California Debt Limit Allocation Committee

CDLAC

Committee Meeting

Tuesday, March 4, 2025

1:00 PM

California Debt Limit Allocation Committee

Meeting Notice

MEETING DATE:
March 4, 2025

TIME:
1:00 p.m.

LOCATION:
901 P Street, Room 102, Sacramento, CA 95814

Virtual Participation

Members of the public are invited to participate in person, remotely via TEAMS, or by telephone.
Click here to Join TEAMS Meeting (full link below)

Dial in by phone

916-573-6313

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Phone conference ID: 601 240 172#

Interested members of the public may use the dial-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 dial-in number and TEAMS information are provided as an option for public participation.

Full TEAMS Link: https://teams.microsoft.com/l/meetup-join/19%3ameeting_MjZhMzc2YTMtY2Y1Yy00OTE5LWI2MDItZDM3MjYzZjBlOTI2%40thread.v2/0?context=%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

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**

2. **Approval of the Minutes of the January 15, 2025, Meeting**

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

4. **Recommendation for Award of Allocation to Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Round 1) (Gov. Code, §§ 8869.84, 8869.85; Cal. Code Regs., § 5440)**
   EXF Round 1 Preliminary Recommendation List
   Presented by: Christina Vue

5. **Request to Waive the Maximum Bond Allocation Amount ($80,000,000) for Round 1 Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5232)**

Application Number	Project Name
CA-25-441	Mandela Station
CA-25-458	41st & Soquel Apartments

   Presented by: D.C. Navarrette

6. **Request to Waive the Maximum Per Unit Allocation Amount for Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5233)**

Application Number	Project Name
CA-25-423	The Residences at Liberation Park

   Presented by: D.C. Navarrette

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

Application Number	Project Name
CA-25-497	Fair Oaks Senior Apartments
CA-25-498	The Grant at Mission Trails
CA-25-499	The Arlington

   Presented by: D.C. Navarrette

8. Public Comment

9. Adjournment

California Debt Limit Allocation Committee

Committee Members

Voting Members:

- **Fiona Ma,** CPA, Chair, State Treasurer
- **Malia M. Cohen**, State Controller
- **Gavin Newsom**, Governor

Advisory Members:

- **Gustavo Velasquez**, Director of California Department of Housing and Community Development (HCD)
- **Vacant**, Executive Director of California Housing Finance Agency (CalHFA)
- **Vacant,** Local Government Representative

Additional Information

Interim Executive Director: Marina Wiant

CDLAC Contact Information:
901 P Street, Suite 213A, Sacramento, CA 95814
Phone: (916) 654-6340
Fax: (916) 654-6033

This notice may also be found on the following Internet site:
www.treasurer.ca.gov/cdlac

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AGENDA ITEM 2

Approval of the Minutes of the January 15, 2025, Meeting

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.

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 agendize 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 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 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.

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 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.

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)**

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.

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.

AGENDA ITEM 3

Executive Director's Report

AGENDA ITEM 4

Recommendation for Award of Allocation to Qualified Private Activity Bonds for Exempt Facility (EXF) Projects (Round 1) (Gov. Code, §§ 8869.84, 8869.85; Cal. Code Regs., § 5440)

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
Exempt Facilities Program 2025 Round 1
Recommendation List

App. No.	Applicant	Project Name	Requested Amount	Recommended Amount	Round 1
Round 1 Allocation					**$180,000,000**
25-101	California Pollution Control Financing Authority	Atlas Disposal Industries, LLC Project	$18,000,000	$18,000,000	
25-102	California Pollution Control Financing Authority	Fremont Recycling and Transfer Station Project	$12,000,000	$12,000,000	
25-104	California Enterprise Development Authority	EDCO Refuse Services, Inc	$34,000,000	$34,000,000	
25-105	California Public Finance Authority	AggrePlex of Modesto	$18,505,000	$18,505,000	
Remaining allocation being rolled into Round 2					**$97,495,000**
Total Available for Round 2					**$97,495,000**

Application No. 25-101

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025
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: $18,000,000

Project Information:

Name:	**Atlas Disposal Industries, LLC Project**
Project Addresses:	3035 Prospect Park Drive #40
Project Cites, Zip Codes:	Rancho Cordova, CA 95670
County:	Sacramento

Project Sponsor Information:

Name:	Atlas Disposal Industries, LLC
Address:	3035 Prospect Park Drive #40
Principals:	Brian Waters
Contact:	Brian Waters
Phone:	(916) 455-2800

