



California Debt Limit Allocation Committee

901 P Street, Room 102
Sacramento, CA 95814

March 4, 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 1:03 p.m. with the following Committee members present:

Voting Members:

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

Advisory Members:

Anthony Sertich for 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 January 15, 2025, Meeting*

Chairperson Ma called for public comments:
None.

MOTION: Ms. Cohen motioned to approve the minutes of the January 15, 2025, meeting, and Ms. Calvert seconded the motion.

The motion passed unanimously via roll call vote.

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

Presented by: Marina Wiant

Marina Wiant, Interim Executive Director, reported that CDLAC has a new Administrative Assistant starting on Thursday, and at that point, CDLAC will be fully staffed. However, Deputy Executive Director Ricki Hammett will be leaving CDLAC at the end of the month for a promotion at the California Governor's Office of Emergency Services (Cal OES). Ms. Wiant thanked her for her leadership at CDLAC and CTCAC over the past three years.

Ms. Wiant said the Round 1 4% tax credit application round is currently in process, and applications were due at the end of January. CDLAC received 91 applications, and the preliminary award list will be published online next Friday, March 14, 2025. The awards will be made at the next meeting on April 8, 2025.



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Chairperson Ma thanked Ms. Hammett for her leadership and commitment and said she has been an integral part of getting CDLAC to the place it is right now.

Chairperson Ma called for public comments:

None.

4. **Agenda Item: 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)**
Presented by: Ricki Hammett

Ms. Hammett explained that Gov. Code, §§ 8869.84 and 8869.85 allow CDLAC to determine the allocation of bonds for certain categories and determine the entities that can apply for allocation, and Section 5440 of the CDLAC regulations explains the ranking process for EXF projects. CDLAC received four applications for Round 1, and staff is recommending award of allocation to all four projects, totaling \$82,505,000. This is part of the \$180 million set aside for solid waste projects out of the \$330 million total EXF allocation. After this round, there will be \$97,495,000 left for the next two rounds.

Chairperson Ma called for public comments:

None.

MOTION: Ms. Calvert motioned to approve the recommendation for award of allocation, and Ms. Cohen seconded the motion.

The motion passed unanimously via roll call vote.

5. **Agenda Item: Request to Waive the Maximum Bond Allocation Amount (\$80,000,000) for Round 1 Qualified Residential Rental Project (Cal. Code Regs., tit. 4, § 5232)**
Presented by: D.C. Navarrette

Mr. Navarrette explained that CDLAC Regulation 5232(a) limits a project's bond allocation to no more than \$80 million. Section 5232(b) states that the Committee can waive that maximum allocation if the Qualified Residential Rental Project (QRRP) qualifies as an At-Risk project if documentation is provided in the application indicating why a project cannot be developed in phases. Two projects are requesting waivers today.

Mr. Navarrette said the first project requesting a waiver is Mandela Station (CA-25-441), which is requesting an allocation of \$97,500,000. The project is requesting the waiver to meet the 50% aggregate depreciable basis plus land test. The project is located in Alameda County, which is a high-cost area. The project cost is \$189 million, which includes costs for podium parking and prevailing wages. The site is a small infill site, and it does not make economic sense or work from a feasibility standpoint to develop in multiple phases. The project is a 240-unit, non-targeted, new construction development located in Oakland. The applicant is CMFA, and the developer is The Pacific Companies.

Chairperson Ma asked if staff recommends this waiver.



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Mr. Navarrette responded affirmatively.

Mr. Navarrette said the second project requesting a waiver is 41st & Soquel Apartments (CA-25-458). The project is requesting \$108 million to meet the 50% test. The project is in Santa Cruz County, which is a high-cost area, and the total project cost exceeds \$222 million, which includes costs for podium parking and prevailing wages. The site is small, and it does not make economic sense or work from a feasibility standpoint to develop in multiple phases. This is a 256-unit, large family, new construction development in Soquel. The applicant is CMFA, and the developer is The Pacific Companies.

