

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**January 21, 2015**

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2015 STATE  
CEILING AMONG THE STATE CEILING POOLS**

**(Agenda Item No. 8)**

**ACTION:**

Establish the amounts for each of the State Ceiling Pools for the 2015 program year in accordance with Section 5010 of the Committee's Regulations Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds.

**BACKGROUND:**

California's population as recently reported by the U.S. Census Bureau is 38,802,500 resulting in a State Ceiling for 2015 of \$3,880,250,000.

In accordance with the Regulations, at the beginning of each calendar year the Committee must establish and announce the amounts the Committee expects to be apportioned to each of the State Ceiling Pools for the program year. In establishing the amounts for the pools, the Committee may consider the past year's results and legislative priorities.

The Committee continues to have legislative priorities intended to:

1. Promote housing for lower income families and individuals; and
2. Preserve and rehabilitate existing governmental assisted housing for lower income families and individuals.

Please see attached Attachment A for past year results.

**DISCUSSION:**

In making recommendations for the 2015 pool amounts, staff surveyed key issuers to determine their estimated demand. However, due to the uncertain level of demand that may result from both recently adopted and potential program changes this year, it is difficult to project allocation usage for 2015. As a result, staff has reserved an estimated 38.1% of the 2015 allocation as "undesignated". This reservation will provide staff the flexibility to allocate additional volume cap to various program pools on an "as needed" basis. The following list estimates demand and provides a recommendation for each program pool:

- Although staff has spoken with the major issuers for **Qualified Residential Rental Projects (QRRP)**, it is difficult to determine the pipeline of demand for multi-family housing projects at this time. As a result, staff has reserved 2015 allocation amounts generally consistent with the actual usage amounts for projects approved in 2014. In addition, QRRP applicants have access to over \$4.3 billion in unused carryforward allocation that was granted to high volume QRRP issuers in 2012, 2013 and 2014. This allocation may be utilized until exhausted through December 31, 2015, December 31, 2016 and December 31, 2017 respectively.

For QRRP, Staff recommends for the General Pool \$850 million; \$250 million for the Mixed Income Pool, and \$150 million for the Rural Project Pool.

- Staff recommends setting the **Single Family Program (SFH) Pool** at \$900 million. The pool amount will be split between statewide administrators and local program administrators. Potential statewide applicants include the California Housing Finance Agency (CalHFA) and the California Department of Veteran Affairs (Cal-Vet). Please see ATTACHMENT B for the local administrator (County) Fair Share amounts. In addition to the reservation for the regular SFH Pool, \$300 million will be set aside for the SFH Bonus Pool.
- Historically, the **Extra Credit Teacher Program (ECTP)** involved a combination of a first mortgage funded with tax exempt bond proceeds and a subordinate loan funded with Proposition 46 funds; administered by CalHFA. For a time, Proposition 46 proceeds were not available; however, CalHFA has secured some savings, which they have deployed alongside their existing allocation of mortgage credit certificates. Though it is uncertain at this time, CalHFA may request additional MCC authority through the ECTP at a later date if it is needed. As a result, staff does not recommend a 2015 reservation for this program at this time. Should CalHFA or another issuing agency request allocation, then the needed volume cap may be requested from the Undesignated/Reserve Allocation Pool.
- In 2013, the **Single Family Home Improvement and Rehabilitation Bond Program (HIRB)** was developed to assist low- to moderate-income households with securing qualified home improvement or qualified rehabilitation loans. State and local government agencies and joint powers authorities may issue MCCs or MRBs to back below market interest rate loans. Based on anticipated demand, staff is recommending \$150 million in allocation for the HIRB Pool.
- In 2014, **Industrial Development Bond (IDB)** allocations totaled over \$15.2 million. The California Industrial Development Financing Advisory Commission (CIDFAC) has indicated that for 2015, IDB demand shall be approximately \$50 million. Therefore, staff is recommending \$50 million in allocation for the IDB program pool. Should IDB demand exceed this amount, CIDFAC will return to the Committee with a request for additional allocation, which can be transferred from the Undesignated/Reserve Allocation Pool.
- In 2014, the **Exempt Facility Pool** allocations totaled over \$163 million in bond authority. The California Pollution Control Financing Authority (CPCFA) staff and financial advisors working on Exempt Facility projects have indicated that they do not expect a higher level of usage of bond authority in 2015. As such, staff does not recommend a 2015 reservation for the Exempt Facility Program Pool at this time since CPCFA currently has a balance over \$2.2 billion in unused 2012 and 2013 carryforward allocation and was recently awarded over 1.2 billion in 2014 carryforward allocation for the Exempt Facility Program. The carryforward allocations are available for CPCFA's use through December 31, 2015, December 31, 2016 and December 31, 2017, respectively. Should staff receive a request for allocation from an issuer other than CPCFA in the program year, than allocation may be requested from the Undesignated/Reserve Allocation Pool.

