



# NEWS...

## From the Desk of California State Treasurer Fiona Ma, CPA



### APRIL - MAY 2019

Welcome to the third issue of my newsletter! In this issue, we will be covering affordable housing.

There has perhaps never been a period in state history in which more people and resources have been aligned to address the affordable housing crisis. As State Treasurer, my housing and economic development goals are broadly to increase housing production, contain costs, spur new technologies, create more opportunities for people of color and women to participate in developments, and to support efforts that empower individuals in distressed communities to become integral to their community's revitalization.

By advancing the right combination of programs and incentives, I believe we can build wealth in our communities that will help all Californians realize the American Dream, regardless of the zip code someone lives in.

On page 2, in "Truly a California for All," Deputy Treasurer Jovan Agee explores what this means and the importance of bringing a new, creative approach to the task of supporting the state's new vision. Jovan's role is itself indicative of this new thinking. I have realigned his responsibilities to embrace strategic development for both housing and economic development because they go hand in hand.

*This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.*

### TABLE OF CONTENTS

<a href="#">Welcome from Treasurer Fiona Ma</a>	1-2
<a href="#">Truly a California for All</a>	2-3
<a href="#">The ABCs of the BCAs</a>	4-5
<a href="#">Heart of the Treasury</a>	5
<a href="#">Ask Fiona</a>	6
<a href="#">The Vault</a>	7
<a href="#">Upcoming BCA Events</a>	7
<a href="#">Top Billing</a>	8-9
<a href="#">The Ma Squad</a>	10

Continuing with the affordable housing theme, on page 4 you can read in the "The ABCs of the BCA's" column about three major programs I oversee that are already providing financing and incentives for the construction of affordable housing statewide.

After reading about the California Debt Limit Allocation Committee (CDLAC), the California Tax Credit Allocation Committee (CTCAC), and the California Pollution Control Financing Authority (CPCFA), I encourage you to turn to page 6 and "Ask Fiona." I'll point you to the place on our website where you can search cities and zip codes to learn where the state in recent years has spurred construction of affordable housing.

We must not lose sight of our purpose. By focusing on efforts to create wealth in our state there is a path to building our way out of this affordability crisis.

Please keep an eye on future issues of this newsletter for updates on these efforts...and more.

In Public Service,



Fiona



## Truly a California for All

Where there's a will, there's a way

By Deputy Treasurer Jovan Agee

California has an affordability problem, especially when it comes to housing in this state. The future of our residents' health, safety and wealth depends on access to housing that is affordable.

Governor Gavin Newsom, as part of his January budget unveiling, announced his goal to build 3.5 million homes by 2025. State Treasurer Fiona Ma is his strongest ally in helping to reach that number. Achieving our goal means getting investors, developers and local and state agencies to construct at a pace of 500,000 housing units per year.

As the state agency that oversees the California Debt Limit Allocation Committee (CDLAC), the California Tax Credit Allocation Committee (CTCAC), and the California Pollution Control Financing Authority (CPCFA), the State Treasurer's Office plays a critical role in how much affordable housing gets produced in California each year.

CDLAC allocates private activity bond authority for purposes including, but not limited to, multifamily and single family housing development. TCAC allocates federal

and state tax credits to effectively create and maintain safe, quality, and affordable rental housing for low-income households in California by partnering with developers, investors, and public entities. CPCFA provides low-cost innovative financing for California businesses that make the state more economically prosperous and environmentally clean by, for instance, participating in infill and mixed-use developments on former brownfields.

Treasurer Ma set the tone for her office on Day One. She wants the Treasurer's Office to be proactive, solution-oriented and to create partnerships with the private sector. She believes that we can't continue to do business as usual if we are genuinely seeking different outcomes. She also believes that we must apply the same political 'will do' attitude to getting affordable housing developed as we do to other more high-profile development projects.