Ms. Wiant said both of these projects previously requested waivers for the \$80 million cap, which were granted.

Chairperson Ma called for public comments:

Anthony Carroll from The Nor Cal Carpenters Union (NCCU) said his organization will continue to advocate for a system that meets the incredible demand for affordable housing while also ensuring family-sustaining wages, healthcare, and training opportunities for the residential construction workers without whom that housing would not get built. In December last year, a change was made to the CTCAC regulations, requiring that projects receiving a basis limit boost for prevailing wages must pay prevailing wages on 100% of the project. That was an important clarification to be made, because it made sure that projects and developers would not get a competitive advantage without actually paying what those workers were due. Mr. Carroll is asking CDLAC to do the same thing today.

Mr. Carroll said two projects before the Committee today are requesting tens of millions of dollars of bond funding above the allocation limit, both of which are citing the high cost of construction and the requirement to pay state and federal prevailing wages. This rationale is put forward despite the fact that it is highly likely that both project will be built using modular construction from an out-of-state factory. There is a disconnect between requesting 20-30% above the bond allocation limit and the reality of how much of that funding will actually go toward paying California state prevailing wages. NCCU is asking the Committee to review the guidelines and award criteria in the same way the CTCAC regulations were reviewed, and make sure that when projects are requesting bond funding above the allocation limit, it makes sense, and the money will actually go toward the workers on those projects. NCCU looks forward to working with the Committee on improving the regulations.

Chairperson Ma closed public comments.

MOTION: Ms. Calvert motioned to approve the requests to waive the maximum bond allocation amount, and Ms. Cohen seconded the motion.

The motion passed unanimously via roll call vote.

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

Presented by: D.C. Navarrette



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Mr. Navarrette explained that Section 5232(a) of the CDLAC regulations limits the bond allocation on all units in the QRRP pools. Section 5232(b) states that the Committee may waive the maximum per-unit allocation amount if the total allocation does not exceed \$80 million 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 that the larger allocation is necessary for either project feasibility or to meet the 50% aggregate depreciable basis plus land test. The Residences at Liberation Park (CA-25-423) is requesting this waiver. The allocation limit, based on the unit mix in the application, is \$68,712,000. The applicant is requesting \$69,888,192 to meet the 50% test. This is a 192-unit large family development in Oakland. The applicant is CMFA, and the developer is Eden Housing.

Ms. Calvert said her understanding is that the project already passes the 50% test or exceeds it, so it appears that this waiver is not needed to meet that threshold.

Mr. Navarrette said that is correct. The project is meeting the 50% test, but the developer has an explanation for why they need the additional allocation.

Ms. Wiant asked someone from Eden Housing to explain why the additional allocation is needed to bump the allocation from 53.5% to 54.5%.

Ellen Morris, Director of Real Estate Development at Eden Housing, said she is joined today by Regina Davis from Black Cultural Zone (BCZ), the co-applicant. Eden Housing tries to meet a 55% test at the time of application in order to leave room for the eligible basis and costs to increase between the time of the application and the final cost certification. This project has demonstrated that it meets the 50% test, but costs can increase, and the developer does not want to have to risk coming back for a supplemental allocation if they do not need to. Eden Housing also has investors who are increasingly asking for projects to meet a 51% test at the time of the final cost certification, so out of caution due to rising construction costs, the developer wanted to have a more prudent application. Staff is correct that the project would still meet a 53.5% test without the waiver at the time of the application.

Ben Barker from California Municipal Financing Authority (CMFA) said that at the time of the application, the allocation amount was 53.5%, but because of cost overruns, it is inching closer to 50%. The project is asking for a little bit more so that the amount stays above 50% and the project does not need to come back again to request a supplemental allocation.

Chairperson Ma asked if staff recommends approving this waiver.

Ms. Wiant said this is a challenge because this is the first project requesting a waiver of the per-unit cap. The regulations are clear about projects needing the waiver for the 50% test, but they may need to be cleaned up since no projects are applying with a request of just 50%. There is an argument that in order to meet the 50% test, extra wiggle room at the time of application may be necessary.