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:	Orrick, Harrington & Sutcliffe LLP
Financial Advisor Firm:	Piper Sandler & Co.
Private Placement Purchaser:	Comerica Bank

Project Sponsor's Principal Activity:

Acquiring and improving land, waste containers, and CNG powered waste collection vehicles.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): Yes

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	18,000,000
Other Company Sources	$	1,860,000
Total Sources	$	19,860,000
Uses of Funds:		
Acquisition of Land	$	5,015,000
Rehabilitaion of Existing Buildings	$	130,000
Site Preparation	$	855,000
Bond Issuance Expenses (Including Discount)	$	360,000
Rolling Stock	$	11,500,000
Carts & Bins	$	1,000,000
Contingency	$	640,000
Other	$	360,000
Total Uses	$	19,860,000

Description of Proposed Project:

Atlas Disposal Industries intends to acquire land and associated improvements and to acquire new CNG powered waste collection vehicles as additions to its current fleet, and bins/containers. The vehicles will be housed at various Project Sponsor's project locations from time to time and be used to service the applicant's customers throughout Sacramento County. In addition, the applicant intends to develop and increase vehicle/equipment yard storage.

Environmental Impact:

1) Air Quality:
The majority of the project involves the purchase of CNG-fueled waste collection trucks. The use of CNG as a fuel will eliminate particulate matter as compared to the operation of other fossil fuels.

2) Water Quality:
The use ofCNG as a fuel will minimize the particulate matter generated and consequently will minimize surface water contamination that generally finds its way into the Sacramento River and area ground water.

3) Energy Efficiency:
The use of CNG vehicles helps reduce dependence upon other fossil fuels and has a lower carbon footprint.

4) Safety and Compliance:
The Project will be compliant with all State and local mandates. It is in direct response to the State's regulatory mandates of California Public Resources Code as required by AB 939, AB 32 and SB 1383.

5) Consumer Costs Savings and Efficiencies:
In determining the Project Sponsor's proposed rate structure for its Franchise Cities its capital cost considered the use of tax-exempt financing. The lower cost of tax-exempt financing and the increase in operating efficiency of the new MRF equipment 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 $18,000,000 in tax exempt bond allocation.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025
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: $12,000,000

Project Information:

Name: **Fremont Recycling and Transfer Station Project**
Project Addresses: 41149 Boyce Road
Project Cites, Zip Codes: Fremont, CA 64538
County: Alameda

Project Sponsor Information:

Name: BLT Enterprises of Fremont LLC

Address: 41149 Boyce Road, Fremont, CA 94538

Principals: Shawn Guttersen

Contact: Shawn Guttersen
Phone: (707) 265-0500

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: Orrick, Harrington & Sutcliffe LLP
Financial Advisor Firm: Piper Sandler & Co.
Private Placement Purchaser: US Bank

Project Sponsor's Principal Activity:

Upgrading the sort line system and equipment as well as making improvements to the facility.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): Yes

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	12,000,000
Other Company Sources	$	135,000
Total Sources	$	12,135,000
Uses of Funds:		
Site Preparation	$	3,760,000
Acquisition/Installation of Used Equipment	$	8,000,000
Bond Issuance Expenses (Including Discount)	$	375,000
Total Uses	$	12,135,000

Description of Proposed Project:

The project involves upgrading the existing sort line by integrating new high-speed optical sorters, reconfiguring equipment to enhance efficiency by 20%, and improving diversion rates by up to 50%. Additionally, the facility will undergo significant infrastructure improvements, including exterior painting, repaving, scale enhancements, upgrades to the solar power generation system, installation of a new backup generator, replacement of approximately 80,000 square feet of the roof, and an upgraded fire protection system.

Environmental Impact:

1) Air Quality:
Part of the proposed Project includes SB 1383 improvements which will help establish the methane emission reduction targets issued by the state.

2) Water Quality:
The facility operates on a concrete surface, not on exposed ground areas. This prevents any seepage of undesirable materials into the ground water. The facility is in close proximity to the San Francisco Bay and the new paving and landscaping will assist in mitigating water pollution.

3) Energy Efficiency:
A portion of the project will include the upgrade of the facility's solar energy system and improved energy efficiency of its equipment compared to older equipment.

4) Recycling of Commodities:
Upgrades and improvements to the Project Sponsor's MRF should increase the amount of material that is recycled and thus increase waste diversion from the landfill.