In order to better align our state's housing goals, the Treasurer is revamping and streamlining existing programs and organizational structures, which means revising regulations to promote production, spur new innovations, and improve cost containment efforts involving affordable housing.

As an example, the Treasurer realigned her office by appointing me her point person for housing and economic development (which also includes Opportunity Zones).

Everywhere you go in California it seems people are concerned about the affordable housing crisis and count on Governor Newsom's bold vision to pull us through. Californians support the Governor's ideas. According to a recent Public Policy Institute of California statewide survey, seven in ten respondents support the Governor's proposed solutions and a record-breaking two-thirds agree that housing affordability is a big problem in their regions.

Also getting a lot of attention around the state is a new economic development tool known as an Opportunity Zone. Opportunity Zones were established by Congress with its Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. They provide a tax incentive for investors to re-invest profits in tax-advantaged dedicated Opportunity funds. Opportunity funds use the private capital to make investments in businesses and real estate in Opportunity Zones identified by the state.

My range of responsibilities are in part a response to the recognition that housing affordability and community economic development is a regional, as well as a statewide, challenge. By combining housing, opportunity zones, and

economic development, the Treasurer is trying to reduce the roadblocks that can occur when our brightest problem solvers are working separately and in isolation as they struggle to achieve the same outcome.

Under this new structure we hope to strengthen our role as a "matchmaker" in the state, helping various forms of capital find projects and vice versa. Treasurer Ma also is trying to create a program that can provide more housing for community college students and for K-14 teachers. In addition, she is looking at possibly combining and streamlining the activities of several programs under the Treasurer's Office.

With the first quarter of 2019 behind us, the Treasurer and I feel that we met one of our goals by traveling around the state and listening to a wide array of concerns Californians have related to affordable housing.

We plan to spend the next quarter continuing our trek around the state, while at the same time giving more attention to the operational changes that can better position the state to meet the housing challenges still unfolding before us.

Stay tuned...

## We Can Help

*Are you a private capital investor or have a qualified opportunity fund? Are you a developer looking to attract public or private capital? Are you a developer who needs technical assistance to get your project completed? Are you an elected official looking to develop investment interest in your community?*

California State Treasurer Fiona Ma and Deputy Treasurer Jovan Agee want to hear from you.

The State Treasurer's Office may be able to match you with the right individuals needed to help bring your project to fruition.

**Contact Deputy Treasurer Agee: 916.653.2995**



# ABCs of the BCAs

Financing and Investing for California Families, Businesses and Infrastructure ... Through 26 Boards, Commissions and Authorities (BCAs) Treasurer Ma is a Member of, or Chairs.

## FEATURED BCAS

### Meet three BCAs that play big roles in California affordable housing

#### **The California Tax Credit Allocation Committee (CTCAC), California Debt Limit Allocation Committee (CDLAC), and California Pollution Control Financing Authority (CPCFA)**

**The California Tax Credit Allocation Committee (CTCAC)** assists persons seeking housing, developers building housing, and the owners and managers of existing tax credit projects that benefit low-income housing residents.

CTCAC is based in Sacramento within the State Treasurer's Office. It administers the federal and state Low-Income Housing Tax Credit Programs. The tax credit programs were created by the Legislature to stimulate private investment in affordable rental housing for low-income Californians.

Credits are available to developers who assure the creation of a certain number of affordable housing units in new construction projects, or at existing properties undergoing rehabilitation.

How it works: The committee allocates tax credits to developers who sell them to investors and this provides a project with equity, spurring the construction of affordable housing.

Developers can apply for 9-percent federal tax credits twice per calendar year, and for 4-percent federal tax credits throughout the year. There are also state tax credits available. Applications for noncompetitive, 4-percent tax credits are reviewed within 60 days. A staff recommendation follows each review and is made

to a committee that is chaired by Treasurer Fiona Ma. The committee votes whether to approve the project. Similarly, 9-percent credits are reviewed within 90 days through a competitive process and successful applications are recommended by staff to the committee for approval.