Chairperson Ma asked if the Committee may see this as a trend.



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Ms. Wiant said this is the first project requesting a per-unit waiver, and the waiver was just created in December last year. Like the per-project cap, the tiebreaker incentivizes keeping bond requests as low as possible. The Committee has previously discussed whether there is a need for a cap since the tiebreaker creates a need to keep costs down.

Ms. Calvert said she would not grant this waiver. Since there has not been an acceptable cushion established, denying this waiver would be consistent with the regulations.

Chairperson Ma asked if the project would not move forward if the waiver were denied.

Ms. Wiant said the project has applied for Round 1 and will be able to make its allocation amount consistent with the denial of the waiver and continue to compete in Round 1 with the request for the 53.5% bond amount. If the project needed to come back for a supplemental allocation, the Committee could grant that request, which would be a de facto waiver of the per-unit cap.

Mr. Barker said that if the waiver request were denied, the project would meet the regulations and move forward, but six or eight months from now, it would get to the same spot. The question is whether the allocation request can be increased now or whether the project has to compete in the allocation round and then apply for the supplemental allocation.

Mr. Sertich said that if the project is assuming it will need a supplemental allocation when the request is already at 53.5%, it sounds like it has not been structured right to begin with, and he is concerned about that.

Mr. Barker said CMFA is always careful because they do not want projects to game the system by meeting the 50% minimum at the time of the application so they get points and receive the allocation, while knowing that they will need to ask for a supplemental allocation anyway. If the applications going in are just barely meeting the 50% threshold and then there are cost overruns, that hurts their tiebreaker score. This project has faced cost increases and is now getting closer to the 50% test.

Mr. Sertich asked if Mr. Barker's assertion is based on where the project is today.

Mr. Barker said he is speaking about where the project is right now versus when it applied originally.

Mr. Sertich asked if there have already been cost increases that were bigger than the contingencies that were built into the original application.

Mr. Barker said that is correct. The project could have asked for more and gotten the allocation, but he does not think it is ever better for a project to ask for a lot more allocation while knowing that it will come back and ask for a supplemental allocation.

Ms. Wiant said the waiver to exceed the cap would happen on the front end, versus the supplemental application coming later after staff had seen the documentation of the cost overruns. This is sort of a preemptive supplemental allocation.



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Mr. Barker said the waiver is being requested to keep from gaming the system.

Mr. Sertich said he appreciates that because that is an issue that has been thought through significantly. However, he is concerned because these thresholds were put in place for a reason. This project would already cost over \$1 million per unit, even without the larger allocation. Approving the waiver of the per-unit cap as a precaution seems to be a bit much for right now.

Chairperson Ma said the Committee is always concerned about setting precedent. If they were to approve this waiver, more applicants would come to future meetings with similar requests because the precedent had already been set. This would become an issue of picking and choosing which ones to approve. The Committee has thought consistently over the past seven years about whether precedent needed to be set. The Committee needs to determine whether the regulations or scoring system may need to be changed now or if this is a one-off situation.

Ms. Wiant said the regulations are new and fact patterns will emerge that teach staff about where further refinement is needed. The negative consequence of not granting this waiver is that the project, if awarded, would need to come back for a supplemental allocation. It would not fundamentally blow up the project.

Chairperson Ma said other projects have been coming in for supplemental allocations, and those allocations have either been granted by Ms. Wiant or the Committee. This is a new exception.

Ms. Cohen said this is an interesting quagmire for the Committee. She is prepared to deny the request. One of the things she was listening for from the petitioner was an alternative justification other than the one they previously stated on the record. Ms. Cohen is uncomfortable with the precedent-setting nature of this request. She asked the developer if there was an alternative justification that they had not already articulated.