5) Safety and Compliance:
The Project will be compliant with all State and local mandates. It is in direct response to the State's regulatory mandates of California Public Resources Code as required by AB 939, AB 32 and SB 1383.

6) Consumer Costs Savings and Efficiencies:
In determining the Project Sponsor's proposed rate structure for its Franchise Cities its capital cost considered the use of tax-exempt financing. The lower cost of tax-exempt financing and the increase in operating efficiency of the new MRF equipment 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 $12,000,000 in tax exempt bond allocation.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025
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: $34,000,000

Project Information:

Name: **EDCO Refuse Services, Inc.**
Project Addresses: 1044 West Washington Avenue
Project Cites, Zip Codes: Escondido, CA 92025
County: San Diego

Project Sponsor Information:

Name: EDCO Refuse Services, Inc.
Address: 6670 Federal Boulevard, Lemon Grove, CA 91945
Principals: Alan Walsh
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: U.S. Bank

Project Sponsor's Principal Activity:

To expand EDCO's anaerobic digestion (AD) facility in Escondido and make improvements to the Borrowers' CNG facility in city of Ramona.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): No

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	34,000,000
Total Sources	$	34,000,000
Uses of Funds:		
Construction of New Buildings	$	30,000,000
Acquisition/Installation of New Equipment	$	4,000,000
Total Uses	$	34,000,000

Description of Proposed Project:

The project will expand EDCO's anaerobic digestion (AD) facility in Escondido. An amount approximately equal to $10 million will be applied by the Borrowers to upgrade the materials recovery facility ("MRF") located in the city of Escondido. The upgrades to the MRF will allow the Borrowers to reduce the waste stream, the demand for raw materials, and pollution associated with the manufacturing of new products. In addition, the Borrowers will apply the remaining portion of the Bonds to finance the acquisition of natural gas powered trucks and improvements to the Borrowers' CNG facility in city of Ramona.

Environmental Impact:

1) 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 Borrowers' diesel fleet to renewable natural gas.

2) Recycling of Commodities:
The Borrowers are 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) Consumer Costs Savings and Efficiencies:
The expansion of the anaerobic digester facility in Escondido will meet the County of San Diego's Sustainability Goals by minimizing waste and promoting responsible consumption and reuse to create more restorative and regenerative operations.

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 $34,000,000 in tax exempt bond allocation.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN EXEMPT FACILITY PROJECT

Prepared by: Anthony Wey

Applicant: **California Public Finance Authority**

Allocation Amount Requested: $18,505,000

Project Information:

Name:	**AggrePlex of Modesto**
Project Addresses:	3093 Finch Road
Project Cites, Zip Codes:	Modesto, CA 95354
County:	Stanislaus

Project Sponsor Information:

Name:	AggrePlex of Modesto LLC
Address:	3093 Finch Road, Modesto, CA 95354
Principals:	Anthony Cialone
Contact:	Anthony Cialone
Phone:	(239) 530-8482

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:	Miller, Canfield, Paddock and Stone, P.L.C.
Bond Underwriter Firm:	B.C. Ziegler and Company

Project Sponsor's Principal Activity:

The project will process diverted waste glass into activated supplementary cementitious materials (SCMs) which will reduce the carbon footprint of concrete used in construction projects.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): No

Details of Project Financing

Sources of Funds:		
Tax-Exempt Bond Proceeds	$	18,505,000
Other Company Sources	$	6,166,462
Total Sources	$	24,671,462
Uses of Funds:		
Acquisition of Existing Buildings	$	250,000
Rehabilitaion of Existing Buildings	$	300,000
Acquisition/Installation of Used Equipment	$	600,000
Acquisition/Installation of New Equipment	$	15,500,000
Legal, Permits, etc.	$	1,600,000
Bond Issuance Expenses (Including Discount)	$	633,500
Other	$	5,787,962
Total Uses	$	24,671,462

Description of Proposed Project:

The AggrePlex of Modesto (AOM) facility will transform waste glass into ultra-fine, activated SCMs that are a sustainable replacement for high-carbon ordinary Portland cement (OPC) in concrete production. The primary end product is designed to reduce the carbon footprint of concrete used in construction projects. The facility will incorporate advanced pollution control measures, including air filtration and wastewater treatment systems, to meet or exceed environmental compliance standards.

Environmental Impact:

1) Air Quality:
The project mitigates air pollution by reducing emissions typically associated with conventional cement production.

