial review of this regulation change, but he believes this change would give the Committee the force to say to projects requesting a second extension: "You have already had an extension, and now we are going to enforce the rules as they were designed, which includes forfeiture of the performance deposit." Mr. Johnson expressed that he is open to discussion, but he thinks this would provide a reset.

Chairperson Ma said the Committee has been consistent on this issue, but it would be helpful if they did not have to keep hearing requests for extensions and supplemental allocations.

Mr. Johnson asked Ms. Perrault if she recommends implementing the proposed regulation change regarding the BIPOC pool and then reevaluating it later.

Ms. Perrault said yes; she is not suggesting any changes to the proposed regulations, but it would be prudent of the Committee to monitor it over the next year, once the regulations are in place.

Mr. Johnson asked staff to explain the ultimate goal of this change to the regulations.

Ms. Wiant asked if he is referring to the change to allow one award per developer per round in the BIPOC pool.

Mr. Johnson responded affirmatively.

Ms. Wiant said stakeholders had reached out and expressed concerns about how the BIPOC pool has been implemented. Staff's suggestion was tied to the intent of the pool, which is to provide more opportunities for emerging BIPOC developers to build their experience. Although there is no cap for the general pools, and there has been consistent opposition from stakeholders regarding the implementation of a cap, staff felt that a cap in the BIPOC pool was in the spirit of the intent of the pool to allow a broader range of developers to build their experience, versus one developer being able to sweep all of the allocation in the event of an oversubscription.

Mr. Johnson asked what would happen to a project if it were eligible in the BIPOC pool, but the developer had capped out.

Ms. Wiant said that if a project is competing in the BIPOC pool, it is eligible to compete in many of the other pools and set asides, depending on the type of project. For instance, if a hypothetical homeless project were also eligible for the BIPOC pool but did not score high enough to receive an award, it would drop into the homeless set aside first, then the ELI/VLI set aside, and finally the geographic competition. This is a good example since homeless projects are prioritized.

Mr. Johnson said there is a fair amount of conversation swirling around this particular change, regarding both the impact it would have and the purpose for it. He suggested stepping back on this particular change



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to pause and do further due diligence, and then come back shortly to make sure the Committee is getting this right. Mr. Johnson would prefer to get it right the first time if possible. He asked if the Committee could approve most of the regulations but hold off on this piece.

Ms. Wiant said Mr. Johnson could make a motion to approve the regulations as written, minus the change being discussed.

Ms. Johnson Hall asked Mr. Johnson to clarify what he is proposing to remove from the regulation changes.

Mr. Johnson said he is suggesting removing the proposed cap in the BIPOC pool. There is a proposed cap of one project per developer per round or two projects per year. The aim of that proposed regulation is to prevent any developer from having a run on the pool and to enable developers with less experience to get into the pipeline. That is a great goal, but Mr. Johnson wants to make sure this change would accomplish exactly that, versus having unintended consequences. He would like to pause on that piece of the regulations and give staff time to further evaluate.

Ms. Perrault asked Mr. Johnson if he is suggesting that the Committee hold off on just that one piece, but not the rest of the changes in the proposed regulations.

Mr. Johnson responded affirmatively.

Ms. Wiant clarified that Mr. Johnson's suggestion is not to adopt the proposed change to Section 5231(d), which is on page 19.

Mr. Johnson said his intent is to also provide direction to the staff to bring this back to the Committee to revisit as soon as possible. There is a lot of discussion on this particular issue and different perspectives. This seems like a significant change in the pool, and he wants to make sure the Committee gets it right, rather than reevaluating it a year from now.

Ms. Johnson Hall said she understands Mr. Johnson's concerns and is empathetic to them, but as a former developer, she knows that time is money. Developers need a level of certainty about what they can and cannot apply for, and the changes that have been proposed would allow for more certainty for the developers as they are planning and doing the work that is needed to get their deals into a position to apply. While she cannot speak for developers, Ms. Johnson Hall is empathetic to the fact that a 30-day delay will continue to put the developers through the jeopardy of not having certainty that they can move forward. She does not want to stop that motion because housing is too important for the State of California, and there are a lot of dollars at risk. She encouraged the Committee to think about this. She believes this is the reason there are stakeholders who are so emotional and invested in this and why they are showing up. Ms. Johnson Hall attended the last CDLAC meeting, where there was a long-winded discussion circling around this issue. She feels that the staff came up with this proposal to help move things forward. She thinks the staff has put in the work on this, and she would hate to have it belabored.

Ms. Perrault said she is worried because the Committee will not meet again until October, and applications are due around the end of August.



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Ms. Wiant clarified that applications are due in three weeks.

Ms. Perrault said she is worried about the timing. Also, if something is pulled out of a regulations package, a new package has to be put forward. That does not happen quickly, so she wants the Committee members to all be aware that if they move down this path and set this piece aside, it will probably take longer than a couple of months if another regulations package has to be submitted.

Mr. Johnson said he hears Ms. Perrault's concerns.

Ms. Wiant said staff is planning to get back to a normal schedule of adopting regulations in the fall. The regulations put forth today were an attempt to do the bare minimum of what was needed before Round 2. This is why the changes are largely to make permanent the emergency regulations that had been in place since last year and were subject to the Office of Administrative Law (OAL) process that no longer applies, make technical changes and clean up to ensure CDLAC is always following the regulations appropriately and legally, and a couple of other changes to address the concerns of some of the stakeholders that staff did not feel were material policy changes that would impact scoring or the application itself. Additional changes can be entertained, or the Committee can table a proposed change. Regardless, staff plans to entertain a regulations package in the fall.

Mr. Johnson asked what the timeline would look like for the fall regulations package.

Ms. Wiant said CDLAC is required to post draft regulations with a 21-day comment period, and they can be adopted at that point. Staff's plan is to have some stakeholder engagement ahead of putting out draft regulations sometime in the fall. She hopes the Committee will adopt the regulations in December so that stakeholders will have much better notice for next year than CDLAC has been able to provide over the past couple of years. Hopefully, there will not be mid-cycle changes before or between rounds.

Ms. Sandidge said the staff has done an outstanding job of balancing this, and but there is no time. These projects are getting extremely expensive, and people are playing games as they get more desperate. She does not want to give up the BIPOC pool and have another round of what happened in this round. She is impatient to get this right, and she will be here again to make recommendations. Asking for something to be pulled back today is another setback and a waste of time. No one would win and no one would benefit, especially not black developers. Time is of the essence right now. Ms. Sandidge asked Chairperson Ma to approve the staff's recommendations as they are and see how the next round goes. If something else needs to be changed, she will come back and make that request. There were many changes that did not make it into this regulations package, and the changes proposed are just a few that were able to get through. There are a lot of changes needed, but at this point, Ms. Sandidge is satisfied with what has been presented here today, and she thinks it would be foolish to try to pull it apart and have a standalone discussion about something later. There is no "later" in development; she knows this because she is a developer.

Mr. Jarrett asked if he could respond.



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Chairperson Ma asked Mr. Jarrett to hold his comment. She said the sentiment is there from the Committee and asked Ms. Wiant if the cap could be deleted without it being a major issue in the submission of the regulations.

Ms. Wiant said there is no motion on the table yet, but there would need to be a motion to either adopt the regulations as recommended by the staff or something different.

Chairperson Ma asked if the regulations could be adopted now as recommended by the staff, with an amendment to remove the cap under the BIPOC pool.

Ms. Wiant responded affirmatively.

Chairperson Ma closed public comments. She asked the Committee members for a motion. Now is the time if the Committee wants to make changes before October, and although they do not want to make a lot of wholesale changes now, they have heard at least one or two issues that could be adjusted.

Ms. Perrault asked Ms. Wiant to report back to the Committee at a future meeting about the new process for extension requests. This would give the Committee a better understanding of whether the number of extension requests were starting to increase. This is a request to staff, but it does not impact the regulations at all.

Ms. Wiant said she is happy to report back to the Committee. Also, although she will have the authority to grant extensions up to 90 days, it is not assured that projects will receive 90 days. She encouraged developers to only ask for what they need when they are requesting extensions.

Ms. Perrault thanked Ms. Wiant for stating that.

Mr. Johnson said there is enough uncertainty around the impact of adding the cap in the BIPOC pool, and he wants to make sure the Committee gets it right. He said the staff did a phenomenal job, and he does not want to indicate otherwise, but with the knowledge that there is a potential regulations package coming anyway by the end of the year, in advance of next year's application rounds, it seems like there is still time to consider a change like this in the next set of regulation changes. This feels like a logical time to pause and ask if this is doing the right thing or if other changes to the language are needed to address this problem in a more direct fashion than the cap. All options should be considered. He hopes this is how the Committee will move forward, but he is open to continued discussion before a motion is on the table.

Chairperson Ma said she would make a motion to take out the cap in the BIPOC pool because there does not seem to be a cap in any other pool, and the Committee is hearing from developers that they want to move forward. The longer this continues, whether there is a cap or not, will determine whether or not they will apply. This seems to be a minor issue. The other issue regarding nonprofits and percentages will require more extensive dialogue. No other pool has a cap, so Chairperson Ma does not see why the Committee would artificially put a cap in this pool. The BIPOC developers are also questioning that.

MOTION: Chairperson Ma motioned to adopt the proposed regulations package with the exception of the proposed cap in the BIPOC pool. Mr. Johnson seconded the motion.



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Mr. Johnson said he is aware of the challenges of this pool and some of the concerns about the definitions, as well as whether the pool is achieving what it is intended to achieve, which is to offer a pipeline to emerging BIPOC developers. Following this conversation, there needs to be a hard look at that language to make sure that it is doing what the Committee wants it to do. If it isn't, the Committee should consider whether this is the change that should be made or if there are other changes that would more directly address the problem at hand and uplift new developers.

Ms. Perrault asked Mr. Johnson to clarify that with his proposed amendment, the Committee is asking staff to aim to bring this back in the fall so they are not pushing it out further. The idea is to be quick about it so that stakeholders are not delayed further as they are trying to plan around the rounds.

Mr. Johnson said yes, the SCO agrees.

Ms. Perrault said the administration's will is not to delay a resolution on this for the developers and staff.

Ms. Wiant asked Chairperson Ma to amend her motion to include fixing the misspelling of "BIPOC."

Chairperson Ma asked Ms. Wiant what her proposed final motion would be.

Ms. Wiant said her proposal would be to adopt the final regulations package as proposed by staff, with the deletion of the proposed changes to Section 5231(d) and the correction of the typographical error in Section 5170, changing "BPOC" to "BIPOC."

Chairperson Ma asked if that would remove the cap.

Ms. Wiant said yes, that would strike the proposed language in Section 5231(d).

AMENDED MOTION: Chairperson Ma motioned to adopt the final regulations package as proposed by staff, with the deletion of the proposed changes to Section 5231(d) and the correction of the typographical error in Section 5170, changing "BPOC" to "BIPOC." Mr. Johnson seconded the amended motion.

The motion passed unanimously via roll call vote.

8. *Agenda Item: Supplemental Bond Allocation Request Above the Executive Director's Authority (Cal. Code Regs., tit. 4, §5240) – (Action Item)*

Presented by: D.C. Navarrette

Mr. Navarrette reported that there are five projects requesting supplemental bond allocations above the Executive Director's authority. The first project is West Harbor Park (CA-24-584), which was originally allocated \$3,925,000 in Round 3 of 2023. The project is requesting an additional \$2,725,000 in supplemental allocation, which is within the 52% basis limit but exceeds 10% of the Committee-approved allocation at 69.43%. This is a 25-unit, non-targeted, new construction development in Vallejo. The applicant is CMFA, and the developer is Klein Financial.

Ms. Wiant said that because CDLAC has been receiving so many supplemental allocation requests, staff went through all five requests and analyzed how these applications' scoring would have been impacted if their original requests had included the amount of the supplemental request. This was done to ensure that the projects would still have been awarded. All five of these projects, even with the supplemental allocation, would still have received bonds or state credits in their award cycle. One project was a state



California Debt Limit Allocation Committee

credit recipient. Staff is double checking to ensure that nobody is using supplemental requests as a way to game the scoring system.

Chairperson Ma thanked the staff for putting together the table in the staff report for this agenda item. She asked the Committee members if they wished to discuss any of the projects individually. If not, perhaps the Committee could approve all five requests at the same time.

Ms. Perrault said she did not wish to discuss any of the projects on the list. She thanked the staff for their analysis of these requests. She said that in the future, staff might consider changes that could be made to address the higher percentage of requests being received and try to discourage future large requests. She understands that some of this is out of the developers' hands because they cannot know all the factors ahead of time, but the Committee is seeing enough of a trend on this that perhaps the staff can continue to look into modifications that would be beneficial for the entities receiving allocations so that they would not have to come back with supplemental requests.

Ms. Wiant said the environment may be different if interest rates go down.

Mr. Velasquez commended Ms. Wiant for evaluating the supplemental allocation requests through the lens of what happened when the projects were evaluated the first time. Everyone has seen the news and is concerned about the exorbitant costs of these projects, so the Committee has to account for projects coming back with overwhelmingly legitimate reasons for cost overruns. Continuing to evaluate these requests for the second time through the same lens of the merit of the project as the first time around will make the Committee feel much better about approving the supplemental requests in spite of the high volume.

Chairperson Ma called for public comments:

None.

Mr. Johnson thanked the staff for the additional analysis.