Regina Davis from BCZ said she can appreciate the hesitancy about establishing a precedent, but the current times are unprecedented, particularly in the State of California, considering the costs to build and the history of the affordable housing community creating legislation that supports labor unions, which increases costs. This project is located on the Eastmont Mall site in East Oakland, which is not just an affordable housing development site; it is also a commercial market site. The intention is to both provide affordable housing and the ability of local, black-owned businesses to create affordability and economic development in this area. On the same nearly 1-acre site, there will also be a market hall. The community has been successful in raising local and philanthropic funds of over more than \$50 million, both for this project and for economic development and workforce training. This is a much wider effort than a typical standalone infill affordable housing project. This increases the costs, but there is also increased benefit to the overall community. Ms. Davis wants to put some perspective on the type of project that BCZ and over 30,000 East Oakland residents have brought forward. She hopes the Committee will consider that in their iterations. Also, given the tariffs that are coming, most projects are going to see increased costs. That is just a fact of life, although the developers do not like it. This is a politically changing economy, and everyone will need to adjust. Even if the Committee prefers precedent, these are unprecedented times.



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Ms. Morris said one project-specific reason for the high costs was that it had to switch to a fully Type 1 all-concrete construction, otherwise it was at risk of being uninsurable. That increased costs quite a bit. The project also had quite a bit of infrastructure and infill work. Ms. Morris's read on the situation is that the CDLAC regulations already incentivize projects to be low-cost, so she does not think the precedent set here would result in a run on projects costing \$1 million per unit. CDLAC's incentives are already quite strong in the opposite direction. This project is not likely to be funded in this round, and the developer will try not to need the waiver in future rounds, but this is the economic situation currently facing the project in Round 1.

Ms. Cohen asked the developers what would happen to the site if the waiver request were denied. She has some knowledge of this site, and she knows it is a blight and a public safety issue. She asked what the future would be for the site, given the current precarious political and economic climates.

Ms. Morris said she would respectfully push back on the site being a blight because BCZ has a license agreement to operate the site as a temporary market and skating rink. Since 2020, they have been doing incredible community-building activities on the site. Although the developers have bigger dreams for the site, the license agreement will be in effect until construction starts on the project. That is what BCZ is currently doing to maintain the site.

Ms. Davis said she would also like to push back on the "blight" label. East Oakland is the size of Manhattan. It is an enormous community. It is bigger than the City of Berkeley. BCZ purchased the church across the street and is bringing it back online. Around the corner, two blocks away on MacArthur Blvd., BCZ has a purchase and sale agreement on three buildings being purchased from longtime owners. Ms. Davis had a walkthrough today, a little bit further down MacArthur Blvd., at a naturally occurring 12-unit affordable housing development that BCZ purchased. They are very engaged in investing, and they are a recipient of Blue Meridian funding through Oakland Thrives, which raised \$100 million for East Oakland. They are moving forward in a tremendous way, and they are asking to be allowed to continue that forward momentum. They anticipate that many of the 90 projects that applied will have to come back and ask for supplemental allocations. Ms. Davis asked the Committee to go to [BCZ's website](#) to see their many activities and funding prowess. She sees this request as being forward-looking and fiscally realistic and responsive. BCZ is spending \$20 million this year on existing buildings and improvements in the East Oakland neighborhood. That is not city money; it is all private philanthropic dollars.

Ms. Cohen thanked the developers for their response and apologized for her statement. She did not mean to be offensive when she said the site was a blight, and it has been a little bit of time since she has been to the Eastmont Mall site. This sounds like a great project, but Ms. Cohen's struggle is that the application already shows that it meets the 50% test.

Ms. Wiant said that because the applicant suggested that they needed the additional allocation in order to meet the 50% test, the discussion has been focused on that. However, there is a second option in the regulations, which is project feasibility. Perhaps the cost per unit needs to exceed the maximum due to the Type 1 construction and the costs associated with that versus a different construction type. She



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asked Ms. Morris to speak to the project needing the additional allocation for project feasibility as opposed to the 50% test.