2) Water Quality:
To address water quality concerns, the project implements closed-loop water recycling systems that minimize wastewater discharge and conserve water resources.

3) Energy Efficiency:
The project is designed to achieve significant energy savings through advanced production systems that reduce energy consumption by 30% compared to conventional processes

4) Recycling of Commodities:
By recycling glass into ground glass pozzolan, the project reduces dependency on virgin materials and supports the circular economy.

5) Safety and Compliance:
The facility's operations will be monitored under a rigorous QA/QC program to ensure compliance with all federal, state, and local environmental requirements, reinforcing its commitment to sustainable practices.

6) Consumer Costs Savings and Efficiencies:
the project provides economic benefits to consumers in the local construction industry by producing cost-effective, low-carbon concrete alternatives.

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 $18,505,000 in tax exempt bond allocation.

AGENDA ITEM 5

Request to Waive the Maximum Bond Allocation Amount ($80,000,000) for Round 1 Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5232)

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025

Request to Waive the Maximum Bond Allocation Amount ($80,000,000) for Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5232)
(Agenda Item No. 5)

ACTION:

Approve waiving the maximum bond allocation ($80,000,000) amount for Qualified Residential Rental Projects (QRRP) that applied in Round 1 of 2025. 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 $80,000,000 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 $80,000,000 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 eighty million dollars ($80,000,000) may seek a waiver from the Committee based on the following factors:

(1) The Qualified Residential Rental Project qualifies as an At-Risk Project[2]; or

(2) Documentation is provided in the Application indicating why a QRRP cannot be developed in phases at a $80,000,000 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 $80,000,000 maximum bond allocation. CDLAC staff determined each project meets the standard for receiving a waiver under CDLAC Regulation 5232(b):

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[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-25-441	Mandela Station	$97,500,000
CA-25-458	41st & Soquel Apartments	$108,000,000

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

January 23, 2025

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 **$80,000,000**

The Project Sponsor is requesting an exception to the $80,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The bond request of $97,500,000 is necessary to ensure the development meets the 50% test, as the total development costs for the project are approximately $189,000,000. 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

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

January 23, 2025

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 $80,000,000

The Project Sponsor is requesting an exception to the $80,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The bond request of $97,500,000 is necessary to ensure the development meets the 50% test, as the total development costs for the project are approximately $189,000,000. 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

SOQUEL PACIFIC ASSOCIATES, LP
Ph: 208.461.0022 // 430 E. State Street, Ste. 100 // Eagle, ID 83616 // www.tpchousing.com

January 20, 2025

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

RE: 41st & Soquel Apartments
Soquel, Santa Cruz County, California
Waiver Request for Bond Allocation in Excess of $80,000,000
CDLAC Regulation § 5232(b)

The Project Sponsor is requesting an exception to the $80,000,000 allocation limit (Section 5232 of the CDLAC Regulations). The tax-exempt bond request of $108,000,000 is necessary to ensure the development meets the 50% test, as the total development cost of the project is $222,660,716 (estimated eligible basis of $203,547,630). 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 construction (Section 8 Project-Based Rental Assistance and AB 2011 approval process). In addition, the residential building will include one level of podium parking. The overall site is small (approximately 2.71 acres), and it doesn't make economic sense or work from a feasibility perspective to develop in multiple phases. Constructing the project as a single phase with 256 units provides the economies of scale necessary to create the feasibility to develop the much-needed affordable housing project 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 Roope, President & CEO

AGENDA ITEM 6

Request to Waive the Maximum Per Unit Allocation Amount for Qualified Residential Rental Project

(Cal. Code Regs., tit. 4, § 5233)

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025

Request to Waive the Maximum Per Unit Allocation Amount for Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5233)
(Agenda Item No. 6)

ACTION:

Approve waiving the maximum per unit allocation amount for Qualified Residential Rental Projects (QRRP) that applied in Round 1 of 2025. This does not guarantee the project(s) will be recommended for or awarded bond allocation.

BACKGROUND:

CDLAC Regulation 5233(a),[1] limits the bond allocation on all units in the QRRP Pools as follows:

Unit Size	Maximum Bond Allocation
Studio and SRO:	$522,000
One-bedroom:	$544,000
Two-bedroom:	$580,000
Three-bedroom:	$638,000
Four- or more bedroom:	$671,000

CDLAC Regulation 5233(b) states the Committee may waive the maximum per unit allocation amount if total allocation does not exceed eighty million dollars ($80,000,000) and the Committee determines that the demand for allocation for QRRP is such that the maximum allocation amount is not warranted. An applicant seeking a waiver from the Committee must demonstrate the need for a larger allocation is necessary for either:

(1) Project feasibility; or
(2) To meet the 50% aggregate depreciable basis plus land test.

