



California Debt Limit Allocation Committee

901 P Street, Room 102
Sacramento, CA 95814

January 15, 2025

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 1:04 p.m. with the following Committee members present:

Voting Members:

Fiona Ma, CPA, State Treasurer, Chairperson
Malia M. Cohen, State Controller
Michele Perrault for Gavin Newsom, Governor

Advisory Members:

Gustavo Velasquez, Department of Housing and Community Development (HCD) Director
Stephanie McFadden for VACANT, California Housing Finance Agency (CalHFA) Executive Director

2. *Agenda Item: Approval of the Minutes of the December 11, 2024, Meeting*

Chairperson Ma called for public comments:
None.

MOTION: Ms. Perrault motioned to approve the minutes of the December 11, 2024, meeting, and Ms. Cohen 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, acknowledged the ongoing fires in the Los Angeles area. The staff has been doing a couple of things to diligently keep an eye on the ongoing situation. First, projects that were previously awarded tax credits or tax-exempt bonds and may experience delays in meeting construction finance closing deadlines or placed-in-service deadlines are eligible for extensions due to the state of emergency, pursuant to CTCAC and CDLAC regulations. Those projects are encouraged to reach out to the staff if they are in need of relief. Second, the staff compiled a list of 54 projects that are in the fire areas based on zip codes. So far, it does not appear that any projects have been lost, but 13 projects are under mandatory evacuation orders and five have sustained some damage. The staff is continuing to monitor and work with property management and owners to provide support as needed.



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Ms. Wiant said that since 2000, CDLAC has awarded 206 projects in the Los Angeles area, totaling nearly 18,000 units, that have not yet been placed-in-service. The staff's top priority is to ensure that those units get placed-in-service to provide the necessary relief for people seeking housing. If the Committee would like, staff can also agendaize for the March 4, 2025, meeting a discussion on other activities that the Committee could seek to do to provide additional relief to projects in the Los Angeles area. Hopefully, the federal disaster credits will be available and become part of this conversation. Those credits were critical for the recovery from the Northern California fires in 2017 and 2018. CTCAC was given an additional \$180 million in annual 9% tax credits in 2020 and 2021, which were quickly deployed to help develop over 5,300 units in disaster areas in those years.

Chairperson Ma said some of the people in the room were around for the previous big fires, and Congressman Mike Thompson allocated the first tranche of 9% disaster tax credits to help rebuild after his region was severely damaged. In 2021, Congressman Jimmy Panetta set aside the second tranche for fire-related areas. For anybody who has a good relationship with their Congressperson or U.S. Senator, now is the time to ask them to look at what was done in the past to use that as a model and precedent for helping to rebuild. As Ms. Wiant said, that funding was helpful for jumpstarting the recovery. At the time, the regulations had to be written on the fly, during the COVID-19 pandemic. Chairperson Ma thanked the staff, stakeholders, and everyone who was here at that time and provided guidance that helped the Committee maximize the 9% federal disaster tax credits.

Ms. Wiant said that during the 2024 program year, CDLAC allocated just over \$5 billion in private activity bonds to Qualified Residential Rental Projects (QRRP), creating a total of 15,484 units. Additionally, CDLAC allocated \$300 million to provide financing for five waste management facilities and \$80 million to the CalVet Home Loans Program. Combined with the 9% tax credit program, CDLAC and CTCAC provided allocations for 18,794 units.

Ms. Wiant said that CDLAC issued the BIPOC prequalification policy form at the end of the year. The prequalification deadline has since passed for Round 1, and staff received several applications. Ms. Wiant is happy to see that start to take effect and hopes it will work well. Applications for Round 1 are due January 28, 2025, and staff is proposing no enhanced state tax credits to be available for that round. The final decision will be made by the Committee later today. There were some questions about whether Acquisition/Rehabilitation projects could receive state tax credits that were not enhanced credits. That will be allowed. Staff has made updates to the E-Application to make clear that the enhanced state tax credits are not available.