Ms. Morris said the developer ran comparisons of the different construction types and compared them to their insurance, and that change added \$2-3 million to the overall construction budget. The project also has about \$7 million in site work, most of which is eligible basis. Those are significant costs to the project that are over and above a typical project. The other piece that influences the 50% test is that the land cost is currently in the budget, so that increases the 50% test, even though it is a ground lease with the City of Oakland. The project was structured differently than a land donation so the city could possibly get some residual receipts from the land loan, which the city might appreciate. Those are some of the project-specific items that are increasing costs directly related to the 50% test. Also, the City of Oakland not only has prevailing wage requirements but also local hire and other labor requirements that can increase construction costs by 3-5%, which can be quite significant on a project of this size.

Ms. Cohen thanked Ms. Morris for the clarity and the conversation.

Caleb Smith from the City of Oakland Department of Housing and Community Development confirmed that the site is owned by the City of Oakland. The project also received a significant funding commitment from the City of Oakland in the amount of \$28 million from the most recent competitive funding opportunity. Overall, the City of Oakland awarded about \$80 million, but it received about \$400 million worth of requests. There was a large pool of projects to select from, but this project stood out. Although the costs are rather stiff, it is a challenging environment that is being seen across the board in Oakland, and Mr. Smith believes his peers in other cities are seeing it too. Unfortunately, this does seem to be necessary, and the costs did not seem unreasonable compared with a number of other similar submissions the city received in its most recent funding application round. The fact that this project is on public land demonstrates the commitment by the developer to try to reduce the costs wherever possible. The project also has commitments of over \$40 million from other state funding resources, including the Infill Infrastructure Grant Program and the Affordable Housing and Sustainable Communities Program. It is good that the Committee wants to ensure cost containment, but these funding commitments, combined with the insurance issues Ms. Morris mentioned earlier, suggest that this might be a broader conversation that may also need to involve some other state programs. Otherwise, state and local funding might essentially be stranded if there is an incompatibility issue that comes up here.

Mr. Barker said that if the project has to come back and reapply with increased insurance costs and increased lumber costs due to the tariffs that are going into effect in the next few days, he assumes that the cost per unit in the next round will be much higher than it is currently.

Mr. Sertich asked if the waiver were not approved today and the project came back to request a supplemental allocation, if the Committee would have to approve the per-unit allocation waiver as well.

Ms. Wiant said that would be done in conjunction with the supplemental allocation.



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Mr. Sertich asked if the request would still have to be brought to the Committee to approve if the supplemental allocation request were within the Executive Director's authority to approve.

Mr. Barker said it is tricky because the project could come in for a supplemental allocation and get it approved by the Executive Director, as opposed to doing it this way.

Mr. Sertich said there are two separate issues: the allocation limit and the supplemental limit. He is wondering if the allocation limit applies to the total allocation or just the initial bond allocation.

Ms. Wiant said there is some vagueness in the regulations that probably needs to be tightened up.

Mr. Sertich said his question was about the procedure.

Ms. Wiant said that procedurally, that is not what has happened.

Chairperson Ma said Mr. Barker brought up a good point about the tariffs. That issue has been at the top of her mind. One developer has already approached CDLAC and said they would not be able to continue with their project because some of their subcontractor's staff is now being investigated, so their company has essentially shut down. This is real for many people.

Mr. Barker said the big issue is closing with the lack of workers. The landscape will drastically change over the next few months. There could be a lot of cost overruns and delays. CMFA is a large issuer and is just starting to see those issues crop up. Everyone is trying to figure out where to get workers right now. A big portion of Los Angeles burned down and needs to be rebuilt, and everyone is trying to get people there to build, but there are not enough workers to build there. Workers are missing throughout the state, and Mr. Barker does not know how to fix that or if it can be fixed. It will delay a lot of projects and delay closing timelines, which will also affect the interest carry on properties. The costs will increase on all projects, including insurance costs, which are ever-increasing. There is a chain reaction of things going on that are just now kicking off. Mr. Barker does not know if this project is 100% affected by that, but if it were to reapply, it would probably need a larger allocation. There would be less allocation going out the door now versus six months from now.