MOTION: Mr. Johnson motioned to approve all five supplemental bond allocation requests, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

9. Agenda Item: Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Project and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4 §§5052, 5100, 5132) – (Action Item)
Presented by: Marina Wiant and D.C. Navarrette

Ms. Wiant said the first project on the list, 801 E. 5th Street (CA-23-401, CA-23-679, and CA-24-579), met its closing deadline today and no longer needs an extension, so it has been struck from the list. West Harbor Park (CA-23-612) and Pacific Street Apartments Four (CA-24-553) no longer need extensions from the Committee due to the regulation changes that were just adopted. Therefore, only Citrus Grove Apartments (CA-23-646), One San Pedro Phase I (CA-23-653), Two Worlds Apartments (CA-23-656), St. Andrews Arms & Second Avenue Apartments (CA-23-657), and Panorama View Apartments (CA-



California Debt Limit Allocation Committee

23-659) need bond allocation issuance deadline extensions. She asked the Committee if they wished to discuss or ask questions about any of these projects.

Chairperson Ma thanked the staff for putting together the chart in the staff report for this agenda item.

Chairperson Ma called for public comments:

Maati Benmbarek from Klein Financial asked Ms. Wiant to clarify her statement that West Harbor Park (CA-23-612) no longer needs an extension due to changes in the regulations. The project is in need of the extension since it was waiting for the supplemental allocation to be approved today.

Mr. Navarrette explained that one of the changes to the regulations is that if a project receives a supplemental allocation, issuance deadlines for any existing allocations that have not closed will align with the most recent allocation. Therefore, since the project has received a new supplemental allocation, it will receive a longer deadline.

Chairperson Ma closed public comments.

MOTION: Ms. Perrault motioned to approve the bond allocation issuance deadline extension requests for all projects remaining on the list, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

10. Agenda Item: Request to Waive Forfeiture of the Performance Deposit and Negative Points for the Return of Allocation for Qualified Residential Rental Project (Cal. Code Regs., tit. 4, §§5052, 5230) – (Action Item)
Presented by: D.C. Navarrette

Mr. Navarrette explained that Grisham Community Housing (CA-23-640) was originally allocated \$13,192,000 in Round 3 of 2023. The project is requesting to return the allocation and receive a waiver of forfeiture of the performance deposit and a waiver of negative points. This is a 96-unit, large family, new construction development in Long Beach. The applicant is CMFA, and the developer is Abode Communities.

Chairperson Ma called for public comments:

Lara Regus from Abode Communities explained that before the project planned to close, it had an unexpected budget bust due to some surprises that were found at a late stage in the project's rehabilitation plans. Because this is a rehabilitation project, there were no other resources immediately available, so the alternative was to significantly reduce the scope of the project and close the gap. Unfortunately, the tax credit investor partner was not comfortable with that, given the amount of scope that would not be addressed. The developer respects and understands their position on that. Because the project could not close, they had no other option but to return the allocations to CDLAC and CTCAC. The developer will be going back to the drawing board and working with the city to try to find additional funds and then reapply in the future. Ms. Regus said that in the 18 years she has been with Abode Communities, she thinks this is the first time they have ever been unable to close a project and had to return an allocation. She asked the Committee to consider their track record and waive the forfeiture of the performance



California Debt Limit Allocation Committee

deposit as well as the negative points. If the Committee is not comfortable returning the performance deposit, Ms. Regus asked if the deposit could be held and utilized for the same project's reapplication in the future.

Chairperson Ma asked Ms. Regus if she is suggesting the Committee hold the performance deposit instead of issuing a check back to the developer.

Ms. Regus said her preference is to get the check back, but she is suggesting that CDLAC hold the deposit as an alternative if they are not comfortable returning the check.

Chairperson Ma said the Committee has been consistent about waiving negative points but not the performance deposit because other people are applying, and the process is competitive.

Chairperson Ma closed public comments.

Mr. Johnson said the Committee has been consistent in applying the rules and not waiving the forfeiture of the performance deposit but waiving negative points, and that is his recommendation here. Additionally, with the ceding of authority to the Executive Director to grant extensions up to 90 days, the Committee will have to think about if they will also require forfeiture of the performance deposit on extensions and if they should be similarly diligent about implementing the regulations as written in terms of negative points. He is not suggesting this for right now, but he is flagging it for the Committee to consider in the future.

Chairperson Ma said that when she was elected six years ago, CDLAC was assessing negative points. Because of the environment, how quickly they wanted to build, COVID-19, and now increased interest rates and construction costs, the Committee has not assessed negative points recently. The Committee can discuss that if necessary.

MOTION: Mr. Johnson motioned to waive negative points but not to waive forfeiture of the performance deposit, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

11. Request to Waive the Maximum Bond Allocation Amount (\$75,000,000) for Round 2 Qualified Residential Rental Project (Cal. Code Regs., tit. 4 §5232) – (Action Item)

Presented by: D.C. Navarrette

Mr. Navarrette explained that Santa Monica Christian Towers is requesting a waiver for an allocation over \$75 million. The project will be applying in Round 2 and has submitted this request in advance of the application deadline. Because the project has not applied yet, the dollar amount is unspecified. The estimated dollar amount provided by the developer is around \$85 million. This is a rehabilitation of a 163-unit, 13-story tower built in 1963 in Santa Monica. The cost is related to rehabilitating this type of project because it is not possible to phase a high rise, as well as for seismic upgrades as required by the City of Santa Monica.

Chairperson Ma invited a representative of the project to speak.



California Debt Limit Allocation Committee

Anthony Yannatta from Thomas Safran & Associates explained that this is an older property that was constructed nearly 60 years ago and requires a huge amount of work in a very high-cost area. The project cannot be phased, so accordingly, the developer is requesting the flexibility to apply for slightly above the \$75 million bond cap but below the per-unit limits as prescribed in the regulations.

Chairperson Ma asked for clarification that the project is coming to the Committee ahead of time.

Mr. Yannatta said that is correct. He does not want to submit an application and then be rejected because the request is over the limit. He is trying to be proactive and have flexibility in the application based upon the final scope of work. There are a lot of moving parts given the amount of capital needs that exist.

Mr. Johnson asked the staff if it is possible to determine this early in the process whether increasing the cap for this project would impact other projects.

Mr. Navarrette said there is no way to tell this early in the process because the applicant pool is unknown.

Mr. Johnson asked if theoretically the Committee could approve this request at the next meeting and have a better sense of whether it would impact any projects. He requested an explanation of the timeline.

Mr. Navarrette said another way to go about this would be to wait for all the second round applications to be submitted, and then staff could bring all of the applications over \$75 million to the October meeting for Committee approval. This would be ahead of the December allocation meeting.

Mr. Yannatta said the risk is that the project would have to submit an application and potentially get rejected in October after having done all the work.

Chairperson Ma asked if there is a sense of what the next round will look like.

Ms. Wiant said no. This is an At-Risk project which would be competing in the Preservation pool.

Mr. Navarrette clarified that there is approximately \$130 million in that pool.

Ms. Wiant said that if this project scored high enough in that pool, there would be \$45 million left for any other projects that applied. However, there also might be a surplus.

Chairperson Ma asked what the staff is seeing in general. The Committee has been aggressive over the past five years about approving new construction for ELI/VLI tenants. Interest rates have not dropped. She asked if things have slowed down for new construction or if there are any trends.

Mr. Navarrette said this round was one of the biggest since 2021 when he started at CDLAC. Staff received 160 applications, a lot of which were new construction. He does not believe new construction is slowing down.

Ms. Wiant said a large percentage of those projects were reliant on the availability of state tax credits.

Mr. Navarrette said that has been a trend since day one. The state tax credits continue to be a hold up for projects.

Chairperson Ma said she does not want to slow down projects, especially for older buildings, and a building constructed in 1963 is old.



California Debt Limit Allocation Committee

Ms. Wiant said the project would also have to score high enough in the pool to be awarded, so this decision would not override any of the scoring. The Committee has generally been approving waiver applications for projects requesting over the maximum amount.

Mr. Johnson said it has been habit for the Committee to approve those projects to allow them to move ahead, but this is slightly unique because they do not have full information about the impact on the rest of the pool or the other applicants. It is a little more difficult in that regard, but this does seem like a worthwhile project that the Committee would want to see go ahead.

Ms. Wiant asked Mr. Yannatta if there is a specific amount the Committee could approve, such as \$85 million.

Mr. Yannatta said he thinks the project would be okay with \$80 million. They are currently fleshing it out and being proactive. Additionally, he asked if they were to request \$80 million and not get approved, if they would be allowed to modify the application and reduce the amount after the fact. That is ultimately the reason for this request; if they were to make a larger request and get rejected, months of hard work would be wasted.

Chairperson Ma asked if there are seismic requirements.

Mr. Yannatta said there are seismic requirements, relocation, and environmental mitigation. This is a high-rise structure in a high-cost area, and it is incredibly difficult for the labor to drive west from Los Angeles with the traffic in the morning. The project is now 20 days away from submitting an application, and this request letter was submitted at the end of June. As most developers know, things are dynamic, and they have to plan ahead for unforeseen circumstances. Mr. Yannatta is here today because he does not want to be stuck applying in excess of the maximum allocation amount, having seen that waivers have been consistently approved in the past rounds, and then be left with no options in October after spending countless hours and significant resources.

Chairperson Ma asked if there are any historic building requirements.

Mr. Yannatta said he is not aware of any requirements, but there are design issues that will probably need to be addressed at some point. After looking at the numbers recently, it appears that an \$80 million threshold would be sufficient rather than the \$85 million they asked for weeks ago. \$80 million is more in line with what he is looking at as of today, but he does not want to be left outside after doing all this work.

Ms. Wiant said the Committee could make a motion to allow the project to apply for an allocation up to a certain dollar amount, which might give them more comfort.

Ms. Perrault asked if this has been done before ahead of a round.

Mr. Navarrette said this has not been done since he has been at CDLAC.

Chairperson Ma said this would be the first time.

Ms. Perrault said she is comfortable with a cap of \$80 million, but she is also fine with approving it as recommended by staff.

MOTION: Ms. Perrault motioned to waive the maximum bond allocation amount for this project, not to exceed \$80 million, and Mr. Johnson seconded the motion.



California Debt Limit Allocation Committee

Mr. Johnson said that although this does not seem like a big deal, he finds himself hesitant because he does not want to set a precedent of offering waivers way in advance without knowing the impact on the pool. Capping the allocation at \$80 million gives the Committee some certainty in terms of how this would impact the pool if the project were to be awarded.

Chairperson Ma called for public comments:

William Leach said he has nothing to do with this project, but he is supportive because the proactiveness and transparency of the developer are laudable. As a program applicant, and as someone who helps many other people apply to the program, he does not get any sense of a competitive advantage. The project still has to score well and win. The Committee is within their right to help people be proactive and get the waivers they need, whether it is an ADA waiver or a limit waiver like this, and it is still a fair process.

Chairperson Ma closed public comments.

The motion passed unanimously via roll call vote.

12. Public Comment

William Leach said that Section 5231(e)(4) was struck from the regulations. That is the section that described the Committee creating a waiting list at the last allocation meeting of the year. He asked Ms. Wiant to explain why that regulation has been struck and if the staff still expects to create a waiting list, just not according to that exact sentence that used to be in the regulations.

Ms. Wiant said staff struck that because it was sort of a dangling relic from before there was a surplus process in place for the end of the round. There will be a surplus scoring list provided.

Tommy Beadel from HVN Development said he is a first-time applicant whose project was awarded today, and from his perspective coming into the closed world of LIHTC development, he applauds the staff's attentiveness to the process and the transparency throughout the process. The cooperativeness and transparency are appreciated, and he looks forward to continuing to participate.

13. Adjournment

The meeting was adjourned at 2:28 p.m.



California Debt Limit Allocation Committee

AGENDA ITEM 3

Executive Director's Report

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California Debt Limit Allocation Committee

AGENDA ITEM 4

**Recommendation for Award of
Allocation to Qualified Private
Activity Bonds for Exempt
Facility (EXF) Projects (Round 3)
(Gov. Code, §§ 8869.84,
8869.85; Cal. Code Regs., §
5440.)**

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
Exempt Facilities Program 2024 Round 3
Recommendation List

App. No.	Applicant	Project Name	Requested Amount	Recommended Amount	Round 3
Round 3 Allocation					\$194,500,000
24-104	California Pollution Control Financing Authority	Yolo Organics Facility Project	\$23,500,000	\$23,500,000	
24-105	California Municipal Finance Authority	Waste Management	\$97,500,000	\$97,500,000	
24-106	California Enterprise Development Authority	EDCO Disposal Corporation	\$73,500,000	\$73,500,000	
Total Recommended for Round 3					\$194,500,000
Total EXF Allocation Remaining					\$0

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

October 2, 2024

Staff Report

**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT***Prepared by: Anthony Wey*

Applicant: California Pollution Control Financing Authority

Allocation Amount Requested: \$23,500,000

Project Information:

Name: Yolo Organics Facility Project
Project Addresses: 44090 County Road 28H
Project Cities, Zip Codes: Woodland, CA 95776
County: Yolo County

Project Sponsor Information:

Name: Napa Recycling & Waste Services, LLC
Address: 820 Levitin Way, American Canyon, CA 94503
Principals: Greg Kelley

Contact: Greg Kelley
Phone: (707) 603-1180

Project User Information:

Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:

Bond Counsel: Law Offices of Leslie M. Lava
Financial Advisor Firm: Piper Sandler & Co.
Private Placement Purchaser: US Bank

Project Sponsor's Principal Activity:

Expanding existing organics processing facilities funded in 2021.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): Yes

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	\$	23,500,000
Other Company Sources	\$	10,000,000
Total Sources	\$	33,500,000

Uses of Funds:		
Site Preparation	\$	13,700,000
Construction of New Buildings	\$	8,200,000
Acquisition/Installation of Used Equipment	\$	9,590,000
Acquisition/Installation of New Equipment	\$	600,000
Bond Issuance Expenses (Including Discount)	\$	500,000
Interest During Construction	\$	410,000
Contingency Funds	\$	500,000
Total Uses	\$	33,500,000

Description of Proposed Project:

The Yolo Organics Facility Project consists of the expansion of existing organics processing facilities funded in 2021. The Project processing capacity will increase by approximately 80,000 tons per year bringing the total processing capacity to approximately 260,000 tons of organic material including green waste and food waste annually. The resulting compost will be available for use by local farmers and residences.