Mr. Velasquez said he knows these meetings are well attended by developers and local jurisdictions, so he wants to double down on what Ms. Wiant said about accommodations for projects that have been assisted by state resources. Mr. Velasquez has called for a lot of extensions on funding, reports, and applications done through HCD. That release was posted yesterday on [HCD's website](#). There are a number of things that people should be paying attention to, including an executive order by the Governor on rebuilding in affected areas that waives some of the existing requirements from the California Environmental Quality Act (CEQA) and the Coastal Commission. Within 30 days, HCD must work with other entities to provide to the Governor more recommendations on measures to ease the



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quick rebuilding in the affected areas. There is also an exchange of information happening among the staff at CDLAC, CTCAC, and HCD, on the assessment of data. So far, generally speaking, it seems like the impact is minimal on projects that have been funded, are under construction, or have been built with state subsidies. Mr. Velasquez thanked Ms. Wiant for working with HCD on that exchange of information. HCD is assessing the effects and thinking a lot about the future in terms of financing and additional support that the State of California and the Governor's office can provide. Mr. Velasquez wants to ensure people are paying attention to the executive orders and notices from different entities, including HCD, on extensions and other things that can ameliorate the effects on developers and local jurisdictions.

Chairperson Ma said she is actively posting and reposting notices.

Chairperson Ma called for public comments:

None.

4. **Agenda Item: Resolution No. 25-001, Adoption of the 2025 State Ceiling on Qualified Tax-Exempt Private Activity Bonds (Gov. Code § 8869.84 & Cal. Code Regs., tit. 4, § 5010)**

Presented by: Ricki Hammett

Ms. Hammett explained that CDLAC is required to determine and announce the state ceiling as soon as possible after the start of the year. The state ceiling is the amount of qualified private activity bonds that can be issued in California for each calendar year. This is determined by the IRS 2025 per capita figure of \$130, which is \$5 higher than in 2024, multiplied by the U.S. Census Bureau's population estimate of approximately 39.4 million. The 2025 state ceiling is \$5,126,064,190.

Chairperson Ma called for public comments:

None.

MOTION: Ms. Cohen motioned to adopt Resolution No. 25-001, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

5. **Agenda Item: Resolution No. 25-002, Adoption of the State Ceiling Pools and Application Process (Cal. Code Regs., tit. 4, §§ 5010, 5020)**

Presented by: Marina Wiant

Ms. Wiant said that in accordance with CDLAC regulations, at the beginning of each calendar year, and before any applications are considered, CDLAC will determine the amount the amount of state ceiling available for each of the state ceiling pools, including the QRRP pool, the Industrial Development Bond (IDB) pool, the Single-Family Home (SFH) pool, and the Other Exempt Facilities (EXF) pool. There are pools and set asides within the QRRP pool. Additionally, CDLAC must announce either an open or competitive application, and staff is recommending a competitive application since the demand survey indicates over \$18 billion in demand, and there is about \$5 billion available. There is a more detailed



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document, Exhibit A, in the meeting materials, which includes the pool and set aside recommendations from the staff.

Ms. Wiant said that similar to last year, staff recommends allocating 93% of the total state ceiling to QRRP and 7% to non-QRRP pools. That includes \$10 million for the IBD pool, which is the same as last year, and \$330 million for the EXF pool, to be split between solid waste facilities and non-solid waste facilities. Additionally, in order to better accommodate the high demand for Preservation projects, which doubled in the demand survey this year, staff is recommending that 1% more of the geographic apportionment than last year be moved up to the pools and set asides to allow 13% of the non-geographic pools to go to Preservation. Those are the major differences between last year and this year.

Chairperson Ma asked if EXF projects would have the first opportunity to utilize any remaining non-housing allocation that was not used by high-speed rail or industrial development projects, and if the Committee could decide what to do with the allocation if EXF projects did not use it.

Ms. Wiant responded affirmatively. Staff is recommending that if there are funds remaining in the Solid-Waste and Non-Solid Waste pools within the EXF pool after Round 1, those funds will roll over to the next round. Any Non-Solid Waste allocation remaining after Round 2 will be available for Solid Waste projects in Round 3. Prior to the final awards at the end of the year, like last year, the Committee can roll whatever allocation is remaining into QRRP if there is demand there.