Chairperson Ma said that is what Ms. Cohen was referencing when she asked what circumstances are different now for the Committee to consider versus business as usual. Chairperson Ma does not think it will be business as usual moving forward, so it is good that the Committee is having this conversation. Ms. Wiant's job will be more difficult, and the Committee will see more of these issues.

Mr. Barker said the Committee did a good job by preemptively giving Ms. Wiant authority to make a lot of decisions on extensions and things like that, because there will be huge problems this year. There will be a lot of issues that cannot be foreseen.

Chairperson Ma asked if those issues would impact both new construction and rehabilitation.



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Mr. Barker said he assumes rehabilitation projects will be much easier to get done than new construction projects.

Ms. Cohen asked if that means the answer to Chairperson Ma's question is "no."

Mr. Barker said that in his opinion, new construction projects will be more at risk than rehabilitation projects.

Chairperson Ma said she has been talking about this since day one. A lot of rehabilitation projects, especially in San Francisco, as Ms. Cohen knows, are in need of repair and maintenance. The Committee has been approving all new construction because of low interest rates and other factors working together, but it seems like things may change significantly this year. The Committee has to think about this because they do not want bonds sitting on the table. They will need to be rolled out.

Mr. Barker clarified that he is worried that if this waiver were not approved, the project would reapply and be awarded in the next round, but amount of bond allocation requested would probably be higher, so the Committee would ultimately give out more allocation.

Mr. Sertich said that would be true of any project applying now versus the next round.

Ms. Wiant said the issue before the Committee is whether the first project using the waiver to exceed the per-unit cap meets the regulations, either by needing the increased allocation for feasibility or to meet the 50% test. She has heard reluctance from Committee members about the 50% test, since arguably, at 53.5% or 54.5%, the meets the test either way. However, the Committee has heard other reasons that might perhaps move toward a feasibility argument, which the Committee can decide on.

Ms. Cohen asked Ms. Wiant to repeat her statement.

Ms. Wiant said the waiver can be granted if the applicant can demonstrate that they need to exceed the per-unit maximum due to project feasibility or to meet the 50% test. The applicant originally focused on the need to meet the 50% test, but Ms. Wiant has heard from the discussion today that the Committee is uncomfortable granting a waiver for that reason because on its face, the project meets the 50% test without the waiver. However, Ms. Davis, Ms. Morris, and Mr. Smith have articulated more details about why this project has unique costs, which is their argument for the project meeting the second test, project feasibility. The Committee can make the decision on whether that is sufficient grounds to grant the waiver.

Ms. Cohen said she thinks the case has been made that the project meets the feasibility criteria, particular by Ms. Davis's response.

Ms. Calvert said the description for this agenda item states that the applicant must demonstrate that a larger allocation is necessary for either meeting the 50% test or for project feasibility. That seems like a higher bar than a lot of the conditions and concerns about fiscal impacts, and she is not sure if it has been demonstrated that the waiver is necessary for project feasibility, acknowledging all the economic



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factors that are coming into play for not just this project but for many projects. She is still uncomfortable with setting the precedent. There are probably more projects that are going to have the same economic factors and considerations, and she is not sure that the waiver is necessary for this project's feasibility, especially if the supplemental allocation route is still potentially available.

Chairperson Ma called for public comments:

Cherene Sandidge from Sandidge Urban Group asked what would happen if there were no supplemental funds left over.

Ms. Wiant said 3% of the allocation was set aside this year for supplemental allocations. In the event that those funds run out, staff will look for any residual allocation in the pools those projects competed in to fill that gap.

Chairperson Ma closed public comments.

MOTION: Ms. Cohen motioned to approve the request to waive the maximum per unit allocation amount. There was no second, and the motion was defeated.