Environmental Impact:1) Air Quality:

Air quality should be enhanced with the full implementation of the proposed project by virtue of the fact that composting significantly reduces GHG gases compared to a landfill. In addition, the application of compost results in a reduced need for GHG producing petroleum-based chemical fertilizer, pesticides and herbicides.

2) Water Quality:

Composting improves downstream water quality by retaining pollutants such as heavy metals, nitrogen, phosphorus, herbicides, and pesticides. Compost retains a large volume of water, thus helping to reduce erosion, reduce runoff, and establish vegetation.

3) Recycling of Commodities:

The proposed Project is expected to divert a substantial amount of organic material including green waste and food waste recyclables and construction related debris from local landfills.

4) Safety and Compliance:

The Project will be compliant with all State and local mandates.

5) Consumer Costs Savings and Efficiencies:

The resulting compost from the facility will be available for direct use by local farmers and residences. The lower cost of tax-exempt financing and the increased space for additional composting will provide greater flexibility as far as future rate structures.

Local Government Support:

The Applicant provided a letter of support from the government entity where their company is currently located.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends approval of \$23,500,000 in tax exempt bond allocation.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

October 2, 2024

Staff Report

**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT***Prepared by: Anthony Wey*

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$97,500,000

Project Information:

Name: Waste Management
Project Addresses: Various, CA
Project Cities, Zip Codes: Various, CA
County: Various Counties

Project Sponsor Information:

Name: Waste Management, Inc.

Address: 800 Capitol Street, Suite 3000, Houston, TX 77002

Principals: Leslie Nagy

Contact: Leslie Nagy
Phone: (713) 328-7438

Project User Information:

Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation

Bond Underwriter Firm: Bank of America Securities, LLC

Project Sponsor's Principal Activity:

Financing solid waste disposal and recycling facilities.

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): Yes

Details of Project Financing

Sources of Funds:	
Tax-Exempt Bond Proceeds	\$ 97,500,000
Total Sources	\$ 97,500,000

Uses of Funds:	
Acquisition/Installation of New Equipment	\$ 97,500,000
Bond Issuance Expenses (Including Discount)	\$ 1,000,000
Total Uses	\$ 98,500,000

Description of Proposed Project:

The Project consists of financing solid waste disposal and recycling facilities as follows: (a) improvements to existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (iii) site improvements, (iv) acquisition of equipment to be used at the landfill facilities, and (v) acquisition of other equipment and assets (including, but not limited to, land) necessary to support the foregoing improvements and to place them into service and (b) an existing collection (hauling) and transfer station facility, including (i) construction of new buildings, (ii) acquisition of solid waste and recycling sorting and processing equipment, (iii) site improvements, and (iv) acquisition of other equipment and assets necessary to support the foregoing improvements and place them into service.

Environmental Impact:1) Air Quality:

Transfer Stations and Manufacturing Recycling Facilities (“MRFs”) are improving capacity and efficiency in many locations to reduce air pollution by reducing the length of truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas.

2) Water Quality:

The construction of new landfill cells at the landfill facilities included in the Project will ensure protection of groundwater due to state-of-the-art liners and systems for mitigating infiltration and runoff of water seeping through the refuse.

3) Energy Efficiency:

The construction and/or expansion of transfer stations and MRFs will improve energy efficiency by reducing the length of the truck routes and the number of trucks on the road due to the centralization of transfer stations and MRFs within the service areas.

4) Safety and Compliance:

The Project will be compliant with all State and federal regulations.

Local Government Support:

The Applicant provided a letter of support from the government entity where their company is currently located.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends approval of \$97,500,000 in tax exempt bond allocation.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

October 2, 2024

Staff Report

REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN EXEMPT FACILITY PROJECT*Prepared by: Anthony Wey*

Applicant: California Enterprise Development Authority

Allocation Amount Requested: \$73,500,000**Project Information:****Name:** EDCO Disposal Corporation, Variable Rate Demand Bonds**Project Addresses:** 3660 Dalbergia Street**Project Cities, Zip Codes:** San Diego, 92113-3813**County:** San Diego

Project Sponsor Information:**Name:** EDCO Disposal Corporations & Affiliates**Address:** 6670 Federal Blvd., Lemon Grove, CA 91945**Principals:** Alan Walsh, Chief Financial Officer**Contact:** Alan Walsh**Phone:** (760) 801-5623

Project User Information:**Name:** Same as Project Sponsor**Address:** Same as Project Sponsor**Contact:** Same as Project Sponsor**Phone:** Same as Project Sponsor

Project Financing Information:**Bond Counsel:** Kutak Rock, LLP**Bond Underwriter Firm:** Wells Fargo Bank**Credit Enhancement Provider:** Wells Fargo Bank

Project Sponsor's Principal Activity:

Enhancing community recycling efforts through an extensive network of facilities.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): No

Details of Project Financing

Sources of Funds:	
Tax-Exempt Bond Proceeds	\$ 73,500,000
Total Sources	\$ 73,500,000

Uses of Funds:	
Rehabilitaion of Existing Buildings	\$ 23,500,000
Acquisition/Installation of New Equipment	\$ 50,000,000
Total Uses	\$ 73,500,000

Description of Proposed Project:

The Project will enhance community recycling efforts through an extensive network of Material Recovery Facilities, Construction and Demolition Processing Facilities, Commingled Recycling Processing Centers, Recycling Buyback Centers, Household Hazardous Waste Collection Centers, and an Anaerobic Digestion Facility. The Facilities will allow the Borrower to continue its investment in diversion facilities to achieve the mandates of AB 939 (The California Intergrated Waste Management Act) and SB 1383, a California state mandate aimed at reducing organic waste in landfills by 75% by 2025.

Environmental Impact:1) Air Quality and Energy Efficiency:

The Project will result in the investment of more energy efficient operations and in a reduction of emissions through the conversion of the Applicant's diesel fleet to renewable natural gas.

2) Recycling of Commodities:

The Applicant is focused on enhancing community recycling efforts through an extensive network of Material Recovery Facilities, Construction and Demolition Processing Facilities, Commingled Recycling Processing Centers, Recycling Buyback Centers, Household Hazardous Waste Collection Centers, and an Anaerobic Digestion Facility.

3) Safety and Compliance:

The Project will be compliant with all State and local mandates.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends approval of \$73,500,000 in tax exempt bond allocation.



AGENDA ITEM 5

Request to Waive the

Maximum Bond Allocation

Amount (\$75,000,000) for

Qualified Residential Rental

Project (Cal. Code Regs., tit.

4, § 5232)

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 2, 2024

**Request to Waive the Maximum Bond Allocation Amount (\$75,000,000) for
Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5232)**
(Agenda Item No. 5)

ACTION:

Approve waiving the maximum bond allocation (\$75,000,000) amount for Qualified Residential Rental Projects (QRRP) that applied in Round 2 of 2024. This does not guarantee the project(s) will be recommended for or awarded bond allocation.

BACKGROUND:

For projects subject to the Competitive Application Process, CDLAC Regulation 5232(a),¹ limits the bond allocation to no more than \$75,000,000 for any proposed QRRP. Where a QRRP is located within one-fourth mile of another QRRP involving the same Project Sponsor or Related Party to the Project Sponsor, the Allocation amount, in the aggregate, cannot exceed \$75,000,000 within a calendar year.

CDLAC Regulation 5232(b) states the Committee may waive the maximum allocation amount if the Committee determines that the demand for allocation for QRRPs is such that the maximum allocation amount is not warranted. An Applicant requesting an Allocation in excess of seventy-five million dollars (\$75,000,000) may seek a waiver from the Committee based on the following factors:

- (1) The Qualified Residential Rental Project qualifies as an At-Risk Project²; or
- (2) Documentation is provided in the Application indicating why a QRRP cannot be developed in phases at a \$75,000,000 level. The documentation must be specific and may include, but is not limited to, a site plan detailing the layout of the subject property, unit mix per stage of the phase, any unique features of the property which inhibits phasing, a description of infrastructure costs, and a cost breakdown by phases.³

DISCUSSION:

The projects below are seeking a waiver from the Committee to exceed the \$75,000,000 maximum bond allocation. CDLAC staff determined each project meets the standard for receiving a waiver under CDLAC Regulation 5232(b):

¹ All references herein to “CDLAC Regulation” are references to the CDLAC rules contained in title 4 of the California Code of Regulations.

² “At Risk Project” is defined at CDLAC Regulation 5170 and generally means a property “at risk of conversion” under Revenue and Taxation Code, section (RTC) 17058, subdivision (c)(6), and California Code of Regulations, section (CTCAC Regulation) 10325, subdivision (g)(4); or a property that otherwise meets all requirements of RTC 17058(c)(4) and CTCAC Regulation 10325(g), except that the federal assistance due to expire within five (5) calendar years of application to the Committee may include a tax-exempt private activity Bond regulatory agreement.

³ Capitalized terms not otherwise defined above are defined in CDLAC Regulations [5000](#) and [5170](#).

APPLICATION NUMBER	NAME	TOTAL ALLOCATION
CA-24-598	Block A Family Apartments	\$84,500,000
CA-24-685	Trolley Stop Apartments	\$83,500,000
CA-24-686 & CA-24-719	Sunnydale Hope SF Block 9 and Block 7	\$110,380,000 (\$57,075,000 & \$53,305,000)
CA-24-693	Orbisonia Village	\$77,500,000
CA-24-696	Mandela Station Affordable	\$116,900,000
CA-24-704	Bay Fair Apartments	\$105,000,000
CA-24-706	Alvarado Creek Apartments	\$88,000,000
CA-24-707	41st & Soquel Apartments	\$120,000,000
CA-24-712	Madrona Meadows	\$94,942,168
CA-24-735	Victory Blvd	\$78,697,978
CA-24-745	300 De Haro	\$101,746,126
CA-24-780	Bella Vista A by Vintage	\$120,547,128
CA-24-781	Bella Vista B by Vintage	\$120,547,128
CA-24-783	Chadwick	\$171,296,684

April 17, 2024

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

Re: Waiver Request – Competitive Application Process Maximum Allocation Amount

Attachment 35-A

Green Valley Corporation dba Swenson
Block A Family Apartments
860 W. San Carlos Street
San Jose, CA 95126

Dear Ms. Wiant,

As sole member of the Administrative General Partner for Block A Family Apartment (to be formed LP), we respectfully request a waiver of the \$75,000,000 maximum bond allocation (limit) for the Block A Family Apartments project (“Project”). The Project is a 100% affordable family project in San Jose, California, located in the County of Santa Clara.

Phasing the Project’s construction would make the project cost prohibitive and is not feasible given the project’s design.

The key reasons for this request are as follows:

- 1) The project’s design and entitlement process was undertaken before the bond limit regulations were instituted. It was not feasible to forego the work that had been completed to create a smaller project that would be able to meet the current bond limit requirement.
- 2) The project consists of one building, which makes phasing the project impossible from a construction perspective.
- 3) If we were forced to divide the project into two buildings/projects, we would lose economies of scale, which would increase our already high construction costs.
- 4) At this point, interest rates are likely to increase in the future, which would put further pressure on the project by increasing overall costs.

Due to the timing of our entitlements process, which was undertaken prior to the bond cap limit, the inability to phase the project due to design, and the insurmountable financial consequences of delaying the project to redesign, we are asking for a waiver of the maximum bond allocation amount.

Sincerely,

Green Valley Corporation dba Swenson
a California corporation
its Administrative General Partner

By: 

Case Swenson, President

San Ysidro Pacific Associates, LP

430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Fax: 208.461.3267

August 15, 2024

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

RE: Trolley Stop Apartments
San Diego, California
Bond Allocation Greater Than \$75,000,000

The Project Sponsor is requesting an exception to the \$75,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The tax-exempt bond request of \$83,500,000 is necessary to ensure the development meets the 50% test, as the total development cost for the project is \$155,148,363. The project is being built in a high-cost area (San Diego County) and the project will include one level of podium parking. The overall site is small (approximately 1.99 acres) and does not make economic sense or work from a feasibility standpoint to develop in multiple phases. Constructing the project in one phase with 330 units provides economies of scale and the necessary feasibility to develop the much need affordable housing development for San Diego County.

**Soquel Ysidro Associates, LP,
a California limited partnership**

By: TPC Holdings IX, LLC, General Partner

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By:



Caleb Roope, President and CEO

Thursday, July 25, 2024

Ms. Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

RE: Sunnydale HOPE SF Blocks 7 and 9
Section 5232(b) CDLAC Waiver Request for Bond Allocation in Excess of \$75MM

Dear Ms. Wiant:

On behalf of Sunnydale HOPE SF Block 7 ("Block 7") and Sunnydale HOPE SF Block 9 ("Block 9"), we are writing to request a waiver of the \$75,000,000 maximum allocation in aggregate for Qualified Residential Rental Projects located within ¼ mile of each other involving the same Project Sponsor or a Related Party to the Project Sponsor for each project within the same calendar year as outlined in the CDLAC regulations 5232(b) in advance of our Round 2 4% funding applications for Block 7 and Block 9.