CDLAC Regulation 5233(c) states that private activity bond allocation awards cannot exceed 55% of the aggregated depreciable basis plus land basis. CDLAC staff may rely on the legal or tax opinion submitted with the application.

DISCUSSION:

The Residences at Liberation Park project (application number CA-25-423) is seeking a waiver from the Committee of the maximum per unit allocation amount. The project asserts this is necessary to meet the 50% test.

Based on the number of units for the project and maximum per unit allocation amount, in the aggregate, the project is eligible for $68,712,000 in bond allocation. The project is asking for $69,888,192 in bond allocation, which is $1,176,192 above the aggregate per unit allocation maximum.

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

Unit Type	**Number of Units**	**Maximum Per Unit Allocation**	**Total Allowable Allocation**
Studio	10	$522,000	$5,220,000
1BR	44	$544,000	$23,936,000
2BR	33	$580,000	$19,140,000
3BR	32	$638,000	$20,416,000
TOTAL	119		$68,712,000

Total Requested Amount			$69,888,192

January 28, 2025

California Debt Limit Allocation Committee
901 P Street, Ste. 213A
Sacramento, CA 95814

RE: Residences at Liberation Park
Per Unit Bond Allocation Waiver

To Whom It May Concern:

Thank you for your consideration of Residences at Liberation Park, a 119-unit affordable housing development located in Oakland, California. The project's total bond request is less than $80 million; however, the project is requesting a waiver of the per unit bond allocation limit in order to meet the 50% test.

If we can provide additional information about the project or the waiver request, please contact me at ellen.morris@edenhousing.org or (510) 589-2602.

Sincerely,

Ellen Morris
Director of Real Estate Development
Eden Housing, Inc.

AGENDA ITEM 7

Supplemental Bond Allocation Request Above the Executive Director’s Authority (Cal. Code Regs., tit. 4, § 5240)

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 4, 2025

Supplemental Bond Allocation Request for Qualified Residential Rental Projects, Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5240)
(Agenda Item No. 7)

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-25-497	Fair Oaks Senior Apartments	CalHFA, Surewest	$2,107,280	$14,919,817	17,027,097	14.12%	51.46%
CA-25-498	The Grant at Mission Trails	CalHFA , CRP Affordable	$4,980,255	$16,993,197	$21,973,452	29.31%	51.95%
CA-25-499	The Arlington	CMFA, Kingdom	Current request $2,900,000, previously received $3,350,000	$33,500,000	$39,750,000	18.66%	51.99%

RECOMMENDATION:

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

Narrative for Supplemental Bond Request

The Fair Oaks Senior Project has experienced significant cost overruns due primarily to delays experienced during the COVID quarantine and subsequent changes in the economic environment. Increases in materials and labor costs as a result of the COVID quarantine related delays as well as increased construction loan interest rates over a significantly longer construction period are the primary drivers of the need for additional bond financing. The use of tax-exempt construction debt to address these increases is necessary for the savings the tax-exempt interest rate will provide as compared to the rate for taxable construction debt as well as to meet the 50% test as is necessary to retain the project's low income housing tax credit equity.

CRP AFFORDABLE HOUSING & COMMUNITY DEVELOPMENT

February 20, 2025

CDLAC Supplemental Allocation
Resolution No. 24-235: The Grant at Mission Trails

The Grant at Mission Trails (Resolution No. 24-235) located at 5945 Mission Gorge Road San Diego, CA 92120, applied for tax-exempt bonds and 4% tax credits in the second round of 2024. On December 11, 2024, the project was officially awarded a tax-exempt bond allocation of $16,993,197. The current bond issuance deadline is June 9, 2025.

Due to increased construction costs, the project is requesting a supplemental allocation of $4,980,255 which represents a 29% increase from the original allocation and results in an anticipated 51.95% for the 50% test. The primary drivers of the increased costs include the following.

- To address the site’s ground water conditions and being located in a flood plain, the construction will be performing costly soil improvements with an aggregate pier design. Additionally, the foundation will be a mat slab and include a raised pad with elevated deck construction rather a typical slab on grade to further address the flood plain conditions.

- Pricing impacts caused by uncertainties around potential tariffs have begun to surface during the bid out process.