Chairperson Ma said she does not want to set a precedent based on what she is hearing. If circumstances change significantly on many of the levels that were discussed today, especially the federal level, the Committee will have to come back to the table and look at emergency regulations in order to keep building. The program is still oversubscribed right now, and Chairperson Ma does not want to set a precedent that will open the door for projects to come to the next meeting and ask for the same consideration. She hears that the project will keep moving, but it may take longer and cost more. She is not ready to set the precedent right now based on what is happening.

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

Presented by: D.C. Navarrette

Mr. Navarrette explained that Section 5240(b) of the CDLAC regulations delegates authority to the 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. Requests above these limits may seek approval from the Committee. There are three requests today, all of which exceed the 10% test but meet the 52% test.

Mr. Navarrette said the first project requesting a supplemental bond allocation above the Executive Director's authority is Fair Oaks Senior Apartments (CA-25-497), which is requesting \$2,107,280 in supplemental allocation. That is 14.12% of the Committee-approved allocation and 51.46% of the aggregate basis. The supplemental allocation is needed to meet the 50% test. The project is a 108-unit non-targeted development in Fair Oaks. The applicant is CalHFA, and the developer is Surewest.



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Mr. Navarrette said the second project is The Grant at Mission Trails (CA-25-498), which is requesting \$4,980,255 in supplemental allocation. That is 29.31% of the Committee-approved allocation and 51.95% of the aggregate basis. The supplemental allocation is necessary to meet the 50% test. The project is a 48-unit large family development in San Diego. The applicant is CalHFA, and the developer is CRP Affordable.

Mr. Navarrette said the third project is The Arlington (CA-25-499), which is requesting \$2,900,000 in supplemental allocation. That is in addition to a \$3,350,000 supplemental allocation previously approved by staff in September 2023. The combined total is 18.66% of the Committee-approved allocation and 51.99% of the aggregate basis. The supplemental allocation is being requested to meet the 50% test. The project is an 84-unit non-targeted development in Los Angeles. The applicant is CMFA, and the developer is Kingdom.

Chairperson Ma asked where in Los Angeles The Arlington is located.

Mr. Navarrette said he is not sure about the exact location, but it is located in the City of Los Angeles.

Ms. Calvert asked for more detail on the cost increases that led to the significant increase in the allocation request from The Grant at Mission Trails.

Ms. Wiant asked someone from CRP Affordable to comment.

Ms. McFadden said the project is a Mixed-Income Project (MIP).

Jack Burlison from CRP Affordable said the primary cost driver between the time of the application and now has been the construction type and design. As the developer has collected bids from subcontractors, the design of the project – which was dictated by site constraints and the fact that it is in a flood plain – has significantly increased costs between the application and now. Additionally, construction loan interest rates have risen since August 2024 when the application was submitted. That has raised the construction loan interest carry. Finally, the high percentage of the supplemental request is due to the small size of the project. Cost overruns, compared to the original underwriting, have an outsized impact compared to larger projects, on a percentage basis. The overall supplemental request of \$4,980,255 is in line with previous supplemental allocations that the Committee has granted in the past.

Mr. Sertich said he appreciates that, but it is concerning that the project applied for the allocation six months ago, and there was a 30% increase in six months. That is not a great sign. He read the request letter addressing the specific circumstances of this project, but the Committee wants to make sure this does not continue to happen going forward.

Chairperson Ma asked if staff recommends approving these supplemental allocation requests.

Ms. Wiant said staff recommends approval.

Chairperson Ma called for public comments:



None.

MOTION: Ms. Calvert motioned to approve the supplemental bond allocation requests, and Chairperson Ma seconded the motion.

The motion passed unanimously via roll call vote.

8. **Public Comment**

Cherene Sandidge said that at the last CDLAC meeting, there was a discussion about some regulation changes that the Committee would try to implement before Round 2. She asked if the Committee was ready to start those conversations and hear public comments, and if not, when that would happen.

Ms. Wiant said she would talk with Ms. Sandidge because she was not sure that there was an intention to make a change to the regulations before Round 2. If necessary, staff could bring forth an emergency regulations package before Round 2.

9. **Adjournment**

The meeting was adjourned at 2:02 p.m.