Mercy Housing California ("Mercy") and The Related Companies of California ("Related") have been working as development partners through a Joint Venture Agreement on two distinct developments, Block 7 located at 65 Santos Street, San Francisco, CA 94134, led by Mercy, and Block 9 located at 1652 Sunnydale Avenue, San Francisco, CA 94134, led by Related. Block 7 will be an 89-unit, 100% affordable housing development, and Block 9 will be a 95-unit, 100% affordable housing development. Both are within ¼ mile of each other (one block from each other), and we anticipate construction to start on both in June of 2025, prompting this waiver request, as the aggregate of bond request for both projects will total an estimated \$113,000,000, broken down by project as follows:

Project	Estimated Bond Allocation Request Amount
Sunnydale Block 7	\$55,000,000
Sunnydale Block 9	\$58,000,000
Total	\$113,000,000

Both projects are part of the Sunnydale HOPE SF initiative, a multi-decade large-scale public housing transformation intended to rebuild severely neglected public housing without mass displacement of its original residents, as approximately 75% of the units will be set aside for existing public housing residents of Sunnydale. In partnership with the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") and the San Francisco Housing Authority ("SFHA"), Mercy and Related have partnered to rebuild this public housing community, in addition to demolishing existing streets and building entirely new infrastructure to support the housing. Given the scale of this transformation, MOHCD, SFHA, Related, and Mercy would like to move forward as quickly as possible and submit CDLAC/TCAC applications for Block 7 and Block 9 in the next available tax credit funding round, which is Round 2 2024.

CDLAC regulations consider Blocks 7 and 9 as a phased single project as they are located within ¼ mile of each other, will start within the same calendar year, and involve Related Parties. It has never been our intention to have Block 7 and Block 9 as one larger project. The Block 7 development entity led by Mercy (Sunnydale Block 7 Housing Partners, L.P.) and the Block 9 development entity led by Related (Sunnydale Block 9 Housing Partners, L.P.) will enter into separate Ground Leases with SFHA. The two project sites were permitted separately. Additionally, each project filed separate requests for funding from MOHCD as well as distinct requests for allocations of PBVs from SFHA. If considered individually, each project would be under the \$75MM threshold.

The site plans and unit mix tables for Block 7 and Block 9 are included in the attachments below. Infrastructure costs will not be included in the respective projects as the infrastructure surrounding both projects is being built through a separate funding source prior to the start of construction.

We respectfully request that you grant Mercy and Related a waiver of the \$75MM Maximum Bond Allocation limit on the aggregate of Sunnydale Block 7 and Sunnydale Block 9, and request that Block 7 and Block 9 be considered two separate projects. We have attached the CTCAC waiver approval correspondence considering these as two distinct projects as well for your reference given this is a concurrent request.

Please feel free to reach out to Carlos Vasquez, Project Manager, at cavasquez@related.com or (415) 990-0654 should you have any questions or need any additional information.

Sincerely,



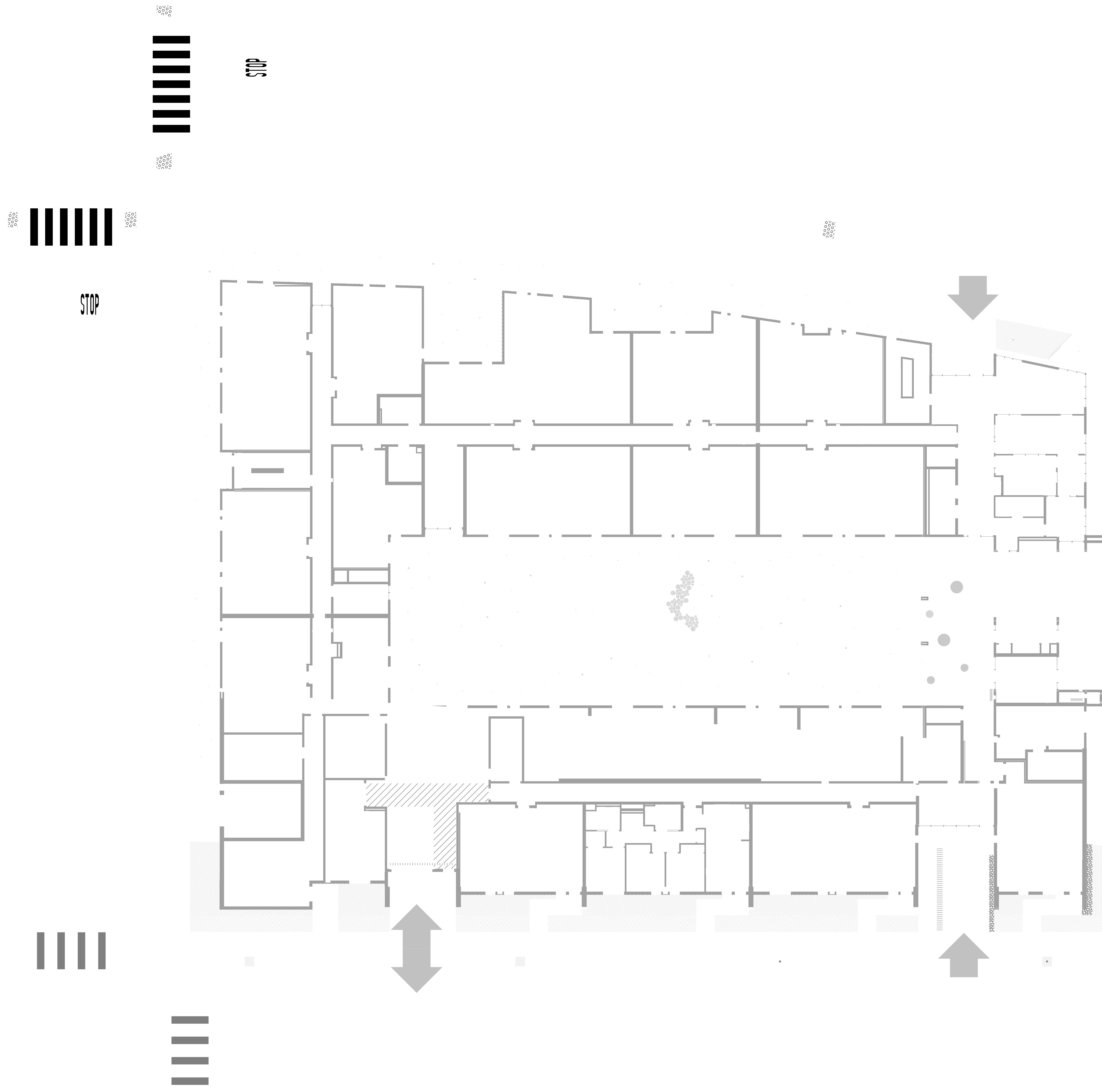
Ann Silverberg, CEO
NorCal Affordable & Pacific Northwest Division
Related California



Doug Shoemaker
President
Mercy Housing California

Attachments: (1) Sunnydale Blocks 7 and 9 Site Plans
(2) Sunnydale Blocks 7 and 9 Unit Mix Tables
(3) Sunnydale Blocks 7 and 9 CTAC Section 10327(c)(2)(C) Waiver Request Approval

Attachment 1: Sunnydale Blocks 7 and 9 Site Plans

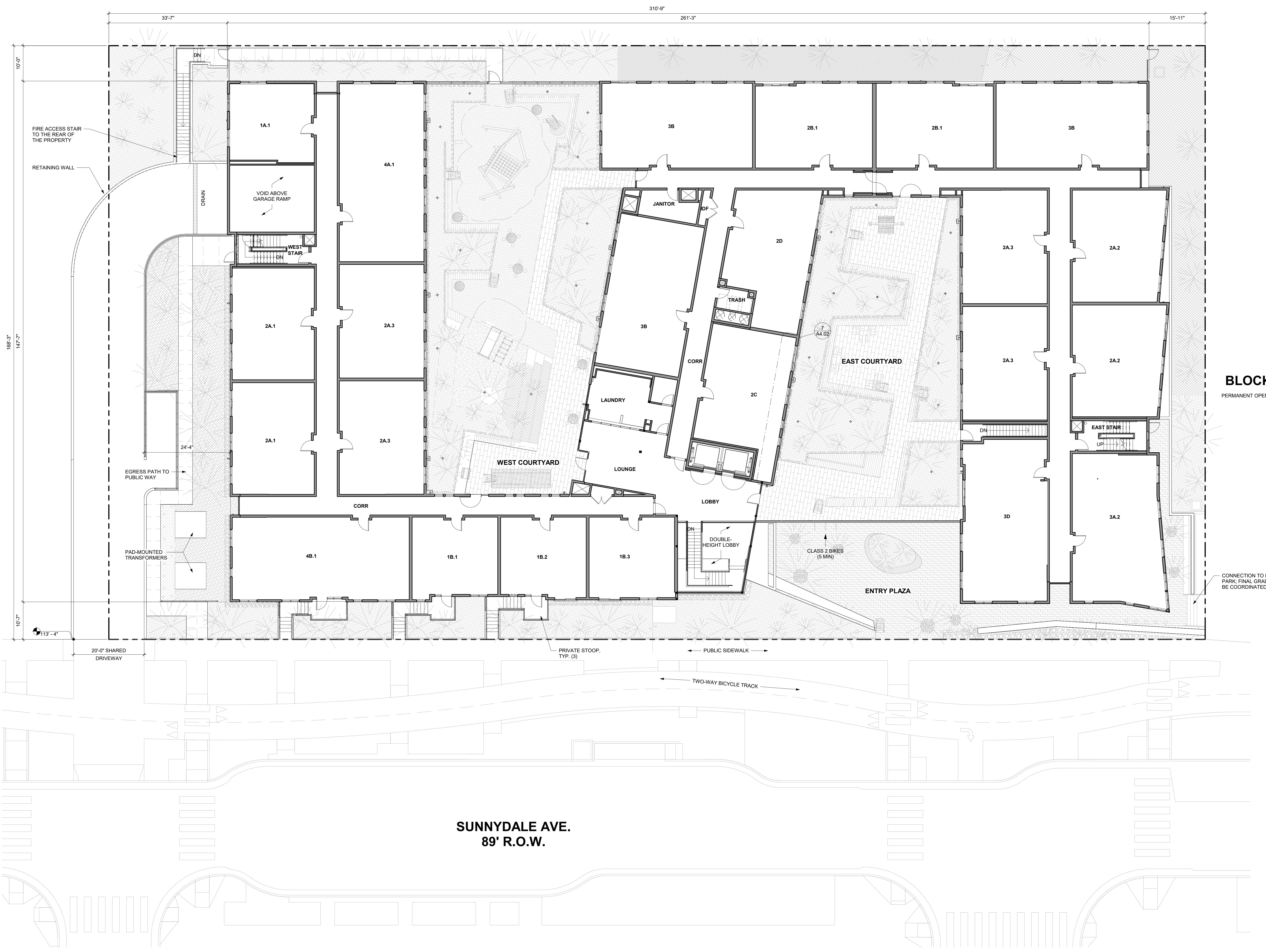


LEGEND

- PROPERTY LINE
- SETBACK LINE
- BUILDING ABOVE

GENERAL NOTES - SITE PLAN

BEFORE VERTICAL CONSTRUCTION BEGINS:
 1. ON-SITE FIRE HYDRANT LOCATIONS SHALL BE APPROVED BY THE FIRE DEPARTMENT AND IN SERVICE.
 2. ALL PROPERTY LINES, EASEMENTS AND BUILDINGS, EXISTING & PROPOSED, ARE SHOWN ON THIS SITE PLAN.



Attachment 2: Sunnydale Blocks 7 and 9 Unit Mix Tables

Sunnydale Block 7 Unit Mix Table:

Unit Type	Count
1 BR	13
2 BR	44
3 BR	23
4 BR	9
TOTAL	89

Sunnydale Block 9 Unit Mix Table:

Unit Type	Count
1 BR	10
2 BR	51
3 BR	23
4 BR	11
TOTAL	95

Attachment 3: Sunnydale Blocks 7 and 9 CTAC Section 10327(c)(2)(C) Waiver Request Approval

From: [Zeto, Anthony](#)
To: [Vasquez, Carlos](#)
Cc: [Wiant, Marina](#); [Hammett, Rick](#); [Doonan, Carmen](#); [Navarrette, DC](#); [Silverberg, Ann](#); [Elizabeth Kuwada](#) (Elizabeth.Kuwada@mercyhousing.org); [Emily Estes](#); [Nguyen, Thu](#)
Subject: RE: CTCAC Section 10327(c)(2)(C) Waiver Request - Sunnydale Block 7 and Block 9
Date: Thursday, July 18, 2024 10:23:09 AM
Attachments: [image001.png](#)

Dear Mr. Vasquez,

On behalf of the Executive Director Marina Wiant, CTCAC hereby grants your request for waiver of the developer fee rules in Section 10327(c)(2)(C) of the CTCAC regulations pertaining to projects located within 1/4 mile of each other, as you have sufficiently demonstrated that the projects at Sunnydale Block 7 and Block 9 projects in San Francisco are independent projects and not simultaneous phases.

Please include this email in the applications for these projects. Thank you.