In 2018, TCAC awarded \$109.9 million in competitive 9-percent federal Low Income Housing Tax Credits to 70 proposed housing projects and – this is the important part – induced \$1.1 billion in private equity investment into the projects, which developed 4,143 affordable housing units.

There were another 135 projects financed with tax-exempt bond proceeds and reserved 4-percent tax credits in 2018. Bond authority used to finance the projects was issued by another program that benefits affordable housing and is overseen by Treasurer Ma, **The California Debt Limit Allocation Committee (CDLAC)**.

CDLAC was created to set California's annual debt ceiling and administratively allocate the state's tax-exempt bond authority to issue debt. CDLAC's programs are used primarily to finance affordable housing developments for low-income Californians.

How it works: CDLAC operates by allocating private activity bonds for Multifamily Qualified Residential Rental Projects (QRRP) and bond allocation for Single Family Mortgage Credit Certificates (MCC) and Mortgage Revenue Bonds (MRB). In 2018 133 QRRP projects and 8 Single Family projects were awarded allocation totaling \$4.3 billion. It is estimated the 141 projects will produce approximately 15,352 multifamily units and 1,322 single-

family units when construction on the projects ends.

**The California Pollution Control Financing Authority (CPCFA)** operates the California Recycle Underutilized Sites (CALReUSE) Assessment and Remediation Programs, which assist with the creation of housing in California. CPCFA's assessment and remediation programs are critical steps in unlocking the potential of vacant and underutilized brownfield properties for housing and local economic development initiatives.

How it works: The program has turned railyards, auto repair facilities and contaminated properties into community assets by providing forgivable loans and grants to transform brownfields and add affordable housing.

CALReUSE has created 7,540 new housing units, of which 80 percent are affordable. The projects are located in 12 counties and strewn across the state from Humboldt in the north, through Santa Clara in the central region, to San Diego in the south.

Fifty-one percent of CALReUSE funded projects are located in disadvantaged communities and 75 percent are located in low-income communities. There are an estimated 90,000 brownfield sites statewide and more than half are located in low-income communities.

For more information on the **California Debt Limit Allocation Committee (CDLAC)** go to: <https://www.treasurer.ca.gov/cdlac/index.asp>

For more information on the **California Tax Credit Allocation Committee (CTCAC)** go to: <https://www.treasurer.ca.gov/ctcac/index.asp>

For more information on the **California Pollution Control Financing Authority (CPCFA) CALReUSE Program** go to: <https://www.treasurer.ca.gov/cpcfa/calreuse.asp>

*Note: Each month we will be sharing information on one of our BCAs and explain how the programs behind the acronym are enhancing the lives of Californians all across the state -- and how you, your family, or your business can share in, and contribute to, California's prosperity.*

## FEATURED EMPLOYEE OF THE MONTH



# Heart of the Treasury

Meet the people in the State Treasurer's Office whose public service inspires us and is making a difference.

Meet Ashley Peters, our April employee of the month! A contract analyst in the Business Services Unit of the State Treasurer's Office (STO), Ashley began working for us in October 2012 as an office assistant in the administration division.

She currently assists the Treasurer and more than one dozen boards, commissions and authorities (BCAs) in navigating the state's contracting processes. Colleagues know her for her patience, humility, creativity, and an infectious smile.

The CalSavers team – currently busily rolling out a powerful new retirement savings program for millions of private-sector workers – praises her for providing expert guidance that proved vital to the implementation of the new program.

The retirement savings program faced challenging and unique contracting needs with aggressive deadlines,

recalls one CalSavers team member.

"When we originally wanted to go out for a translation services contract, we were developing a full, traditional RFP (Request for Proposals)," he said. "After talking it over with Ashley, she recommended the small business route, which was a new process for staff here. Her input and guidance made it easy to learn the process -- and we ended up with great bids to choose from."

