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April 28, 2021

MEMO TO: MS. FIONA MA, TREASURER, STATE OF CALIFORNIA

FROM: R. WADE NORRIS, ESQ.

RE: ASSEMBLY BILLS 49 AND 1135

Dear Treasurer Ma:

For the last four decades, the principal focus of my legal career has been serving as underwriter's or other legal counsel on tax-exempt multifamily rental housing bond and loan financings. A great deal of that work has been on financings in California, which, in my view, has lead the nation in these financings for most if not all of this period. In the last year alone, our firm was involved in over 150 of these financings throughout the United States with an aggregate dollar volume which we believe exceeds $4.0 billion, or roughly 20% of what we estimate to have been $21 billion of the tax-exempt multifamily rental housing bond financings closed in U.S. the past year.

We greatly admire the steps the State has taken under your leadership to consolidate the functions of CTAC and CDAC to streamline and coordinate the allocation of low income housing tax credits and private activity bond volume in the State. We believe the steps outlined in AB 49 to further streamline and coordinate these allocations would result in a system which would improve the process for all participants.

On the other hand, we believe, that attempting to consolidate these functions with the funds allocation function of HCD and other State funding sources may be "a bridge to far." One of the reasons we believe California has lead the nation for decades in the effective use of its private activity bond volume has been the presence of multiple teams lead by multiple issuers in allocating these valuable federal resources across a wide range of projects throughout the State with input from cities, counties and other political subdivisions where the project will be located. Having multiple teams work together in parallel assures that these immensely valuable federal subsidies are fully utilized. As shown in the chart attached as Exhibit A, we believe seven of the issuers of California tax-exempt affordable multifamily housing debt in 2018 each accounted for more than $100 million in volume, and that the "parallel processing" by these and other substantial issuers has been a major contributing factor to the volume of closings achieved.

We have found with several unusual exceptions that in states where all of these functions are consolidated in only one or two state agencies, the results have not been nearly as diverse, well-tailored to community needs and robust, as is the case in states where these functions are spread among multiple experienced players.

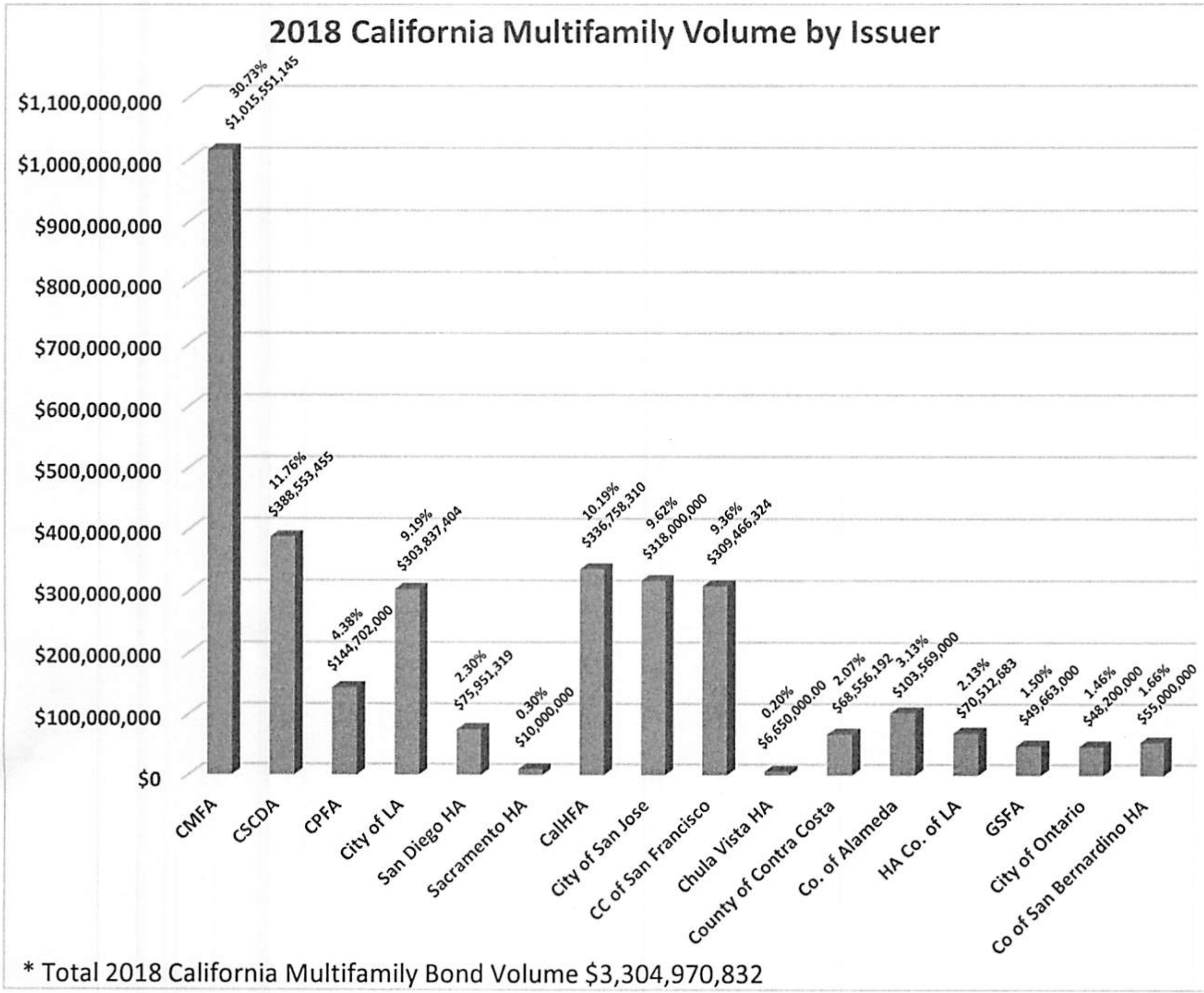
We recognize that AB 1135 is not proposing a consolidation of the issuance function, which we believe would be a **huge** mistake in California. However, we are still concerned that this substantial consolidation into one governmental unit in California of the volume allocation for bonds and credits, together with funding decisions now being carried out by governmental units with proven funding criteria and experience, invites the potential for serious bottlenecks and delays. At a time when the top priority should be assuring that none of these extraordinarily valuable and desperately needed federal subsidies are lost, we believe the approach reflected in AB 49 is the better step for the State to take in further improving what is widely seen as a national model for the full and effective use of these vital federal housing subsides.

Very truly yours,

R. Wade Norris

R. Wade Norris

Exhibit A


2018 California Multifamily Volume by Issuer
$1,100,000,000
$1,000,000,000
$900,000,000
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
30.73% $1,015,551,145
11.76% $388,553,455
4.38% $144,702,000
9.19% $303,837,404
2.30% $75,951,319
0.30% $10,000,000
10.19% $336,758,310
9.62% $318,000,000
9.36% $309,466,324
0.20% $6,650,000.00
2.07% $68,556,192
3.13% $103,569,000
2.13% $70,512,683
1.50% $49,663,000
1.46% $48,200,000
1.66% $55,000,000
CMFA
CSCDA
CPFA
City of LA
San Diego HA
Sacramento HA
CalHFA
City of San Jose
CC of San Francisco
Chula Vista HA
County of Contra Costa
Co. of Alameda
HA Co. of LA
GSFA
City of Ontario
Co of San Bernardino HA
* Total 2018 California Multifamily Bond Volume $3,304,970,832