- In 2014, the **Student Loan Program Pool** received no applications. Currently, no demand is anticipated for 2015. As a result, staff does not recommend a 2015 reservation for the Student Loan Program Pool at this time. Should staff receive a request for allocation later in the program year, then allocation may be requested from the Undesignated/Reserve Allocation Pool.

**RECOMMENDATION:**

**Reservation amounts for the State Ceiling Pools:**

Staff recommends reservation amounts that reflect the statutory emphasis on affordable housing. Staff recommends the following amounts for each of the State Ceiling Pools for 2015 (please see ATTACHMENT A for more detailed information):

<b><u>State Ceiling Pool</u></b>	<b><u>Reservation</u></b>	<b><u>Percent of Ceiling*</u></b>
<b>Qualified Residential Rental Project Pool</b>	\$ 850,000,000	21.9%
<b>Mixed Income Pool</b>	250,000,000	6.4%
<b>Rural Project Pool</b>	<u>150,000,000</u>	<u>3.9%</u>
<i>Sub-Total – Multifamily Projects</i>	<b><i>\$1,250,000,000</i></b>	<b><i>32.2 %</i></b>
<b>Single-Family Housing Program Pool</b>	\$ 600,000,000	15.47%
<b>Single-Family Housing Program Bonus Pool</b>	<u>300,000,000</u>	<u>7.73%</u>
<i>Sub-Total – Single-Family Programs</i>	<b><i>\$900,000,000</i></b>	<b><i>23.2%</i></b>
<b>Extra Credit Teacher Home Purchase Program Pool</b>	<u>\$0</u>	<u>0%</u>
<b>Single-Family Home Improvement and Rehabilitation Program</b>	<u>\$150,000,000</u>	<u>3.9%</u>
<i>Housing Total</i>	<b><i>\$2,300,000,000</i></b>	<b><i>59.3%</i></b>
<b>Beginning Farmer Project Pool</b>	\$ 50,000,000	1.3%
<b>Small-Issue Industrial Development Project Pool</b>	50,000,000	1.3%
<b>Exempt Facility Project Pool</b>	0	0%
<b>Student Loan Program Pool</b>	<u>0</u>	<u>0%</u>
<i>Non-Housing Total</i>	<b><i>\$100,000,000</i></b>	<b><i>2.6%</i></b>
<b>Allocation on Hold (undesignated reserve)</b>	<b><i>\$1,480,250,000</i></b>	<b><i>38.10%</i></b>
<b>GRAND TOTAL</b>	<b><i>\$3,880,250,000</i></b>	<b><i>100.0%</i></b>

\*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

COMPARISON OF 2014 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2015 STATE CEILING AND POOLS

2014 RESERVATIONS BY PROGRAM POOL:

	<u>Initial Reservations</u>	<u>Initial % of Cap*</u>	<u>Final Usage</u>	<u>Final % of Cap*</u>
<b>HOUSING</b>				
Multifamily-General	\$850,000,000	22.2%	\$2,404,712,024 (a)	62.7%
Multifamily-Mixed	250,000,000	6.5%	\$0	0.0%
Multifamily-Rural	<u>150,000,000</u>	<u>3.9%</u>	<u>\$0</u>	<u>0.0%</u>
Multifamily Projects Subtotal:	<b>\$1,250,000,000</b>	32.6%	<b>\$2,404,712,024</b>	62.7%
<b>Multifamily Total:</b>		32.6%	<b>\$2,404,712,024</b>	62.7%
Single-Family-CalHFA/CALVET	\$300,000,000	7.8%	\$0	0.0%
Single-Family-Locals/CalVet	300,000,000	7.8%	\$194,166,904 (b)	5.1%
Single-Family-Bonus	<u>300,000,000</u>	<u>7.8%</u>	<u>\$0</u>	<u>0.0%</u>
Single-Family Subtotal:	<b>\$900,000,000</b>	23.5%	<b>\$194,166,904</b>	5.1%
<b>Single-Family Total:</b>		23.5%	<b>\$194,166,904</b>	5.1%
Extra Credit Program	<b>\$0</b>	0.0%	<b>\$0</b>	<u>0.0%</u>
Single-Family Improvement and Rehabilitation Program	\$150,000,000	3.9%	\$0	0.0%
<b>Housing Total:</b>	<b>\$2,300,000,000</b>	60.0%	<b>\$2,598,878,928</b>	67.8%
<b>NON-HOUSING</b>				
Industrial Dvlpmnt	\$50,000,000	1.3%	\$15,285,000	0.4%
Exempt Facility	0	0.0%	\$1,219,088,172 (c)	31.8%
Student Loan	<u>0</u>	<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
		<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
<b>Non-Housing Total:</b>	<b>\$50,000,000</b>	1.3%	<b>\$1,234,373,172</b>	32.2%
Allocation on Hold	<b>\$1,483,252,100</b>	38.7%	<b>\$0</b>	0.0%
<b>GRAND TOTAL</b>	<b>\$3,833,252,100</b>	<b>100.0%</b>	<b>\$3,833,252,100</b>	<b>100.0%</b>