Anthony Zeto
Deputy Director | CTCAC
Direct: (916) 654-9854 | Mobile: (916) 214-6581
Main: (916) 654-6340 | Email: azeto@treasurer.ca.gov

From: Vasquez, Carlos <CaVasquez@related.com>
Sent: Friday, July 12, 2024 3:33 PM
To: Wiant, Marina <Marina.Wiant@treasurer.ca.gov>
Cc: Navarrette, DC <DCNavarrette@treasurer.ca.gov>; Zeto, Anthony <Anthony.ZETO@treasurer.ca.gov>; Silverberg, Ann <ASilverberg@Related.com>; Elizabeth Kuwada (Elizabeth.Kuwada@mercyhousing.org) <Elizabeth.Kuwada@mercyhousing.org>; Emily Estes <Emily.Estes@mercyhousing.org>; Nguyen, Thu <TNguyen@Related.com>
Subject: CTCAC Section 10327(c)(2)(C) Waiver Request - Sunnydale Block 7 and Block 9

CAUTION: EXTERNAL MAIL Do not click on links or open attachments unless you trust the sender and know the content is safe.

Good Afternoon Ms. Wiant,

On behalf of The Related Companies of California and Mercy Housing California, please find attached our waiver request from the Developer Fee limitations on simultaneous phases as outlined in the CTCAC regulations 10327(c)(2)(C) in advance of our Round 2 4% funding applications for Sunnydale Block 7 and Block 9 due in August.

If you have any questions at all please feel free to reach out to me by e-mail or by phone at (415) 990-0654.

Best Regards,

Carlos Vasquez
Project Manager
NorCal Affordable
RELATED CALIFORNIA
44 Montgomery Street, Suite 1310
San Francisco, California 94104

Sunnydale Block 9**35-A. Bond Allocation Greater Than \$75 Million**

On Friday, July 26, 2024, the Sunnydale Blocks 7 and 9 project teams submitted a waiver request via e-mail to CDLAC Executive Director Wiant from the Bond Allocation in Excess of \$75MM in aggregate on projects within ¼ mile of each other, involving related parties, and starting in the same calendar year, as outlined in the CDLAC regulations Section 5232(b). Please see attached for the e-mail request to Executive Director Wiant and the formal Waiver Request Letter, which explains why Sunnydale Blocks 7 and 9 should be considered separate projects, each of which would be below the \$75 Million Bond Allocation threshold. The Waiver Request letter includes the cost breakdown by project, site plans, and unit tables.

ATTACHMENTS:

- E-mail to Executive Director Wiant re: Sunnydale Blocks 7 and 9 Waiver Request for Bond Allocation in Excess of \$75 Million
- Sunnydale Blocks 7 and 9 CDLAC Waiver Request Letter for Bond Allocation in Excess of \$75 Million

From: [Vasquez, Carlos](#)
To: [Wiant, Marina](#); [Zeto, Anthony](#); [DC.Navarrette@treasurer.ca.gov](#)
Cc: [Silverberg, Ann](#); [Thu Nguyen \(TNguyen@Related.com\)](#); [Elizabeth Kuwada \(Elizabeth.Kuwada@mercyhousing.org\)](#); [Emily Estes](#)
Subject: CDLAC Section 5232(b) Waiver Request for Bond Allocation in Excess of \$75MM - Sunnydale Block 7 and Block 9
Date: Friday, July 26, 2024 10:24:00 AM
Attachments: [image001.png](#)
[Sunnydale Blocks 7 and 9 CDLAC Waiver Request - 2024-07-25 EXECUTED.pdf](#)

Good Morning Ms. Wiant,

On behalf of The Related Companies of California and Mercy Housing California, please find attached our waiver request from the Bond Allocation in Excess of \$75MM in aggregate on projects within $\frac{1}{4}$ mile of each other, involving related parties, and starting in the same calendar year, as outlined in the CDLAC regulations Section 5232(b) in advance of our Round 2 4% funding applications for Sunnydale Block 7 and Block 9 due in August.

If you have any questions at all please feel free to reach out to me by e-mail or by phone at (415) 990-0654.

Best Regards,

Carlos Vasquez

Project Manager

NorCal Affordable

RELATED CALIFORNIA

44 Montgomery Street, Suite 1310

San Francisco, California 94104

Cell (415) 990-0654

cavasquez@related.com

 RELATED

Please consider the environment before printing this email

Thursday, July 25, 2024

Ms. Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

RE: Sunnydale HOPE SF Blocks 7 and 9
Section 5232(b) CDLAC Waiver Request for Bond Allocation in Excess of \$75MM

Dear Ms. Wiant:

On behalf of Sunnydale HOPE SF Block 7 ("Block 7") and Sunnydale HOPE SF Block 9 ("Block 9"), we are writing to request a waiver of the \$75,000,000 maximum allocation in aggregate for Qualified Residential Rental Projects located within ¼ mile of each other involving the same Project Sponsor or a Related Party to the Project Sponsor for each project within the same calendar year as outlined in the CDLAC regulations 5232(b) in advance of our Round 2 4% funding applications for Block 7 and Block 9.

Mercy Housing California ("Mercy") and The Related Companies of California ("Related") have been working as development partners through a Joint Venture Agreement on two distinct developments, Block 7 located at 65 Santos Street, San Francisco, CA 94134, led by Mercy, and Block 9 located at 1652 Sunnydale Avenue, San Francisco, CA 94134, led by Related. Block 7 will be an 89-unit, 100% affordable housing development, and Block 9 will be a 95-unit, 100% affordable housing development. Both are within ¼ mile of each other (one block from each other), and we anticipate construction to start on both in June of 2025, prompting this waiver request, as the aggregate of bond request for both projects will total an estimated \$113,000,000, broken down by project as follows:

Project	Estimated Bond Allocation Request Amount
Sunnydale Block 7	\$55,000,000
Sunnydale Block 9	\$58,000,000
Total	\$113,000,000

Both projects are part of the Sunnydale HOPE SF initiative, a multi-decade large-scale public housing transformation intended to rebuild severely neglected public housing without mass displacement of its original residents, as approximately 75% of the units will be set aside for existing public housing residents of Sunnydale. In partnership with the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") and the San Francisco Housing Authority ("SFHA"), Mercy and Related have partnered to rebuild this public housing community, in addition to demolishing existing streets and building entirely new infrastructure to support the housing. Given the scale of this transformation, MOHCD, SFHA, Related, and Mercy would like to move forward as quickly as possible and submit CDLAC/TCAC applications for Block 7 and Block 9 in the next available tax credit funding round, which is Round 2 2024.

CDLAC regulations consider Blocks 7 and 9 as a phased single project as they are located within ¼ mile of each other, will start within the same calendar year, and involve Related Parties. It has never been our intention to have Block 7 and Block 9 as one larger project. The Block 7 development entity led by Mercy (Sunnydale Block 7 Housing Partners, L.P.) and the Block 9 development entity led by Related (Sunnydale Block 9 Housing Partners, L.P.) will enter into separate Ground Leases with SFHA. The two project sites were permitted separately. Additionally, each project filed separate requests for funding from MOHCD as well as distinct requests for allocations of PBVs from SFHA. If considered individually, each project would be under the \$75MM threshold.

The site plans and unit mix tables for Block 7 and Block 9 are included in the attachments below. Infrastructure costs will not be included in the respective projects as the infrastructure surrounding both projects is being built through a separate funding source prior to the start of construction.

We respectfully request that you grant Mercy and Related a waiver of the \$75MM Maximum Bond Allocation limit on the aggregate of Sunnydale Block 7 and Sunnydale Block 9, and request that Block 7 and Block 9 be considered two separate projects. We have attached the CTCAC waiver approval correspondence considering these as two distinct projects as well for your reference given this is a concurrent request.

Please feel free to reach out to Carlos Vasquez, Project Manager, at cavasquez@related.com or (415) 990-0654 should you have any questions or need any additional information.

Sincerely,



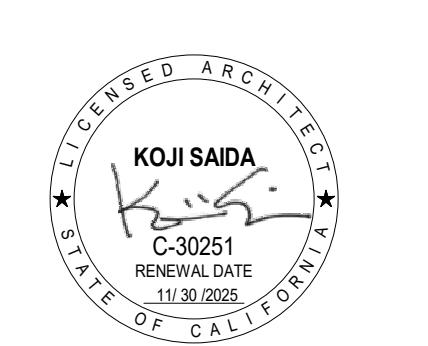
Ann Silverberg, CEO
NorCal Affordable & Pacific Northwest Division
Related California



Doug Shoemaker
President
Mercy Housing California

Attachments: (1) Sunnydale Blocks 7 and 9 Site Plans
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(3) Sunnydale Blocks 7 and 9 CTAC Section 10327(c)(2)(C) Waiver Request Approval

Attachment 1: Sunnydale Blocks 7 and 9 Site Plans

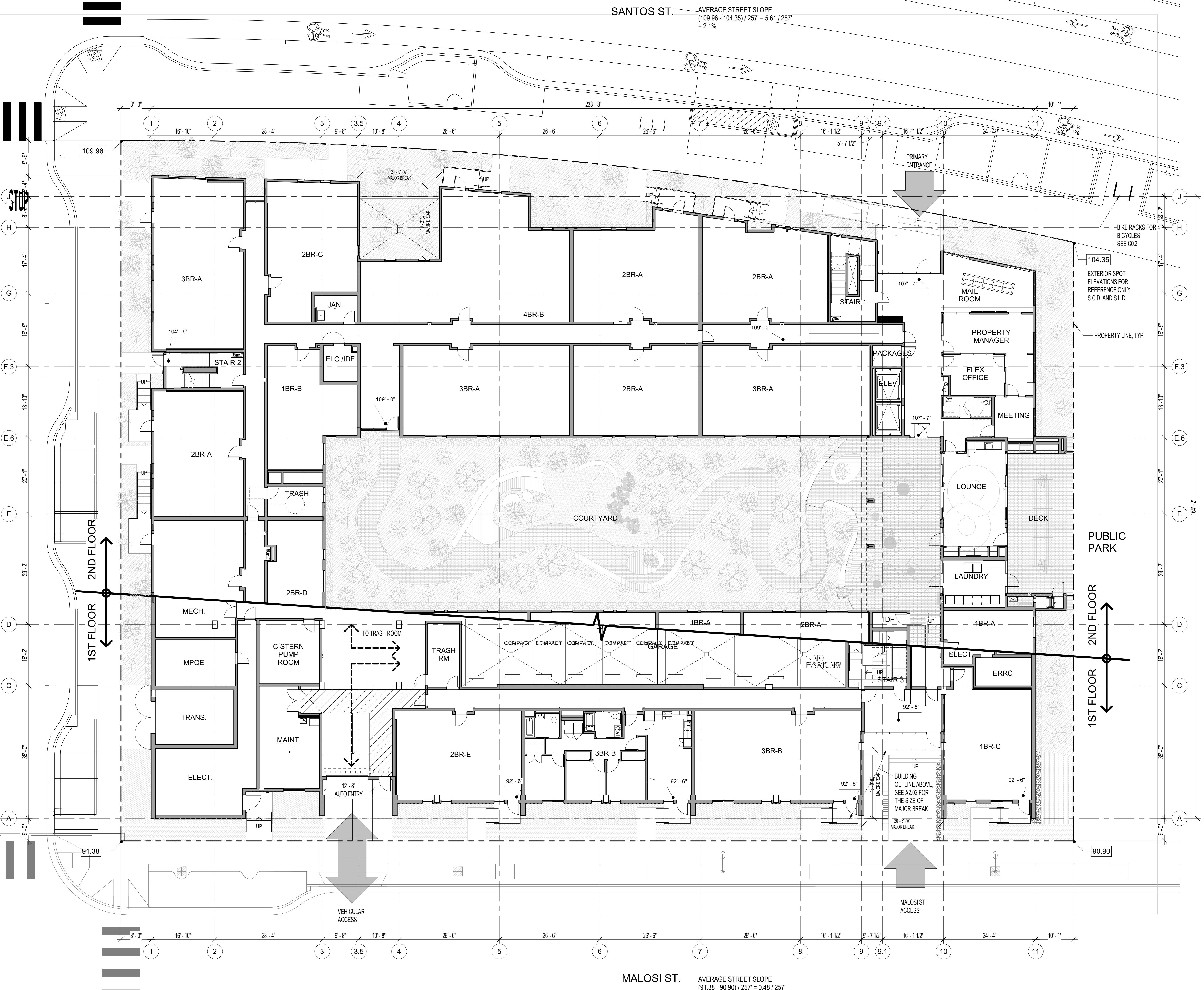


Consultants:

Project & Owner:

SUNNYDALE BLOCK 7

1501 SUNNYDALE AVENUE
SAN FRANCISCO, CA



Attachment 2: Sunnydale Blocks 7 and 9 Unit Mix Tables

Sunnydale Block 7 Unit Mix Table:

Unit Type	Count
1 BR	13
2 BR	44
3 BR	23
4 BR	9
TOTAL	89

Sunnydale Block 9 Unit Mix Table:

Unit Type	Count
1 BR	10
2 BR	51
3 BR	23
4 BR	11
TOTAL	95

Attachment 3: Sunnydale Blocks 7 and 9 CTAC Section 10327(c)(2)(C) Waiver Request Approval

From: [Zeto, Anthony](#)
To: [Vasquez, Carlos](#)
Cc: [Wiant, Marina](#); [Hammett, Rick](#); [Doonan, Carmen](#); [Navarrette, DC](#); [Silverberg, Ann](#); [Elizabeth Kuwada](#) (Elizabeth.Kuwada@mercyhousing.org); [Emily Estes](#); [Nguyen, Thu](#)
Subject: RE: CTCAC Section 10327(c)(2)(C) Waiver Request - Sunnydale Block 7 and Block 9
Date: Thursday, July 18, 2024 10:23:09 AM
Attachments: [image001.png](#)

Dear Mr. Vasquez,

On behalf of the Executive Director Marina Wiant, CTCAC hereby grants your request for waiver of the developer fee rules in Section 10327(c)(2)(C) of the CTCAC regulations pertaining to projects located within 1/4 mile of each other, as you have sufficiently demonstrated that the projects at Sunnydale Block 7 and Block 9 projects in San Francisco are independent projects and not simultaneous phases.