Ashley is a tremendous resource and serves an integral role within the contracting unit where she keeps all of the office's BCA contracts up-to-date. Her unit handles about 25 solicitations and 125 contracts each year.

Congrats Ashley!



# Ask Fiona

Dear Fiona,

Can the Treasurer's Office please provide me with a list of affordable housing in the city of Los Angeles?

Sincerely,

Courtney

Dear Courtney,

Affordable housing data is available on my website. The California Tax Credit Allocation Committee (CTCAC) has created a map and spreadsheet identifying all of the existing multifamily housing projects that were developed using Low Income Housing Tax Credits in California.

The spreadsheet can be searched (or filtered) by city, zip code, or county.

To access the map and spreadsheet, please visit <https://www.treasurer.ca.gov/ctcac/projects.asp>.

You may also search for Section 8 housing on the U.S. Department of Housing and Urban Development's (HUD) website at <https://apps.hud.gov/apps/section8/index.cfm>, or the Los Angeles Housing Authority's website at: <http://www.hacla.org/>

Sincerely,

Fiona



## Have a Question for the Treasurer?

### Readers:

Send your questions for California State Treasurer Fiona Ma via email to: [AskFiona@treasurer.ca.gov](mailto:AskFiona@treasurer.ca.gov)

### Address letters to:

California State Treasurer Fiona Ma  
Post Office Box 942809, Sacramento, CA 94209-0001



# The Vault

Calendar of recent and upcoming public finance activities and bond sales

## April 11

### State of California General Obligation (GO) Bonds (\$2.02 billion)

The State Treasurer on April 11 announced the sale of \$2.02 billion of State of California general obligation (GO) bonds, which included \$1.63 billion of bonds used to refinance more than \$1.88 billion of bonds issued in April 2009 when the State was experiencing budget challenges and interest rates were higher. Refinancing of the old debt will save taxpayers more than \$403 million in debt service costs over the next 10 years, or more than \$362 million on a present value basis. These savings along with the savings from the State's March GO bond sale will save taxpayers more than \$1.42 billion over the next 19 years.

For information on up-coming California bond sales go to: <https://www.buycaliforniabonds.com>

# Calendar of Upcoming BCA Events

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office

## May

- |           |   |   |
|-----------|---|---|
| <b>21</b> | <b>The California Alternative Energy and Advanced Transportation Financing Authority, (CAEATFA) Board Meeting</b>           | <b>CAEATFA</b>  |
|           | 10:30 AM   801 Capitol Mall, Room 150, Sacramento, CA   | <a href="https://www.treasurer.ca.gov/caeatfa/">https://www.treasurer.ca.gov/caeatfa/</a> |
|           | Public participation via phone: (877) 810-9415 / Code: 6535126  |   |
|           | <a href="https://www.treasurer.ca.gov/caeatfa/meeting/index.asp">https://www.treasurer.ca.gov/caeatfa/meeting/index.asp</a> |   |

For a full roster of meetings, public presentations, deadlines for grants, and more, for all boards, commissions and authorities (BCAs) please go to the Treasurer's website: <https://www.treasurer.ca.gov/>



# Top Billing

A monthly update on key legislation for Treasurer Ma

## 529 ScholarShare Tax Deduction on State Income Taxes

*Assembly Bill 211, Ian Calderon (D-Whittier)*

<https://a57.asmdc.org/>

Provides a state income tax deduction for those who contribute to a California ScholarShare 529 account, not to exceed \$5,000 for single taxpayers, or \$10,000 for joint filers.

## Transfer 529 Funds to CalABLE Account without Penalty

*Assembly Bill 736, Jacqui Irwin (D-Thousand Oaks)*

<https://a44.asmdc.org/>

Allows individuals with disabilities to transfer their funds from a qualified tuition plan, also known as a 529 account or a ScholarShare Savings Plan, to a CalABLE account without a tax penalty.