2015 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2015 Ceiling Pool Reservations</u>	<u>% of Cap*</u>
<b>HOUSING</b>		
Multifamily-General	\$850,000,000	21.9%
Multifamily-Mixed	250,000,000	6.4%
Multifamily-Rural	<u>150,000,000</u>	<u>3.9%</u>
<b>Multifamily Projects Subtotal:</b>	<b>\$1,250,000,000</b>	<b>32.2%</b>
Single-Family-CalHFA/CalVet	\$300,000,000	7.7%
Single-Family-Locals	300,000,000	7.7%
Single-Family-Bonus	<u>300,000,000</u>	<u>7.7%</u>
<b>Single-Family Subtotal:</b>	<b>\$900,000,000</b>	<b>23.2%</b>
Extra Credit Program	<b>\$0</b>	<u>0.0%</u>
Single-Family Improvement and Rehabilitation Program	\$150,000,000	<u>3.9%</u>
<b>Housing Total:</b>	<b>\$2,300,000,000</b>	<b>59.3%</b>
<b>NON-HOUSING</b>		
Beginning Farmer	\$50,000,000	1.3%
Industrial Dvlpmnt	\$50,000,000	1.3%
Exempt Facility	0	0.0%
Student Loan	<u>0</u>	<u>0.0%</u>
<b>Non-Housing Total:</b>	<b>\$100,000,000</b>	<b>2.6%</b>
<b>Allocation on Hold</b>	<b>\$1,480,250,000</b>	<b>38.1%</b>
<b>GRAND TOTAL:</b>	<b>\$3,880,250,000</b>	<b>100.0%</b>

\* Percentages are rounded.

(a) On December 10, 2014, the Committee approved the lump sum award of allocation, on a carryforward basis, to various multifamily housing issuers. The awards totaled \$1.85 billion.

(b) On December 10, 2014, the Committee approved the lump sum award of allocation, on a carryforward basis, to various single family housing issuers. The awards totaled \$49.5 million.

(c) On December 10, 2014, the Committee approved the transfer and allocation award, on a carryforward basis, of allocation that was available on December 31, 2014 to the Exempt Facility Program Pool for the California Pollution Control Financing Authority. The final award total will be an estimated \$1,219,088,172.