Chairperson Ma asked how the funds would be allocated after they were rolled into QRRP.

Ms. Wiant said the funds would follow the existing sort.

Chairperson Ma said she wanted to clarify that since sometimes there is extra allocation.

Ms. Wiant said the staff is always mindful of the carryforward and making sure it goes where there is the most demand so that it can be used.

Chairperson Ma called for public comments:

Caleb Roope said he is representing California Housing Consortium (CHC)'s CTCAC/CDLAC working group. The working group did not get a chance to discuss this, but some members of the group asked about the possibility of bringing forward some of the allocation for the City of Los Angeles and the Balance of Los Angeles County. That is something CHC would support generally, in response to the wildfires. Maybe it could jumpstart recovery if the allocation for Los Angeles could be brought forward and used sooner. Even if a project is awarded in April or May, it will take six months to get ready, and it will take a long time for that allocation to go into play.

Chairperson Ma said she just had a conference call with insurance industry professionals, and she has also been talking to firefighters. If these projects were to burn down, many would require soil remediation and a soil report to assess if the property was clean to build on. That could take a couple of months.



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Mr. Roope said that is true, and he does not know if any of the resources this Committee allocates would be applicable to the rebuilding effort per se. However, 15,000 or more units have been lost, and that will create a ripple effect in the marketplace. Homeowners who lost their homes will be looking for apartments, which will take away units from the general population. The idea is to help start the recovery as opposed to rebuilding specifically.

Veronica Pardo from the Resource Recovery Coalition of California (RRCC) said her organization represents haulers, recyclers, and composters throughout California. She thanked the Committee for the \$330 million allocation, which was raised up by \$30 million from last year. Ms. Pardo is aware of two of RRCC's members that are in the queue for Round 1. They are small businesses requesting \$30 million. She is also aware of forthcoming applications that would total \$125 million and would likely exhaust the Solid Waste portion of the EXF pool quickly. California has robust state requirements for diversion, and particularly organics diversion. A number of new facilities are needed to reach those important goals, and ultimately, it is the rate payers who are impacted as facilities are expanded and created to divert organics. Ms. Pardo appreciates the allocation for this year.

Greg Comanor from Daylight Community Development said he is a native Angeleno and an affordable housing developer. He is devastated by the recent events and echoed Mr. Roope's comments. It is hard to comprehend that 15,000 units have been lost between the Eaton and Palisades fires, which could leave over 50,000 people displaced. The resources are limited at CDLAC, but Mr. Comanor hopes there is an opportunity and a conversation about creating flexibility. He is concerned about projects in Los Angeles having to wait for the surplus pool in Round 3, and perhaps there is an opportunity to bring some bonds forward to Round 2. Round 1 may be too soon, since the federal response has not been figured out yet, but he hopes there will be flexibility for bringing resources to Los Angeles to try to combat the loss of housing.

Anthony Yannatta from Thomas Safran & Associates (TSA) thanked the Committee and staff for juggling the diverse housing attributes throughout the state and increasing the Preservation pool allocation from last year. He would like the Committee to consider a further increase from what has been proposed and/or forward fund the proposed amount from Round 2 into Round 1, and consider the use of any returned bonds from 2024 for Preservation later this year. Interest rate pressures, market dynamics, insurance premiums, and rising construction costs could theoretically impact the viability of previously awarded projects, and those allocations could be routed to Preservation later this year. Recent events in Los Angeles underscore the importance of the preservation of existing housing and the risk of losing it. TSA has a project in Santa Monica that is a non-ductile concrete building constructed in 1963 that has been tagged by a seismic ordinance for requiring life and safety seismic retrofit upgrades. The project was unable to secure bonds in 2024, despite there being a surplus and despite the geographic and Los Angeles County pools being underutilized. The prioritization of new construction and special needs precluded the project from getting an award, but it will be applying again.

