

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits
2016 Summary as of July 1, 2017

State and local governmental agencies and joint powers authorities can issue tax-exempt housing revenue bonds. These bonds assist developers of multifamily rental housing units to acquire land and construct new units or purchase and rehabilitate existing units. The tax-exempt bonds are used to fund a loan with a below market interest rate, or result in the public issuance of debt. The low interest rate loan or proceeds from the public sale are used by the Project Sponsor to develop the project. Project Sponsors produce market rate and affordable rental housing for low and very low-income households by reducing rental rates to these individuals and families.

The California Debt Limit Allocation Committee is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2016, California's State ceiling is \$3.914 billion. At the beginning of the calendar year 2016, the carryforward amount available was \$6.096 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Qualified Residential Rental Project Pool (Rental Project Pool). For calendar year 2016, the Committee reserved approximately \$1.7 billion or 43.43% of the State ceiling for the Rental Project Pool. The \$1.7 billion of bond authority is allocated throughout the calendar year to three sub-pools i.e., General Pool (consists of projects having 50.1% or more of its total units designated as Restricted Rental Units); Mixed Income Pool (consists of projects having 50% or fewer of its total units designated as Restricted Rental Units); and the Rural Project Pool (consists of projects located in a rural area as defined by California Health and Safety Code Section 50199.21 and not including Mixed Income projects).

Private Activity Bond Volume Cap Programs

For program year 2016, the Committee awarded a total of \$4.821 billion (past year carryforward and current year cap) for rental projects, \$1.335 billion allocation for Single Family First-Time Homebuyer (SFH) programs, \$6,225,000 under the Industrial Development Bond Project (IDB) Program, and \$214,200,000 under the Waste/Recycling Exempt Facilities Financing (EXF) Program (current year and past year carryforward). After the December 14, 2016 allocations were made, there was a 2016 volume cap balance remaining of \$806,219,913. In order to ensure that no amount of 2016 allocation was lost, at the December 14, 2016 allocation meeting the Committee transferred the \$806,219,913 remaining balance to various multifamily housing issuers.

The public benefits for these awarded allocations are as follows:

Qualified Residential Rental Projects

The allocations awarded for the rental project pool for program year 2016 will fund 186 multifamily rental housing project awards, including 179 new awards and 7 supplemental awards. These allocations financed an estimated 20,671 total units, of which approximately 19,218 were Restricted Rental Units. Restricted Rental Units are units within a Project that are restricted to households earning 60% or less of the Applicable Median Family Income. Of the 19,218 Restricted Rental Units, 9,218 will be restricted to very low income households with incomes at or below 50% of the area median income and approximately 10,000 units will be restricted to low income households with incomes at or below 60% of the area median income.

Of the estimated 20,671 units financed with the allocation, approximately 6,642 will be new construction units and 14,029 will be acquisition/rehabilitation units. These units will serve 4,630 senior households, 4,027 large family (3+ bedrooms) households and 350 units special needs housing.

In December 2016, the Committee transferred a total of \$806,219,913 million of unused 2016 volume cap to (5) issuers for the Qualified Residential Rental Project Program. This allocation will be used to provide project-specific awards to these issuers until December of 2019 or until the allocation is exhausted, whichever occurs first.

Single Family Housing

The Committee awarded a total of \$1.335 billion of the 2016 State Ceiling under the Single-Family Housing Program for various city, county, statewide and multi-jurisdictional Mortgage Credit Certificate programs and one (1) statewide issuer for the Mortgage Revenue Bond Program. These allocations will assist approximately 5,541 first-time homebuyers; of whom at least 2,216 will be low income households, and approximately 938 will purchase newly constructed homes.

Industrial Development Bond Program

The Committee awarded a total of \$6,225,000 of the 2016 State Ceiling to two (2) IDB projects. These awarded allocations are anticipated to create a total of 69 new jobs in California, of which all 69 are skilled and semi-skilled jobs. The new jobs will produce a weighted average hourly wage of \$20.34.

Exempt Facility Program

There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business[1] under Regulatory Mandate[2], 2) Non-first Tier Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, and 4) All other Applications for Exempt Facilities. Of the eleven (11) 2016 allocation awards, eight (8) Projects were First Tier Business under Regulatory Mandate, two (2) Projects were First Tier Not Under Regulatory Mandate, and one (1) Project Non-first Tier Not Under Regulatory Mandate.

The eleven (11) qualified exempt facility projects were awarded a total of \$214,200,000 in allocation.

^[1] “First Tier Business” means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

^[2] “Regulatory Mandate” means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. (“AB 939”), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.