Please include this email in the applications for these projects. Thank you.

Anthony Zeto
Deputy Director | CTCAC
Direct: (916) 654-9854 | Mobile: (916) 214-6581
Main: (916) 654-6340 | Email: azeto@treasurer.ca.gov

From: Vasquez, Carlos <CaVasquez@related.com>
Sent: Friday, July 12, 2024 3:33 PM
To: Wiant, Marina <Marina.Wiant@treasurer.ca.gov>
Cc: Navarrette, DC <DCNavarrette@treasurer.ca.gov>; Zeto, Anthony <Anthony.ZETO@treasurer.ca.gov>; Silverberg, Ann <ASilverberg@Related.com>; Elizabeth Kuwada (Elizabeth.Kuwada@mercyhousing.org) <Elizabeth.Kuwada@mercyhousing.org>; Emily Estes <Emily.Estes@mercyhousing.org>; Nguyen, Thu <TNguyen@Related.com>
Subject: CTCAC Section 10327(c)(2)(C) Waiver Request - Sunnydale Block 7 and Block 9

CAUTION: EXTERNAL MAIL Do not click on links or open attachments unless you trust the sender and know the content is safe.

Good Afternoon Ms. Wiant,

On behalf of The Related Companies of California and Mercy Housing California, please find attached our waiver request from the Developer Fee limitations on simultaneous phases as outlined in the CTCAC regulations 10327(c)(2)(C) in advance of our Round 2 4% funding applications for Sunnydale Block 7 and Block 9 due in August.

If you have any questions at all please feel free to reach out to me by e-mail or by phone at (415) 990-0654.

Best Regards,

Carlos Vasquez
Project Manager
NorCal Affordable
RELATED CALIFORNIA
44 Montgomery Street, Suite 1310
San Francisco, California 94104

Bay Point Pacific Associates, LP

430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Fax: 208.461.3267

August 15, 2024

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

RE: Orbisonia Village
Bay Point, Contra Costa County, California
Bond Allocation Greater Than \$75,000,000

The Project Sponsor is requesting an exception to the \$75,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The tax-exempt bond request of \$77,500,000 is necessary to ensure the development meets the 50% test, as the total development cost for the project is \$142,997,109. The project is being built in a high-cost area (Bay Area Region) and state prevailing wages will be required to be paid during the construction of the project, further driving up the costs of the development. In addition, the project will include one level of podium parking. The project is already part of a multiphase project that will include up to 384 affordable housing units. Orbisonia Village represents the first phase of a likely three phased project.

**Bay Point Pacific Associates, LP,
a California limited partnership**

By: TPC Holdings IX, LLC, General Partner

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: _____
Caleb Roope, President and CEO

From: [Jarod Suzuki](#)
To: [Tony Crowder](#); [Claire Casazza](#)
Cc: [Anthony Stubbs](#); [Travis Cooper](#); [Ben Barker](#); [John Stoecker](#); [Conor O'Brien](#); [Justin Cooper \(jcooper@orrick.com\)](#); [lsommerhauser@orrick.com](#)
Subject: Oakland - CDLAC Approval of Waiver of Maximum Bond Allocation Amount
Date: Wednesday, May 15, 2024 5:12:34 PM

Pacific Companies team,

Your request to waive the maximum bond allocation amount for the Mandela Station Affordable project was approved today at the CDLAC meeting.

Best Regards,
Jarod

California Municipal Finance Authority

Jarod K. Suzuki
Financial Advisor
2111 Palomar Airport Rd, Suite 320
Carlsbad, CA 92011
Phone: (760) 940-8922
E-Mail: jsuzuki@cmfa-ca.com
Web: www.cmfa-ca.com

Mandela Station Affordable LP, a California Limited Partnership

**430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Fax: 208.461.3267**

August 23, 2024

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

**RE: Mandela Station Affordable
Oakland, Alameda County, California
Bond Allocation Greater Than \$75,000,000**

The Project Sponsor is requesting an exception to the \$75,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The bond request of \$116,900,000 is necessary to ensure the development meets the 50% test, as the total development costs for the project are approximately \$216,000,000. The project is being built in an extremely high cost area, the Bay Area (Alameda County) and includes a level of podium parking. The project also is also required to pay state prevailing wages and follow local hire guidelines, which drives up costs. The overall site is small and an infill site and it does not make economic sense or work from a feasibility standpoint to develop in multiple phases. Constructing the project in one phase provides economies of scale and the necessary feasibility to develop the much needed affordable housing development in Oakland.

Mandela Station Affordable LP, a California Limited Partnership

By: TPC Holdings IX, LLC, General Partner

**By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager**

**By: _____
Caleb Roope, President and CEO**

San Leandro Bay Fair Associates, a California Limited Partnership

**430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Fax: 208.461.3267**

August 15, 2024

**Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814**

**RE: Bay Fair Apartments
San Leandro, California
Bond Allocation Greater Than \$75,000,000**

The Project Sponsor is requesting an exception to the \$75,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The tax-exempt bond request of \$105,000,000 is necessary to ensure the development meets the 50% test, as the total development cost for the project is \$196,770,150. The project is being built in a high-cost area of the state (Bay Area Region). The impact and permitting fees in this community are high (over \$40,000/unit). The project site is small (approximately 3.61 acres) and does not make economic sense or work from a feasibility standpoint to develop in multiple phases. Constructing the project in one phase with 481 units provides economies of scale and the necessary feasibility to develop the affordable housing project. The Developer / Sponsor have worked diligently to reduce costs on this project including significantly reducing the land cost and deferring a significant portion of the developer fee.

San Leandro Bay Fair Associates, a California Limited Partnership

By: TPC Holdings IX, LLC, General Partner

**By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager**

**By: _____
Caleb Roope, President and CEO**

San Diego Pacific Associates, a California Limited Partnership

**430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Fax: 208.461.3267**

August 15, 2024

**Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814**

**RE: Alvarado Creek Apartments
San Diego, California
Bond Allocation Greater Than \$75,000,000**

The Project Sponsor is requesting an exception to the \$75,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The tax-exempt bond request of \$88,000,000 is necessary to ensure the development meets the 50% test, as the total development cost for the project is \$163,153,019. The project is being built in a relatively high-cost area (San Diego County) and state prevailing wages will be required to be paid during the construction of the project because of the Infill Infrastructure Grant (IIG) Program loan, further driving up the costs of the development. In addition, the project will include one level of podium parking with parking stackers and the development will require significant offsite improvements. The overall site is small (approximately 2.03 net acres) and does not make economic sense or work from a feasibility standpoint to develop in multiple phases. Constructing the project in one phase with 227 units provides economies of scale and the necessary feasibility to develop the much needed affordable housing development for San Diego County.

San Diego Pacific Associates, a California Limited Partnership

By: TPC Holdings IX, LLC, General Partner

**By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager**

**By: _____
Caleb Rooth, President and CEO**

Soquel Pacific Associates, LP

**430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Fax: 208.461.3267**

August 15, 2024

**Marina Wiant
Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814**

**RE: 41st & Soquel Apartments
Soquel, Santa Cruz County, California
Bond Allocation Greater Than \$75,000,000**

The Project Sponsor is requesting an exception to the \$75,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The tax-exempt bond request of \$120,000,000 is necessary to ensure the development meets the 50% test, as the total development cost for the project is \$224,500,975. The project is being built in a high-cost area (Bay Area Region) and state and federal prevailing wages will be required to be paid during the construction of the project because of the project having been awarded 92 units of Section 8 Project-Based Rental Assistance and project approvals via AB 2011, further driving up the costs of the development. In addition, the project will include one level of podium parking for each of the residential buildings. The overall site is small (approximately 2.71 acres) and does not make economic sense or work from a feasibility standpoint to develop in multiple phases. Constructing the project in one phase with 289 units provides economies of scale and the necessary feasibility to develop the much need affordable housing development for Santa Cruz County.

**Soquel Pacific Associates, LP,
a California limited partnership**

By: TPC Holdings IX, LLC, General Partner

**By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager**

**By: _____
Caleb Rooke, President and CEO**

August 26, 2024

Marina Wiant
 Executive Director
 901P Street Suite 213A
 Sacramento, CA 95814

Dear Ms. Wiant,

Subject: Request for Bond Allocation Greater than \$75,000,000 – Madrona Meadows - Corner of Silverwood Dr and La Madrona Dr, Scotts Valley, CA 95066

In accordance with CDLAC Regulations Section 5232, this letter is to request and explain the need for a bond allocation in excess of \$75,000,000 for Madrona Meadows. The Project is requesting a total allocation in the amount of \$94,942,168. On a per-unit basis Madrona Meadows is below the CDLAC limits. Please see additional points below for why our site can not be phased and is requesting excess allocation.

Site Plan:

- The Site plan (please see attachment 12-C) shows that the project encompasses a single, integrated design that does not allow for natural subdivisions. All buildings and amenities (clubhouse, leasing office, etc.) are to be centrally located, with shared infrastructure that is essential for the entire development.

Unit Mixes:

- The unit mix for the Project is designed to meet specific market demands and zoning requirements, which necessitate a variety of unit types and sizes across the entire site. Breaking the Project into phases would prevent meeting these requirements with different phases. If the project were to be phased, some phases would lack the necessary diversity in unit types to comply with zoning and market expectations

Unique Features of the Property which Inhibits Phasing:

- The property has unique and steep topographical challenges, including a significant slope and uneven terrain along the rear of the property, which will likely require retaining walls and site-wide grading. These challenges necessitate a comprehensive, single-phase approach to ensure stability and avoid costly rework or delays that could arise in phased development.

Infrastructure Costs:

- Infrastructure costs for the project (water, sewage, electrical, road access, etc.) are usually heavily front-loaded. These costs are incurred upfront to service the entire property. Developing in phases would not be economically viable as each phase would require separate infrastructure, which could add costs.
- Parking, foundation work, and shared amenities, require upfront investments that cannot be divided across multiple phases without added cost.

Ground Lease:

- The Project has received a commitment for a ground lease structure from Safehold Inc. Per the negotiations of the ground lease, the site can not be phased and must be build as one Project. As the Project is not financially feasible without the structure of the ground lease it is imperative that the site is built as one Project.

On behalf of CRP Affordable Housing and Community Development and Pacific Southwest Community Development Corporation we want to thank the committee for reviewing our request. We are very excited about this Project and know that it will have a significant impact on not just Scotts Valley, but the greater Santa Cruz County.

Please direct any questions to psalib@crpaffordable.com.

Sincerely,

DocuSigned by:



Paul Salib

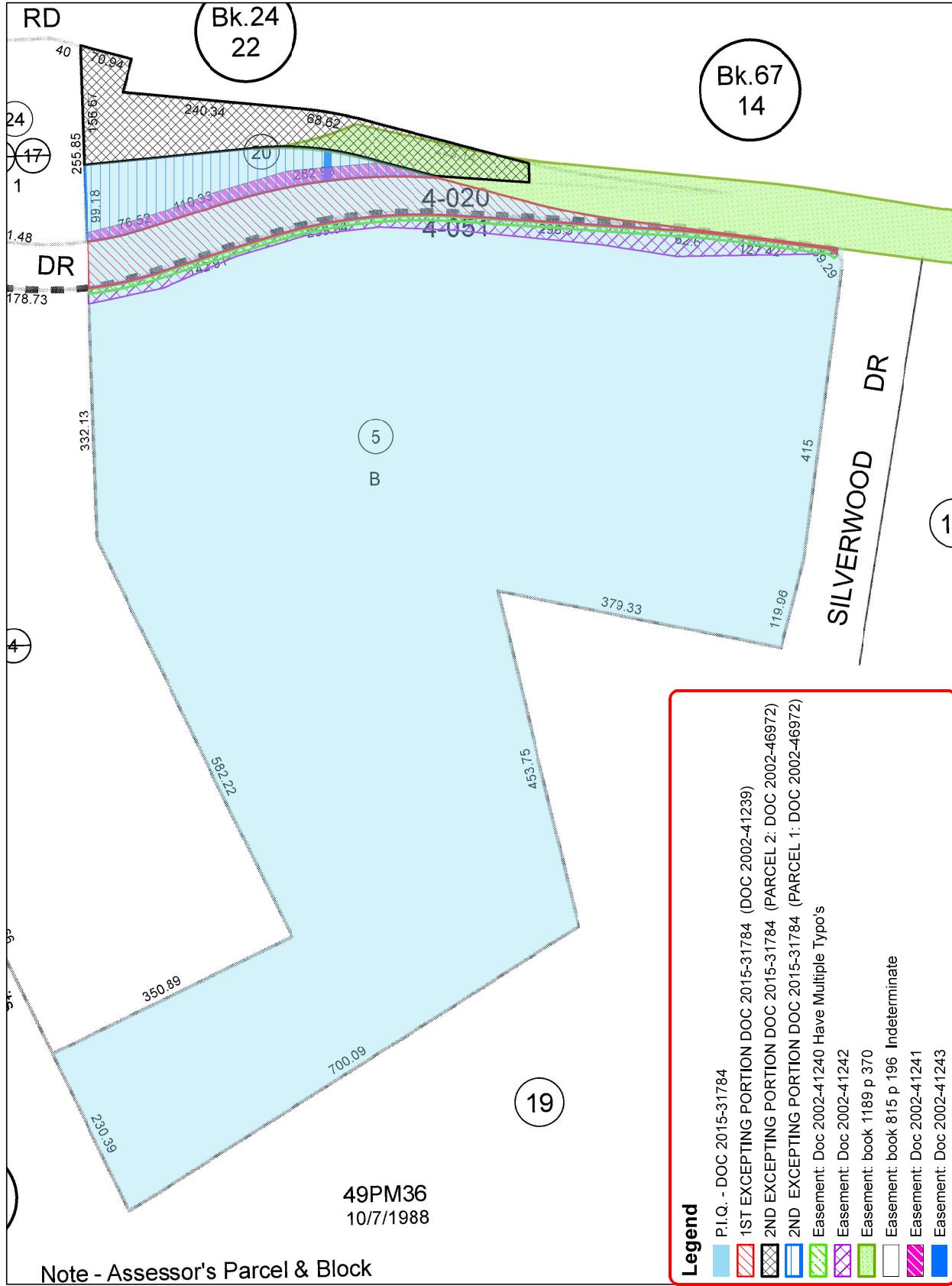
4B2ABD89EF604C6...