Mr. Yannatta said that there have been two additional project types admitted to the Preservation pool, to the disadvantage of locally supported and federally supported projects. With that in mind, he would like the Committee to consider some creative solutions for funding Preservation. Additionally, he is



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curious about how the resources from the recent Proposition 1 \$6.3 billion bond can be considered. By legislative statute, those funds are supposed to be allocated for housing people with mental health and substance abuse issues. He is curious how those resources can be considered as an overall state funding resource so that the funds in the CTCAC and CDLAC programs are not necessarily double counting and relying upon those and can be allocated separately for serving special needs projects.

Caleb Smith, Senior Policy Analyst for the City of Oakland Department of Housing and Community Development, said there are a lot of important thoughts being raised by several people here regarding the need for preservation and supporting the Los Angeles region. Los Angeles is in Mr. Smith's thoughts since Oakland is another community that has been greatly affected by wildfires in the past. The City of Oakland recommends that the Committee zero out the allocation to EXF this year because it would be a far better use of the resources to instead put 100% of the tax-exempt bonds toward the multifamily programs. There are a lot of needs consistently for both new construction and rehabilitation. This would give the Committee more flexibility if they wanted to entertain some of the other suggestions received today about increasing the investment or changing the timing of the investment for Los Angeles, rehabilitation needs, or other suggestions that may be made during this meeting. This would be a more effective investment because the tax-exempt bonds for multifamily projects unlock federal tax credits. Mr. Smith has seen an estimate that the value of buying down about \$60 million worth of interest for the EXF projects would be equivalent perhaps to \$480 million worth of tax credits. This would make a far greater impact on the needs in California. Therefore, Mr. Smith encourages the Committee to consider putting the entire allocation toward multifamily projects. Unlike solid waste facilities, multifamily projects have no rate payers to fall back on as an alternative source of funding necessary infrastructure.

Mark Holmstedt echoed Ms. Pardo's sentiments. He represents the investment banking community and the firm Piper Sandler, and he was previously with Westhoff, Cone & Holmstedt. He has been working with exempt facilities in the solid waste area for 35 years. As Ms. Pardo pointed out, tax-exempt financing is essential to be able to comply with the state regulations that have been put in place for food waste separation, greenhouse gas sequestration, etc. Also, when garbage rates go up, it is like a tax, similar to all the other rates that are going up. It costs more and more to do business in the State of California. He thanked the Committee for the increase from \$300 million to \$330 million. Piper Sandler submitted two of the applications that are before CDLAC right now, totaling \$30 million. They were not able to submit a couple of other applications due to timing and permitting, but those applications would exceed the total of \$165 million that is available for EXF. There is an acute demand. Garbage needs to be picked up and there are new requirements on garbage entities. If the entire EXF pool could be made available to solid waste facilities as opposed to splitting it, that would be very helpful. Mr. Holmstedt asked the Committee to preserve the \$330 million allocation at a minimum.

Eizabeth Selby, Director of Development and Finance for the Los Angeles Housing Department (LAHD) thanked the developers who have spoken up about starting a conversation about moving some of the bonds forward to the second round. Anything that could be done speed up the projects already in the pipeline to get completed as quickly as possible would be helpful because there are displaced people across Los Angeles County who are going to need housing as quickly as possible.



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Chairperson Ma closed public comments.

In response to the comment about the Proposition 1 Behavioral Health Bond, Chairperson Ma said she had a discussion yesterday with her internal team and asked to be notified when those bonds would be issued. The Governor's Office and DOF are working on the budget. The budget came out before the fires, and Chairperson Ma thinks things will change between now and May. Any good ideas that the stakeholders have in terms of projects in the queue that could be leveraged by Proposition 1 funding may be helpful at this time.

Ms. Perrault said DOF and the Governor's Office are continuing to try to wrap their arms around all the pressure points where they can be helpful in providing relief and funding as soon as possible. That is true across the breadth of the bonds, not just Proposition 1. They are trying to determine what is needed in the education and climate spaces as well. They will continue to try to understand the true impact and where they might be able to leverage current resources and programs. At this point, they are hearing the feedback and are trying to determine the scope. Those conversations will continue in short order and into the spring.

Chairperson Ma said she appreciated the comment recommending flexibility. During the COVID-19 pandemic, the Committee was pivoting all the time. If emergency meetings are needed to talk about the situation, what the Governor's Office proposes, and how CDLAC can better help build housing more quickly in the region, the Committee is open to that.