**2015 COUNTY FAIR SHARE AMOUNTS FOR  
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2014 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2015 COUNTY FAIR SHARE AMOUNTS</u>
<b>CALIFORNIA</b>	38,340,074	100.0000000%	<b>\$300,000,000</b>
ALAMEDA	1,573,254	4.1034193%	\$12,310,258
ALPINE	1,079	0.0028143%	\$8,443
AMADOR	36,151	0.0942904%	\$282,871
BUTTE	222,316	0.5798528%	\$1,739,558
CALAVERAS	44,650	0.1164578%	\$349,373
COLUSA	21,660	0.0564944%	\$169,483
CONTRA COSTA	1,087,008	2.8351745%	\$8,505,523
DEL NORTE	28,131	0.0733723%	\$220,117
EL DORADO	182,404	0.4757529%	\$1,427,259
FRESNO	964,040	2.5144448%	\$7,543,334
GLENN	28,353	0.0739513%	\$221,854
HUMBOLDT	134,648	0.3511939%	\$1,053,582
IMPERIAL	180,672	0.4712354%	\$1,413,706
INYO	18,590	0.0484871%	\$145,461
KERN	873,092	2.2772309%	\$6,831,693
KINGS	150,181	0.3917076%	\$1,175,123
LAKE	64,699	0.1687503%	\$506,251
LASSEN	32,581	0.0849790%	\$254,937
LOS ANGELES	10,041,797	26.1913866%	\$78,574,160
<i>County of Los Angeles</i>	<i>6,137,140</i>	<i>61.1159536%</i>	<i>\$48,021,347</i>
<i>City of Los Angeles</i>	<i>3,904,657</i>	<i>38.8840464%</i>	<i>\$30,552,813</i>
MADERA	153,897	0.4013999%	\$1,204,200
MARIN	255,846	0.6673070%	\$2,001,921
MARIPOSA	18,467	0.0481663%	\$144,499
MENDOCINO	89,029	0.2322087%	\$696,626
MERCED	264,922	0.6909794%	\$2,072,938
MODOC	9,197	0.0239880%	\$71,964
MONO	14,143	0.0368883%	\$110,665
MONTEREY	425,756	1.1104726%	\$3,331,418
NAPA	139,255	0.3632100%	\$1,089,630
NEVADA	97,225	0.2535858%	\$760,758
ORANGE	3,113,991	8.1220266%	\$24,366,080
PLACER	366,115	0.9549147%	\$2,864,744
PLUMAS	19,140	0.0499217%	\$149,765
RIVERSIDE	2,279,967	5.9466943%	\$17,840,083
SACRAMENTO	1,454,406	3.7934356%	\$11,380,307
SAN BENITO	57,517	0.1500180%	\$450,054
SAN BERNARDINO	2,085,669	5.4399191%	\$16,319,757

**2015 COUNTY FAIR SHARE AMOUNTS FOR  
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2014 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2015 COUNTY FAIR SHARE AMOUNTS</u>
<b>CALIFORNIA</b>	38,340,074	<b>100.0000000%</b>	<b>\$300,000,000</b>
SAN DIEGO	3,194,362	8.3316532%	\$24,994,960
<i>City of Oceanside</i>	171,183	5.3589105%	\$1,339,458
<i>City of San Diego</i>	1,345,895	42.1334526%	\$10,531,239
<i>County of San Diego</i>	1,677,284	52.5076369%	\$13,124,263
SAN FRANCISCO	836,620	2.1821032%	\$6,546,310
SAN JOAQUIN	710,731	1.8537549%	\$5,561,265
SAN LUIS OBISPO	272,357	0.7103716%	\$2,131,115
SAN MATEO	745,193	1.9436400%	\$5,830,920
SANTA BARBARA	433,398	1.1304047%	\$3,391,214
SANTA CLARA	1,868,558	4.8736421%	\$14,620,926
SANTA CRUZ	271,595	0.7083841%	\$2,125,152
SHASTA	179,412	0.4679490%	\$1,403,847
<i>County of Shasta</i>	88,205	49.1633781%	\$690,179
<i>City of Redding</i>	91,207	50.8366219%	\$713,668
SIERRA	3,089	0.0080568%	\$24,171
SISKIYOU	45,231	0.1179732%	\$353,920
SOLANO	424,233	1.1065002%	\$3,319,501
<i>County of Solano</i>	330,620	77.9335884%	\$2,587,005
<i>City of Vacaville</i>	93,613	22.0664116%	\$732,495
SONOMA	490,486	1.2793037%	\$3,837,911
STANISLAUS	526,042	1.3720422%	\$4,116,127
SUTTER	95,733	0.2496944%	\$749,083
TEHAMA	63,717	0.1661890%	\$498,567
TRINITY	13,389	0.0349217%	\$104,765
TULARE	459,446	1.1983441%	\$3,595,032
TUOLUMNE	53,604	0.1398119%	\$419,436
VENTURA	842,967	2.1986577%	\$6,595,973
YOLO	206,381	0.5382906%	\$1,614,872
YUBA	73,682	0.1921801%	\$576,540
<b>TOTALS:</b>	<b>38,340,074</b>	<b>100.0000000%</b>	<b>\$300,000,000</b>

For the Single-Family Housing Program, the Committee relies upon population estimates released by the Demographic Research Unit in the Department of Finance, which is designated as the single official source of demographic data for State planning and budgeting. This number differs from the population estimate released by the U.S. Census Bureau which the Committee uses to determine the annual State Ceiling as required by federal statute. The Department of Finance data is used to determine local issuers' fair share because it includes a complete breakdown of California's population by city and county, which the U.S. Census Bureau data does not include.