## Name Translation on Ballot Materials

*Assembly Bill 57, Evan Low (D-Silicon Valley)*

<https://a28.asmdc.org/>

Standardizes the way names are translated into character-based languages on the California ballot.

## Extension of the Sales Tax Exclusion Program

*Senate Bill 162, Cathleen Galgiani (D-Stockton)*

<https://sd05.senate.ca.gov/>

Extends authorization of the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to January 1, 2030 for the purpose of providing financial assistance in the form of a sales and use tax exclusion for qualifying projects. Projects include those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption.

## Temporary Tax Reductions on Cannabis Cultivation and Excise Taxes

*Assembly Bill 286, Rob Bonta (D-Oakland)*

<https://a18.asmdc.org/>

Temporarily reduces the state's cannabis excise tax from 15 percent to 11 percent and suspends the cultivation tax altogether to help the fledgling industry establish itself and undercut black market sales.





# Top Billing

A monthly update on key legislation for Treasurer Ma

## California Disaster Relief Insurance

*Senate Bill 290, Bill Dodd (D-Napa)*

<https://sd03.senate.ca.gov/>

Would authorize the Governor, Insurance Commissioner, and Treasurer to design, negotiate, and if deemed beneficial to state financial interests, to purchase a reinsurance policy to address the fiscal implications for the state in dealing with natural disaster events.

## Eliminate Sunset Date for Low-Income Housing Tax Credits

*Senate Bill 9, Jim Beall (D-San Jose)*

<https://sd15.senate.ca.gov/>

Extends a restructuring provision that enables more housing for low-income families through the California Tax Credit Allocation Committee (CTCAC).

## Financial Institutions for Cannabis

*Senate Bill 51, Robert M. Hertzberg (D-Van Nuys)*

<https://sd18.senate.ca.gov/>

Creates a limited-purpose state charter for privately funded banks to service licensed cannabis businesses with the goal of providing alternative banking opportunities for the cash-only cannabis industry.

## Tax Deductions on Ordinary Business Expenses for Cannabis Businesses

*Assembly Bill 37, Reginald Byron Jones-Sawyer Sr. (D-Los Angeles)*

<https://a59.asmdc.org/>

Allows cannabis businesses to receive the same state income tax deductions as regular businesses on ordinary business expenses for each taxable year beginning on and after January 1, 2019.

*Governor signed into law April 25, 2019.*

## Online Retailers Sales Tax: Expansion to Marketplace Facilitators

*Assembly Bill 147, Autumn Burke (D-Marina del Rey)*

<https://a62.asmdc.org/>

Extends retailers sales tax to online marketplace facilitators and requires them to collect and remit taxes on behalf of third-party sellers.

## Expand the Low-Income Housing Tax Credit

*Assembly Bill 10, David Chiu (D-San Francisco)*

<https://a17.asmdc.org/>

Increases California's Low Income Housing Tax Credit (LIHTC) by \$500 million beginning in 2020 and would allocate to farmworker housing projects \$25,000,000 per year of that amount.



# The Ma Squad

Travels in April in photos



Treasurer Ma meeting with representatives of WISR – a networking and professional development organization for women in the solid waste and recycling industry.



At the inaugural small business seminar in San Gabriel Valley. **Treasurer Ma will host her next financial literacy seminars in San Mateo on April 30 and May 17 in San Francisco.**



Treasurer Ma with Lieutenant Governor Eleni Kounalakis, State Controller Betty Yee, and journalists Ashley Zavala from KRON and Carla Marinucci of Politico, at a panel discussion on women empowerment presented by the Sacramento Press Club.



Testifying at the Senate Government and Finance Committee in support of Senate President Pro Tempore Toni Atkins' bill (SB 451) to establish a tax credit for the preservation and rehabilitation of historic buildings in California.



Chief of Staff Genevieve Jopanda with the visiting Piedmont Council Boy Scouts of America.