Mr. Velasquez said he wants to make sure the audience knows that the Notice of Funding Availability (NOFA) for the Proposition 1 funding administered by HCD, totaling \$2.2 billion, is already available on [HCD's website](#). This funding has been allocated for permanent supportive housing for veterans and people who experience behavioral health challenges.

Chairperson Ma asked when the deadline is for those applications and when the \$2.2 billion will be rolled out.

Mr. Velasquez said the funding has been rolled out, but as he mentioned at the beginning of the meeting, HCD is considering extensions because of the current emergency. The NOFA is available right now, and there will be a portal soon for developers and local jurisdictions to submit their applications. The portal should be open later this month, and the deadlines are in March and May, depending on the type of funding. Everything is explained on the website, so HCD encourages everybody to look there for the deadlines and webinars, which are already scheduled.

MOTION: Ms. Cohen motioned to adopt Resolution No. 25-002, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

- 6. Agenda Item: Resolution No. 25-003, Adoption of the Minimum Point Threshold for the Qualified Residential Rental Program (QRRP) New Construction, Rural, Preservation, Other Rehabilitation, and BIPOC Pools for the 2025 Program Year (Cal. Code of Regs., tit. 4, § 5010)**



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Presented by: Ricki Hammett

Ms. Hammett explained that CDLAC establishes a minimum point threshold for the New Construction, Rural, Preservation, Other Rehabilitation and BIPOC pools. Staff recommends continuing to utilize the minimum point threshold of 105 points for the New Construction, Rural, and BIPOC Pools, 95 points for the Preservation pool, and 89 points for the Other Rehabilitation pool for the 2025 program year.

Chairperson Ma called for public comments:
None.

MOTION: Ms. Cohen motioned to adopt Resolution No. 25-003, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

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

Presented by: Ricki Hammett

Ms. Hammett reported that there are two supplemental bond allocation requests above the Executive Director's authority. The projects are Monterey Family Apartments (CA-25-401) and McDaniel House (CA-25-402). There is more information in the meeting materials.

Chairperson Ma said the applicant for McDaniel Housing is the City of Los Angeles, and the applicant for Monterey Family Apartments is CalHFA.

Chairperson Ma called for public comments:
None.

MOTION: Ms. Cohen motioned to approve the supplemental bond allocation requests, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

8. Public Comment

Cherene Sandidge, Board Chair for the Black Developers Forum (BDF), said she is saddened to have to deliver this report, but it is imperative that everyone is aware of what is happening in Southern California. BDF is a statewide collective of developers, and they have boots on the ground in the Eaton Fire area, which is also known as the Altadena and Pasadena area. That area has predominantly been an African American development. Historically, it was the only place where African Americans were allowed to purchase homes. That area has been developed by long-term members of the community who have raised their children there and gone to school. Ms. Sandidge used to live there. BDF decided to talk to some of the residents down there while some of the relief programs have been going on, and a couple of things have come out of those discussions.



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Ms. Sandidge said that the community does not want to be gentrified. They do not want large nonprofit and for-profit developers to put up large buildings. Most of the land in that area was occupied by single families. If there is going to be multifamily affordable housing, they want it to be garden style buildings. They do not want a lot of intervention by developers running to the residents to try to cobble up and assemble lots. Right now, they are in a state of shock because a lot of them are displaced. Developers will face headwinds if they are not operating under those terms of development. They are working with their politicians down there. BDF is familiar with Karen Bass, and they are glad she made it back to be able to take leadership. They are prepared to squeeze projects in their own pipelines to be able to assist, and they are collecting donations for some relief. Ms. Sandidge wants everyone to be cautious that this is a very sensitive issue. These people's lives are in total upheaval, and a lot of them want to move to Sacramento. Ms. Sandidge asked her fellow developers to please be sensitive to the fact that there is a lot at stake with the Eaton Fire area in Altadena and Pasadena. It is being highly organized right now, and hopefully everyone will be on the same page and behave nicely.

9. Adjournment

The meeting was adjourned at 1:43 p.m.