CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
Estimated Public Benefits
2017 Summary
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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. Tax-exempt bonds are used to fund a loan with a below market interest rate, or result in the public issuance of debt and the 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 (CDLAC) is responsible for administering California's annual tax-exempt private activity bond program known as "the annual State ceiling". For calendar year 2017, California's State ceiling was $3.925 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 (QRRP). For calendar year 2017, the Committee reserved approximately $3.3 billion or 84.08% of the State ceiling for QRRP. The $3.3 billion of bond authority is allocated throughout the calendar year to three (3) sub-pools: the General Pool (consists of projects having 50.1% or more of its total units designated as Restricted Rental Units); the 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, not including Mixed Income projects).

Private Activity Bond Volume Cap Programs

For program year 2017, the Committee awarded a total of $3.35 billion (past year carryforward and current year cap) for rental projects, $322 million allocation for Single Family First-Time Homebuyer (SFH) programs and $644 million under the Waste/Recycling Exempt Facilities Financing (EXF) Program (current year ceiling and past year carryforward). After the December 20, 2017 allocation and left over allocation from current year state ceiling issued bonds reverted, there was an allocation remaining of $1,442,072,607. To ensure that 2017 state ceiling allocation would not be lost, the Committee approved the transfer of the remaining 2017 state ceiling to six multifamily housing issuers.

The public benefits for these awarded allocations are as follows:

Qualified Residential Rental Projects

The allocations awarded for QRRP projects for program year 2017 total 127 awards for 114 multifamily rental housing projects. These awards break down to 114 new awards and 13 supplemental awards. Supplemental awards are requests for additional allocation to projects that have previously received an allocation. These allocations financed an estimated 12,185 total units of which approximately 10,428 were Restricted Rental Units. Restricted Rental Units are units within a Project that are restricted to households earning 60% or less of the Area Median Income (AMI). Of the 10,428 Restricted Rental Units, 4,447 will be restricted to very low income households with incomes at or below 50% of AMI and approximately 5,981 units will be restricted to low income households with incomes at or below 60% of AMI.

Of the estimated 12,185 units financed with the allocation, approximately 5,874 will be new construction units and 6,311 will be acquisition/rehabilitation units. These units will serve, among others, 2,166 senior households, 2,217 large family (3+ bedrooms) households and 543 units of special needs housing.

In December 2017, the Committee transferred the unused 2017 volume cap to six (6) issuers for the Qualified Residential Rental Project Program. This allocation will be used to provide project-specific awards to these issuers until December 31, 2020 or until the allocation is exhausted, whichever occurs first.

Single Family Housing

The Committee awarded a total of $322,154,163 of the 2017 State Ceiling under the Single-Family Housing Program for various city, county, statewide and multi-jurisdictional Mortgage Credit Certificate (MCC) programs. These allocations will assist approximately 2,113 first-time homebuyers; of whom at least 845 will be low income households, and approximately 96 will purchase newly constructed homes.

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 twenty-one (21) 2017 allocation awards, fourteen (14) Projects were First Tier Business under Regulatory Mandate, six (6) Projects were First Tier Not Under Regulatory Mandate, and one (1) Project Non-first Tier Not Under Regulatory Mandate. The twenty-one (21) qualified exempt facility projects were awarded a total of $644,356,442 of allocation.

In 2017, the 21 allocation awards supported over 50 solid waste projects located throughout California. These projects included:

- Thirteen (13) financed land and facility acquisition, development, new equipment procurement, and site improvements at recycling facilities to divert waste streams including food and other organic matter, plastics, glass, metals, construction debris and electronic parts from landfills.
- One (1) financed substantial site improvements at eleven (11) existing landfills throughout California to protect the groundwater from harmful leachate and other toxic matter.
- One (1) financed substantial site improvements at its multiple existing landfills throughout California, to protect the groundwater from harmful leachate and other toxic matter, improving their Manufacturing Recycling Facilities and purchasing new collection equipment.
- Three (3) financed the construction of new dairy digesters reducing harmful methane emissions from manure and producing renewable electricity for the utility.
- One (1) financed the construction of a new state-of-the-art medical waste facility.
- One (1) financed a biological processor that yields biogas to produce electricity and heat for the City of Escondido's wastewater treatment facility.
- One (1) financed the construction of a first-of-its kind rice straw converter producing cabinet-grade medium density fiberboard.

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[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.