- Concerns around potential material and labor shortages as a result of the LA and San Diego wildfires are further exacerbated given the project’s location in San Diego.

- Since submitting the original application in August 2024, interest rates have risen nearly 100 bps which will result in significantly higher construction loan interest.

- Despite the project’s infill location, its proximity to areas impacted by wildfires will increase general liability and builder’s risk insurance premiums since more and more insurance carriers are either exiting the market or seeking higher rates to offset losses incurred.

We greatly appreciate your consideration for our supplemental bond request as we experience increased cost challenges with our project.

Sincerely,

DocuSigned by:
Paul Salib
4B2ABD89EF604C6...

Paul Salib
Chief Executive Officer
CRP Affordable Housing & Community Development

ATTACHMENT 35-B

This request is for a supplemental bond allocation in the amount of $2,900,000 for the Arlington project (CA-23-585), bringing the total allocation to $39,750,000. In accordance with CDLAC regulations Article 9, Sections 5240 (b)(1) and (2), the supplemental bond allocation request is no more than 10% of the project's total current approved allocation of $36,850,000 (CDLAC resolutions No. 23-142 and 23-214) and no more than 52% of aggregate depreciable basis plus land basis.

This supplemental bond allocation is required to ensure the project continues to meet the 50% bond test after encountering environmental cost increases. The site is a former oil well production site with 20 abandoned oil wells, all of which are located under the surface parking lot of the project. The Arlington project site has continued to run into significant environmental remediation cost increases due to additional project-specific requests by the local environmental oversight agency. As a result, total site environmental remediation costs are now estimated at $8.8MM. As environmental costs are included in the aggregate basis, this significant increase has negatively impacted the 50% bond test, requiring us to request this supplemental allocation of bonds.

Specifically, at the request of the oversight agency, the Regional Water Quality Control Board, the following additional environmental remediation activities were implemented beyond the original remediation scope:

- 9 additional delineation deep soil borings with 7-9 soil samples each (~130 samples) at depths as much as 70 ft below grade. This more than tripled the originally proposed number of delineation borings.
- 7 additional groundwater monitoring wells with quarterly groundwater sampling, which more than doubled our original groundwater monitoring scope, bringing the total groundwater monitoring wells to 13 across a 1.1 acre site.
- 5 additional triple-nested, multi-depth soil vapor extraction (SVE) wells and 7 additional soil vapor probes (SVPs), doubling our original SVE scope.
- 9 additional injection points for soil and groundwater treatment chemicals, bringing the total number of injection points to 27. No injection points were originally proposed; treatment chemicals were to be placed at the bottom of each deep soil boring. Unforeseen site conditions necessitated separate injection points to deliver the chemicals.
- 5 confirmation soil samplings post injections
- Significantly more samplings across the site, in the last quarter alone 294 soil samples were collected and analyzed.
- A total of ~4,500 cubic yards of contaminated and potentially contaminated soil was safely disposed offsite, including 3,600 cubic yards from the former oil production area and 860 cubic yards from across the upper 10 ft of the site.

Since the first supplemental bond allocation, the development team has successfully applied for and secured $4.65 million in additional funding from two new funding sources to cover a large portion of the project's significant environmental cost increases:

- Department of Toxic Substances Control's Equitable Community Revitalization Grant in the amount of $3,409,505
- Federal Home Loan Bank's Affordable Housing Program - $1,245,000

As you evaluate our application, you may notice the developer fee in eligible basis is $6.5 million vs. the $2.5 million shown at the time of the original application. Please note that this is entirely in conformance with the CDLAC / CTCAC regulations and their intent. Based on the costs in the original Round 1 2023 application, we could have shown the maximum developer fee of ~$8 million, but we showed less than that amount due to LAHD's regulations, which restrict the total net developer fee including cash and deferred fee at $2.5 million. Due to the increase in environmental costs, we arranged for a $4 million general partner (GP) capital contribution to increase the developer fee in eligible basis to generate an additional $1.6 million in equity while offsetting any amount above LAHD's $2.5 million cap. Our supplemental application does not include any increase in developer fee "in association with the increase in costs," in accordance with CDLAC Regulations Section 5240(c). The developer fee net of the GP capital contribution remains at $2.5 million, with a large amount of the fee deferred to cover the remaining increase in costs.

Thank you for your time and consideration reviewing this supplemental bond allocation request.

AGENDA ITEM 8

Public Comment

AGENDA ITEM 9

Adjournment