Paul Salib
Authorized Signatory
CRP La Madrona Apartments LP

Order #
150-2412474-06

PLOTTED EASEMENTS ARE PROVIDED AS AN ACCOMMODATION ONLY AND NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA. FOR FURTHER ASSURANCES AT YOUR OWN EXPENSE, YOU CAN OBTAIN THE SERVICES OF A LICENSED SURVEYOR OR REGISTERED CIVIL ENGINEER.

gu





August 23, 2024

Ms. Marina Wiant, Interim Executive Director
California Tax Credit Allocation Committee
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814

RE: Victory Blvd – Request to Increase Bonds over \$75,000,000

Dear Ms. Wiant

In accordance with Section 5232 of the California Debt Limit Allocation Committee (CDLAC) regulations, Linc Housing Corporation would like to formally request a waiver from the Competitive Application Process Maximum Allocation Amount set at \$75,000,000 for Victory Blvd (“Project”), a Qualified Residential Rental Project. The Project is requesting a total of \$78,697,978 in bonds.

The Project will consist of 194 units in two separate buildings for homeless households and families earning at or below 30% AMI up to 80% AMI. The west building contains 72 units in 5 stories, Type III construction while the east building contains 122 units in 4 stories, Type V above a podium garage. Project amenities include an outdoor courtyard with a tot lot, a community room, recreation rooms, laundry rooms, and service offices. Each building will be served by an elevator and will be all electric.

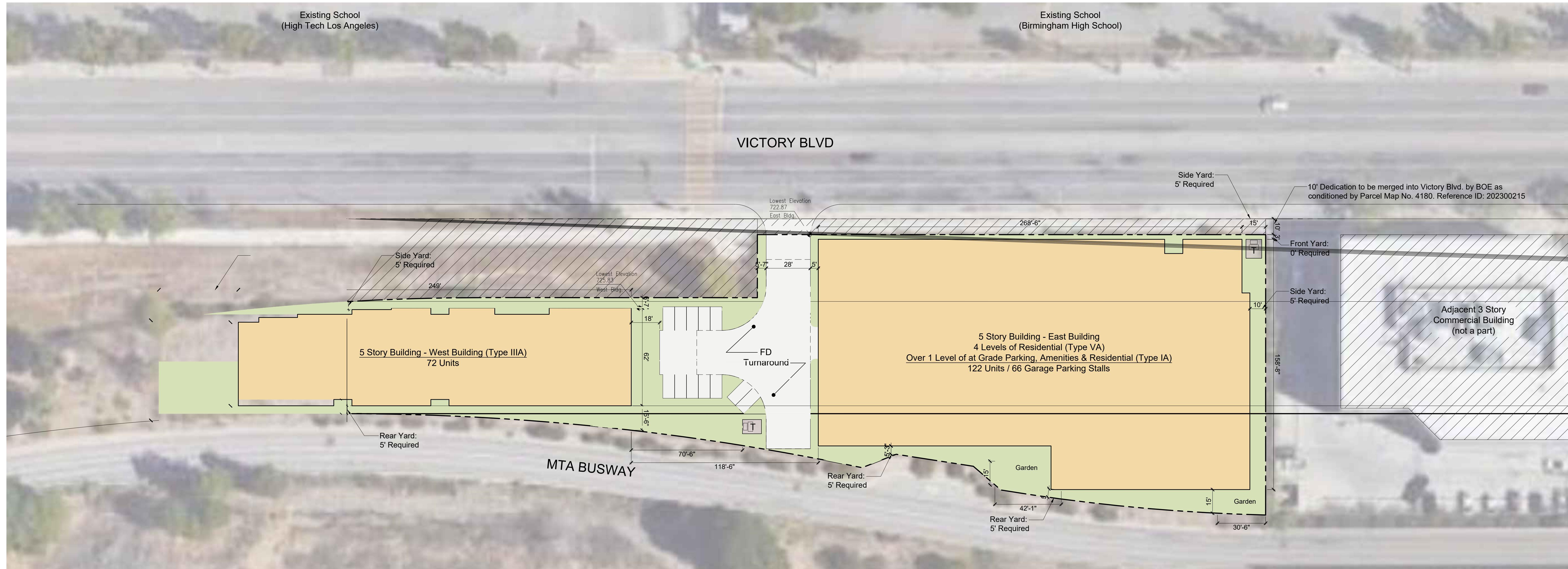
The Project was fully entitled as one project under the City of Los Angeles's Executive Directive 1 (ED-1) process which streamlined the approval process. Design conditions imposed by the City, such as open space requirements, are based on the project being considered as one. Phasing the project into multiple developments is therefore infeasible. Not only would it add significant cost, but it would also significantly delay the delivery of much-needed affordable housing to the City of Los Angeles.

Prevailing wage requirements and the type of construction contribute to the increased construction costs. Prevailing wages can increase the cost of labor by approximately 30%. There is also reduced interest on the part subcontractors since they don't want to contend with the negative impacts of dual wage tiers on their labor force. As a result, General Contractors are forced to pay an additional premium in order to retain subcontractors.

Sincerely,

A handwritten signature in blue ink that reads "Anders Plett".

Anders Plett
Sr. Vice President of Housing Development



Front - 0', Sides - 5', Rear - 5'
 (The project is applying RAS3 requirements per TOC guideline)

30' (base) + 33' (TOC - tier 4)

400sf / Unit (199 Units allowed)

Proposed Floor Area: 195,272 sf
 (West Building - 68,495sf / East Building - 126,777sf)
 Proposed FAR: 2.44 : 1

Open Space:
 Open Space Required: 24,250 sf
 Open Space Provided: **24,250 sf**

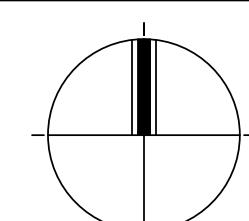
Landscape:
 Landscaping Required: 4,705 sf
 Landscaping Provided: **7,500 sf**

Parking:
 Parking Spaces Required: 0 Stalls / Unit
 Parking Spaces Provided: **78 Parking Stalls**
 Bicycle Spaces Provided: 122 Long-term / 12 Short-term Stalls

Citywide Design Guidelines:

- Guideline 1: Promote a safe, comfortable and accessible pedestrian experience for all.
- Guideline 2: Carefully incorporate vehicular access such that it does not degrade the pedestrian experience.
- Guideline 3: Design projects to actively engage with streets and public space and maintain human scale.
- Guideline 4: Organize and shape projects to recognize and respect surrounding context.
- Guideline 5: Express a clear and coherent architectural idea.
- Guideline 6: Provide amenities that support community building and provide an inviting, comfortable user experience.
- Guideline 7: Carefully arrange design elements and uses to protect site users.
- Guideline 8: Protect the site's natural resources and features.
- Guideline 9: Configure the site layout, building massing and orientation to lower energy demand and increase the comfort and well-being of users.
- Guideline 10: Enhance green features to increase opportunities to capture stormwater and promote habitat.

PLOT / SITE PLAN



A-1

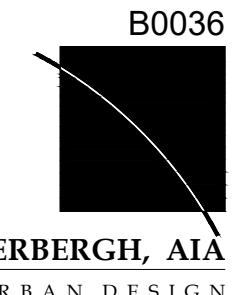
September 11, 2023

VICTORY BLVD, ENCINO

17100 VICTORY BLVD. ENCINO, CA 91316

1738 BERKELEY STREET
 SANTA MONICA, CA 90404
 TEL 310.394.0273 FAX 310.394.2424
 www.vbs.com

1738 BERKELEY STREET
 SANTA MONICA, CA 90404
 TEL 310.394.0273 FAX 310.394.2424
 www.vbs.com





August 27, 2024

Ms. Marina Wiant
Executive Director
California Debt Limit Allocation Committee
915 Capital Mall C-15
Sacramento, CA 95814

RE: 300 De Haro Waiver Request for Bond Allocation in Excess of \$75 Million

Dear Ms. Wiant,

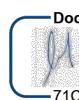
CDLAC Regulations Section 5232(b)(2) requires that projects requesting more than \$75 million in tax-exempt bonds must submit documentation that is specific and may include, but is not limited to, a site plan detailing the layout of the subject property, unit mix per stage of the phase, any unique features of the property which inhibits phasing, a description of infrastructure costs, and a cost breakdown by phases.

300 De Haro's bond request exceeds \$75 million and cannot be reduced through phasing due to the following reasons:

1. The net acreage of the site is approximately 0.60 acres. It is a very constrained parcel that would not be suitable for phasing. The 11-story building is an inner-city infill project type that maximizes density and would only accommodate a non-phased buildout of sitework and its foundation system.
2. The 425 units proposed maximizes density on the site and provides the highest amount of new affordable homes possible to the City and County of San Francisco and the Potrero Hill-Mission neighborhood where housing supply is very constrained. Even with the high unit count the tax-exempt bond request per unit is an extremely efficient \$269,469 per unit. De Haro MRK LLC has made every effort to reduce reliance on bond subsidy while still meeting the 50% test through cost effectiveness.

Ultimately, phasing the project horizontally would not be feasible. Phasing the project vertically would create logistical problems and result in residents in the first phase lower stories living below an active construction site as the upper stories commenced construction. A bond request less than \$75 million would significantly reduce the number of new homes delivered and would incapacitate the project's ability to maximize density at a site that must leverage it for economic feasibility.

Sincerely,

— DocuSigned by:
 71CFA6D9118645D...

TAB 35
BOND ALLOCATION GREATER THAN \$75 MILLION

Bella Vista A by Vintage and Bella Vista B by Vintage are two phases of the acquisition, rehabilitation and conversion to affordable of an existing 1,008 unit market rate project. Each phase consists of 504 units and is requesting a bond allocation of \$120,547,128. Effort by both buyer and seller have been made to make the project feasible and efficient but the sheer size of the project necessitates requests in excess of \$75 million. In order to make the project feasible, efficient while modernizing the development and making its occupancy affordable to current qualifying tenants and the public at large the seller and buyer have agreed to a purchase price of \$140 million for each phase which is nearly 20% below the appraised value of \$169.2 million and the seller has agreed to carryback notes on each phase in the amount of \$25 million making the actual paid purchase price 32% below the appraised value. Additionally, the bond allocation is equal to \$318,907 per unit restricted to 60%AMI or less which is substantially less than the maximum allowed pursuant to CDLAC Regulation 5233(a).

Although the bond allocation request exceeds \$75 million it is warranted in this case due to its efficient use and the substantial addition it will make to the available pool of affordable housing.

TAB 35
BOND ALLOCATION GREATER THAN \$75 MILLION

Bella Vista A by Vintage and Bella Vista B by Vintage are two phases of the acquisition, rehabilitation and conversion to affordable of an existing 1,008 unit market rate project. Each phase consists of 504 units and is requesting a bond allocation of \$120,547,128. Effort by both buyer and seller have been made to make the project feasible and efficient but the sheer size of the project necessitates requests in excess of \$75 million. In order to make the project feasible, efficient while modernizing the development and making its occupancy affordable to current qualifying tenants and the public at large the seller and buyer have agreed to a purchase price of \$140 million for each phase which is nearly 20% below the appraised value of \$169.2 million and the seller has agreed to carryback notes on each phase in the amount of \$25 million making the actual paid purchase price 32% below the appraised value. Additionally, the bond allocation is equal to \$318,907 per unit restricted to 60%AMI or less which is substantially less than the maximum allowed pursuant to CDLAC Regulation 5233(a).

Although the bond allocation request exceeds \$75 million it is warranted in this case due to its efficient use and the substantial addition it will make to the available pool of affordable housing.

TAB 35
BOND ALLOCATION GREATER THAN \$75 MILLION

Chadwick constitutes the acquisition, rehabilitation and conversion to affordable of an existing 683 unit market rate project. Effort by both buyer and seller have been made to make the project feasible and efficient but the sheer size of the project necessitates requests in excess of \$75 million. In order to make the project feasible, efficient while modernizing the development and making its occupancy affordable to current qualifying tenants and the public at large the seller and buyer have agreed to a purchase price of \$200 million which is below the appraised value of \$211.4 million and the seller has agreed to carryback a note in the amount of \$59 million making the actual paid purchase price 33% below the appraised value. Additionally, the bond allocation is equal to \$330,669 per unit restricted to 60%AMI or less which is substantially less than the maximum allowed pursuant to CDLAC Regulation 5233(a).

