

INDEPENDENT CITIES FINANCE AUTHORITY

BOARD OF DIRECTORS REGULAR MEETING

July 26, 2021

MINUTES

I. CALL TO ORDER.

The regular meeting of the Board of Directors of the Independent Cities Finance Authority (ICFA) was called to order on July 26, 2021 at 12:04 p.m. by President Sylvia Ballin.

II. ROLL CALL.

Members Of The Executive Committee/Board of Directors Present (Voting)

Sylvia Ballin, President	San Fernando
Jose Solache, Vice President/ Treasurer	Lynwood
Michelle Chambers	Compton
Gil Hurtado	South Gate
Leticia Lopez	Vernon
Robert Lopez	Baldwin Park
Eduardo "Eddie" Martinez	Huntington Park

Alternate Members Of The Board of Directors Present

None

Guests Present

Matt Challis	Huntington Securities
Ralph Holmes	Piper Sandler
Marshall Lin	Bayshore Consulting Group
Wes Wolf	Wolf & Company, Inc.

Staff Present

Scott Campbell	Best Best & Krieger LLP
John Rottschaefer	Best Best & Krieger LLP
Daniell Ochoa	Smith, Alvarez & Castillo
Debbie Smith	Smith, Alvarez & Castillo/ICFA

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.

There were no amendments or adjustments to the agenda.

IV. PUBLIC COMMENTS.

There were no members of the public who wished to speak.

V. NEW BUSINESS.

A. APPROVAL OF THE MINUTES OF THE JUNE 2, 2021 BOARD OF DIRECTORS MEETING.

It was moved by Jose Solache, seconded by Leticia Lopez, and carried by the following roll call vote to approve the minutes of the June 2, 2021 Board of Directors meeting:

AYES: Sylvia Ballin (San Fernando), Michelle Chambers (Compton), Gil Hurtado (South Gate), Leticia Lopez (City of Vernon), Robert Lopez (Baldwin Park), Eduardo Martinez (Huntington Park), Jose Solache (Lynwood)

NOES: None

ABSTAIN: None

ABSENT: None

B. DISCUSSION AND APPROVAL OF AN ICFA WORKFORCE HOUSING AND FINANCING PROGRAM.

Staff reported generally as follows:

Knowing of ICFA's focus of providing affordable housing to residents of the State, Marshall Lin of Bayshore Consulting Group approached ICFA with a unique idea -- that of a workforce housing program -- which can be defined as a program to assist those individuals and families who earn too much to qualify for affordable housing, but don't make quite enough to afford the current market rents.

Staff also noted that after reviewing bond documents of two other similar programs that are in place, Scott Campbell and John Rottschaefter of Best Best & Krieger determined that this is a program that would serve the public purpose of ICFA.

The time was turned over to Marshall Lin of Bayshore Consulting Group, Matt Challis of Huntington Securities, and Ralph Holmes of Piper Sandler who went through a powerpoint presentation describing the proposed program in detail.

California has had a shortage of affordable rental and ownership housing units for many years. This shortage has become particularly critical in the Southern California and Bay Area regions of the State. With the demise of "Redevelopment Agencies" some years ago, the State lost its most effective funding source for increasing the supply of low- and moderate-income rental units and for sale housing by using its mandated housing set aside that required at least 20 percent of tax increment dollars be used to increase and improve the supply of low- and moderate-income housing units.

Over the last few years, California's housing crisis has become even more critical as the availability of buildable sites has significantly decreased for not only single-family housing units, but also for multifamily housing rental units as well. As the supply of buildable sites has decreased, the prices of those sites that are available have doubled and tripled in value. As the supply of housing opportunities has decreased, rental rates have increased to such high levels that it has significantly impacted the average working family's ability to afford a safe, decent living unit.

A 2018 report from the California Department of Housing and Community Development (HCD) most recent projections show a need for over one million more housing units, however, only a fraction of the necessary units are being created. Given the high cost of construction and the lack of desirable building sites, this has severely limited the construction of affordable housing units for both rental and ownership.

Affordable housing is typically financed with tax-exempt private activity bonds and low-income housing tax credits; however, these subsidies are limited to projects that restrict units for residents earning less than 60% of the area median income (AMI) and, in certain cases, up to 80% of AMI.

State leaders, as well as individual cities and counties, have also recognized a serious shortage of workforce housing for those individuals and families that fall into the "missing middle" in that they earn too much to qualify for traditional affordable housing, but not enough to afford rising market rate rents within an easy commuting distance from where they work. This type of housing for individuals

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and families typically earning 80% and 120% of AMI is sometimes referred to as middle-income or moderate-income housing. Unfortunately, workforce housing is not eligible for tax credits, private activity bonds, or most other federal, state, or local subsidies.

ICFA is in a unique position to assist its members in increasing the amount of workforce housing by offering an effective non-bureaucratic bond issuance process.

There were numerous questions from Board Members about State mandated housing requirements, the definition of affordable housing, property taxes, occupancy and the fact that no tenant will be displaced, structure of the bonds, market rates, etc.

Scott Campbell and John Rottschaefer noted that the program will have built in safeguards to protect ICFA, and further noted that cities will not be required to incur any costs as all costs will be supported from the rents received from the property. It was also indicated that each proposal will be brought before the ICFA Board of Directors for approval.

President Ballin thanked Mr. Lin, Mr. Challis, and Mr. Holmes for bringing this concept to ICFA and expressed the need for ICFA to branch out and conduct business a little differently.

There being no further questions/discussion, it was moved by Jose Solache, seconded by Gil Hurtado and unanimously carried by the following roll call vote to: 1) authorize staff and legal counsel to work with the team noted above to initiate an ICFA workforce housing program by contacting firms that are actively engaged in the development and implementation of workforce housing; and 2) authorize staff and legal counsel to work with the team on developing all aspects of the program, including an MOU, a streamlined review and acquisition process, and a long-term marketing plan:

AYES: Sylvia Ballin (San Fernando), Michelle Chambers (Compton), Gil Hurtado (South Gate), Leticia Lopez (City of Vernon), Robert Lopez (Baldwin Park), Eduardo Martinez (Huntington Park), Jose Solache (Lynwood)

NOES: None

ABSTAIN: None

ABSENT: None

C. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD MAY 1, 2021 TO JUNE 30, 2021.

Staff referred those present to pages 7-8 of the agenda packet and provided a report on the receipts and expenditures for the period May 1, 2021 through June 30, 2021.

President Ballin asked if there were any comments or questions. There were none.

It was moved by Leticia Lopez, seconded by Jose Solache, and unanimously carried by the following roll call vote to approve the financial accounting for the period May 1, 2021 to June 30, 2021:

AYES: Sylvia Ballin (San Fernando), Michelle Chambers (Compton), Gil Hurtado (South Gate), Leticia Lopez (City of Vernon), Robert Lopez (Baldwin Park), Eduardo Martinez (Huntington Park), Jose Solache (Lynwood)

NOES: None

ABSTAIN: None

ABSENT: None

VI. COMMENTS FROM BOARD MEMBERS.

Vice President Solache welcomed Michelle Chambers from the City of Compton to the ICFA Board who is replacing Aja Brown.

VII. COMMENTS FROM STAFF.

Staff indicated that Millennium Housing is in the process of refunding Vista de Santa Barbara Mobile Home Park in the City of Carpinteria and to, therefore, mark their calendars for a Board meeting to be held on Wednesday, August 18, 2021 at 12:00 noon.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 1:01 p.m.

Respectfully submitted,

/s/
Deborah J. Smith
Executive Director