Although the bond allocation request exceeds \$75 million it is warranted in this case due to its efficient use and the substantial addition it will make to the available pool of affordable housing.



California Debt Limit Allocation Committee

AGENDA ITEM 6

Supplemental Bond Allocation

Request for Qualified Residential

Rental Projects, Above the

Executive Director's Authority

(Cal. Code Regs., tit. 4, § 5240)

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 2, 2024

Supplemental Bond Allocation Request for Qualified Residential Rental Projects,
Above the Executive Director's Authority
(Cal. Code Regs., tit. 4, § 5240)
(Agenda Item No. 6)

ACTION:

Approve supplemental bond allocation requests for Qualified Residential Rental Projects (QRRPs), above the Executive Director's authority.

BACKGROUND:

CDLAC Regulation 5240(a)¹ permits QRRPs to submit requests for Supplemental Allocations during any Allocation Round throughout the year. Consistent with CDLAC Regulation 5240(b), CDLAC delegated authority to the CDLAC Interim Executive Director to award Supplemental Allocation to projects where the total delegated supplemental requests are no more than 10% of the project's Committee approved allocation and no more than 52% of the aggregate depreciable basis plus land basis.² Where requests for Supplemental Allocation exceed the Interim Executive Director's authority, CDLAC Regulation 5240(a) requires staff to review each request and make a recommendation to the Committee for any possible award of additional Allocation.

Supplemental Allocation awards are memorialized in a CDLAC resolution and all requirements imposed on the associated initial project Allocation, including, but not limited to, the expiration of the Allocation, bond issuance deadlines, extensions, transfers of Allocation, carry-forward elections, and reporting are equally applicable to Supplemental Allocations.

For projects awarded Supplemental Allocation where the original allocation was awarded in Round 2 of 2022 or later, no increase in the developer fee is permitted in association with the increase in costs related to the project, and the Project Sponsor is subject to reduction in its tiebreaker calculation determined by the Committee for a period of one round following the award of Supplemental Allocation. (CDLAC Regulation 5240(c).)³

DISCUSSION:

The applicants below submitted letters to support their requests for Supplemental Allocation above the Executive Director's authority. CDLAC staff reviewed supplemental applications for completeness and accurate information.

¹ All references herein to "CDLAC Regulation" are references to the CDLAC rules contained in title 4 of the California Code of Regulations.

² CDLAC Resolution No. 22-005 (July 20, 2022).

³ Capitalized terms not otherwise defined above are defined in CDLAC Regulations [5000](#) and [5170](#).

APPLICATION NUMBER	NAME	APPLICANT	SUPPLEMENTAL REQUEST	PREVIOUS APPROVED ALLOCATION	TOTAL ALLOCATION	SUP %	BASIS
CA-24-592	Sugar Pine Village Phase I	California Municipal Finance Authority	\$3,717,415 (\$1,300,000 current request + \$2,417,415 request previously approved at the Director level)	\$24,174,153 (\$20,757,762 original allocation + \$3,416,391 Committee approved Supplemental)	\$27,891,568	15.38%	51.80%
CA-24-594	Brine Residential	City of Los Angeles	\$4,500,000 (\$2,500,000 current request + \$2,000,000 request previously approved at the Director level)	\$26,072,770	\$30,572,770	17.26%	50.59%

RECOMMENDATION:

Staff recommends approval of the QRRP Supplemental Allocations requested above the Executive Director's authority.

Explanation of Prior Allocation

The Sugar Pine Village Phase 1A project (CA-21-747) in South Lake Tahoe received an allocation of bonds totaling \$20,757,762 on December 8, 2021. Due to significant cost increases since time of application, the team applied for and received a supplemental bond allocation of \$3,416,391 on June 15, 2022 (Resolution #22-170), and \$2,417,415 on August 5, 2022 (Resolution #22-175). Bonds were issued on August 29, 2022 in the amount of \$26,591,568.

Since the project closed on construction financing in August 2022, interest rates have risen much beyond what was originally estimated. As the project heads toward completion and has drawn \$26,227,782 of the tax-exempt bond loan, we have found that the increase in construction loan interest until the end of the project is increasing the denominator to the point that we will not be able to pass the 50% test with our current bond allocation. Due to historic increases in interest rates, the project will require a supplemental allocation of bonds in order to meet the 50% test.



September 20, 2024

VIA ELECTRONIC MAIL [Marina.Wiant@treasurer.ca.gov]; ORIGINAL WILL NOT BE SENT

Ms. Marina Wiant
Interim Executive Director
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, California 95814

Re: Brine Residential

Dear Ms. Wiant:

On behalf of Brine Residential, L.P. (the “**Limited Partnership**”), this letter is being sent to respectfully request approval by the California Debt Limit Allocation Committee of a supplemental bond allocation in the amount of \$2,500,000. The Limited Partnership is completing construction of Brine Residential, a 97-unit permanent supportive and affordable housing development in the Lincoln Heights community of the City of Los Angeles (the “**Project**”). The Project will serve both special needs populations and low-income families. It is supported by two loans from the City of Los Angeles (Proposition HHH & Fast Track), a loan from the County of Los Angeles (No Place Like Home), equity from the syndication of 4% low-income housing tax credits with Red Stone Equity Partners, and a loan from Citi Community Capital.

The Project is part of a larger campus development. The residential building sits on top of retail space and a larger medical office development and parking structure is also contemplated for the future.

The project is targeted to complete construction by early to mid-October and the pre-leasing process is underway. In 2022, the Limited Partnership closed on a \$2,000,000 supplemental bond to account for cost increases and delays associated with the Project. Since that time, there have been additional costs and delays as described below; therefore, the Limited Partnership is requesting a second supplemental allocation of \$2,500,000 to ensure the Project can be completed and be able to comply with 50.0% test issues.

Construction Costs to Complete The Project

Key infrastructure costs covered by the Project, including utility costs (power, sewer, water, etc.), are very high. This is reflected in the hard cost contract, utility costs to Los Angeles Department of Water and Power, as well as certain soft costs.

Decro Corporation

(424) 603 4586 decro.org

3431 Wesley Street, Suite F, Culver City, CA 90232

Construction Period Interest

The Project has taken on over \$2,000,000 in incremental, basis-eligible construction period interest since rates dramatically increased from the original closing in September 2021.

Soft Costs Relating to Delay

Longer construction has led to increased soft costs, including construction management, permit processing, deputy inspector, design and engineering, and other related costs.

Key Actions Taken to Address Project Cost Overruns

The Limited Partnership has taken the following actions to respond to Project cost overruns:

- Closed first supplemental bond closing to increase construction loan by \$2,000,000
- Closed Incremental soft loan from the City of Los Angeles
- Secured LA County Department of Health Services Referral Voucher Contract for unsubsidized 23 special needs units

We are respectfully requesting an incremental Private Activity Bond in the amount of \$2,500,000 which exceeds the 10% "over the counter" limit. This allocation is critical for the Limited Partnership to complete and stabilize the Project.

Thank you in advance for the favorable response by CDLAC of the Limited Partnership's request.

Sincerely,


Ted M. Handel
Chief Executive Officer

cc: Nicole Willick
 Gabriela Vega
 Fathia Macauley
 Greg Comanor

Attachment 35-B
Explanation Narrative of Supplemental Request
Brine Residential

Construction of Brine Residential commenced during the COVID-19 pandemic which resulted in significant delays. Brine Residential is the anchor project within a larger master development that includes medical office, transitional housing, and other community amenities. Unfortunately, those other projects have yet to secure long-term financing, and therefore Brine Residential has taken on a large amount of campus-wide infrastructure costs. In addition, power has been delayed, as well as a variety of other supply-chain issues. Finally, construction costs and interest rates increased during the period Brine Residential has been under construction resulting in increases in hard costs and construction loan interest carry.

The project secured an initial supplemental allocation in 2022 for \$2,000,000, but another allocation, this time above the 10% threshold, is required. This supplemental allocation of \$2,500,000 of bond allocation is being requested is necessary to meet the 50% test and maintain the tax-exempt status of the bonds and eligibility for low income housing tax credits.

Since this second allocation brings the total supplemental request above the 10% that can be approved by staff, we are requesting the committee to approve this supplemental allocation so that the project can complete and stabilize.

Thank you.



AGENDA ITEM 7

**Request to Extend the Bond Allocation
Issuance Deadline for Qualified
Residential Rental Project and Request
to Waive Forfeiture of the Performance
Deposit (Cal. Code Regs., tit. 4, §§ 5052,
5101, 5132)**

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 2, 2024

**Request to Extend the Bond Allocation Issuance Deadline for
Qualified Residential Rental Projects and Request to Waive Forfeiture of the Performance Deposit
(Cal. Code Regs., tit. 4, §§ 5052, 5101, 5132)**
(Agenda Item No. 7)

Action:

Approve bond issuance deadline extension requests and waiver of the forfeiture of the performance deposit on listed projects.

BACKGROUND:

Standard for Requesting a Bond Allocation Issuance Extension

CDLAC Regulation 5100¹ states there are certain expiration dates for issuing Qualified Residential Rental Project (QRRP) Bonds depending on the circumstances at the time of Allocation, subject to extensions permitted in CDLAC Regulation 5101. CDLAC Regulation 5101 permits the Executive Director to grant extensions of up to 90 days for all allocations but requires Committee approval for any additional extensions. The regulation requires extension requests to demonstrate that the circumstances necessitating the extension were entirely outside the owner's control.

Standard for Requesting Waiver of Performance Deposit Forfeiture

CDLAC Regulation 5050 requires QRRP applicants to submit evidence of a performance deposit within 20 calendar days after an Allocation award. The performance deposit is equal to .5% of the Allocation requested, not to exceed \$100,000.

CDLAC Regulation 5052 states an extension of the expiration date for QRRP Bonds granted under CDLAC Regulation 5101 or 5132 will result in forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited. Applicants bear the risk of forfeiting all or part of their performance deposit if the allocation is not used in accordance with the conditions and/or timeframes set forth in the CDLAC resolution. An applicant may request a waiver of performance deposit forfeiture under CDLAC Regulation 5052(e), which states the Committee shall grant a forfeiture extension upon a showing that the request aligns with an extended allocation and waiver upon showing the circumstances prompting the forfeiture were unforeseen and entirely beyond the control of the Project's sponsor and development team. Granting such a waiver will not preclude performance deposit forfeiture for subsequent extensions of the expiration date.

DISCUSSION

The applicant for the project below is requesting a bond issuance deadline extension and waiver of the forfeiture of the performance deposit. The allocation for the project was awarded on December 6, 2023.

¹ All references herein to "CDLAC Regulation" are references to the CDLAC rules contained in title 4 of the California Code of Regulations.

The Committee approved a 90-day extension for this project at the May 15, 2024 CDLAC meeting and a second 90-day extension at the August 6, 2024 CDLAC meeting.²

Project No.	Project Name	Project Type	No. of Units	Allocation	Location	Current Issuance Deadline	Extension Requested
CA-23-646	Citrus Grove Apartments	Acquisition & Rehabilitation, Large Family	152	\$32,895,715	Rialto	12/16/24	90 days

The applicant has submitted a formal extension request and the bond issuer and/or the project sponsor will speak on behalf of the project.

RECOMMENDATION:

Staff recommends approval of this extension request.

² The May 15, 2024 and August 6, 2024 CDLAC meeting materials can be found [here](#), including the agendas, minutes, and formal request letters.



September 19, 2024

VIA EMAIL

Marina Wiant
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

Re: Request for Extension (Citrus Grove Apartments)
CDLAC Resolution 23-284 (Application 23-646)

Dear Ms. Wiant:

Please accept this letter as our request for the Committee to grant a 90-day extension to the above referenced Project's readiness deadline, currently set for December 16, 2024. The sponsor was recently notified that the Project's Equity Investor's tax counsel requested a portion of the assumed soft debt be forgiven as a condition to be completed prior to the Equity Investor's admittance to the partnership. They were advised the condition was prompted due to the Equity Investor tax counsel concern with preparing a closing legal opinion with respect to the assumed debt sizing and the appraised value of the property.

In efforts to meet this condition, the sponsor team met with several key people in the City of Rialto, including the City Mayor, to discuss a path forward to meeting the Equity Investor's condition. The Mayor and City staff agreed to do what is necessary to complete the necessary rehabilitation of the Project and preserve affordable housing within the community. The City of Rialto debt forgiveness process includes a formal request to the City Council, and a formal request to the County prior to processing and approval by the California Department of Finance. The City of Rialto will not hold any meetings during the month of October due to the 2024 Presidential Election. The earliest our Project can be added to the City Council agenda is November 12, 2024. We anticipate the County meeting will follow in December 2024. Due to the timing of the next City Council meeting, along with the timing of the next County meeting, we are concerned that we are unable to meet the Project's readiness deadline of December 16, 2024.

Given the unforeseen request from the Investor and the timeline of City of Rialto's process, we are seeking an extension rather than facing the prospect of reapplying in the subsequent year. We respectfully request the Committee to consider granting a 90-day extension to the Project's CDLAC readiness deadline. In addition, we respectfully request a waiver of forfeiture of the performance deposit and assignment of negative points, as the circumstances are outside of our control. Thank you very much for your consideration of this request. Please let me know if you require any additional information.

Sincerely,

Jon Penkower
Managing Director



California Debt Limit Allocation Committee

AGENDA ITEM 8

Public Comment



California Debt Limit Allocation Committee

AGENDA ITEM 9

Adjournment