

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits

2014 Summary

State and local governmental agencies and joint powers authorities can issue tax-exempt private activity bonds. These tax-exempt bonds are used to assist developers of multifamily rental housing units to acquire land and construct new units or purchase and rehabilitate existing units, to assist first-time homebuyers in purchasing or rehabilitating homes through mortgage revenue bonds (MRB) or mortgage credit certificates (MCC), to assist manufacturing facilities finance capital expenditures, and to finance primarily solid waste disposal and waste recycling facilities.

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 2014, California's State ceiling was \$3.833 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 2014, the Committee reserved approximately \$1.25 billion or 32.6% of the State ceiling for the Rental Project Pool. The \$1.25 billion of bond authority was allocated throughout the calendar year under three sub-pools: 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 2014, the Committee awarded a total of \$1.531 billion (past year carryforward and current year cap) for rental projects, \$224,581,132 (past year carryforward and current year cap) for SFH programs, \$15,285,000 (current year cap) under the IDB Program, and \$163,195,000 under the EXF Program billion (past year carryforward). After the December 10, 2014 allocations were made, there was a 2014 volume cap balance remaining of approximately \$3.118 billion. In order to ensure that no amount of 2014 allocation was lost, at the December 10, 2014 allocation meeting the Committee transferred \$1.899 billion of this remaining balance to various multifamily housing project issuers and single family housing mortgage credit certificate program administrators; with all allocation remaining thereafter transferred to the California Pollution Control Financing Authority (CPCFA) for the Exempt Facility Program, all on a carryforward basis.

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 2014 will fund 106 multifamily rental housing projects. These allocations financed an estimated 9,763 total units, of which approximately 9,461 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 9,461 Restricted Rental Units, 3,773 will be restricted to very low income households with income at or below 50% of the area median income and approximately 5,688 units will be restricted to low income households with incomes at or below 60% of the area median income.

Of the estimated 9,763 units financed with the allocation, approximately 3,041 will be new construction units, 3,641 will be senior citizen units, 1,414 will be large family (3-4 bedrooms) units and 493 will be special needs units. In addition, this allocation will preserve approximately 1,458 income- and rent-restricted units that were at-risk of losing their existing affordability restrictions.

The Committee transferred a total of \$1.850 billion of unused 2014 volume cap to five (5) issuers for the Qualified Residential Rental Project Program. This represents 59.3% of the \$3.118 billion in unused 2014 volume cap and 48.3% of the overall 2014 \$3.833 billion State Ceiling.

Single Family Housing

The Committee awarded a total of \$274,166,904 of the 2014 State Ceiling and past year carryforward allocation under the Single-Family Housing Program for various city, county, statewide and multi-jurisdictional Mortgage Credit Certificate programs. These allocations will assist approximately 1,374 first-time homebuyers; of whom at least 550 will be low income households, and approximately 187 will purchase newly constructed homes. The Committee also transferred a total of \$49,585,772 to four (4) Single Family Housing Program Administrators for the Mortgage Credit Certificate Program. This represents 1.6% of the \$3.118 billion in unused 2014 volume cap and 1.3% of the overall 2014 \$3.833 billion State Ceiling.

Industrial Development Bond Program

The Committee awarded a total of \$15,285,000 of the 2014 State Ceiling to four (4) IDB projects. These awarded allocations are anticipated to create a total of 79 new jobs in California, of which all 79 are skilled and semi-skilled jobs. The new jobs will produce a weighted average hourly wage of \$21.63.

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.

Eight (8) qualified exempt facility projects were awarded a total of \$163,195,000 in allocation in 2014.

The Committee transferred a little over \$1.219 of unused 2014 volume cap for exempt facility projects to the California Pollution Control Finance Authority. This represents 39.1% of the \$3.118 billion in unused 2014 volume cap and 31.8% of the overall 2014 \$3.833 billion State Ceiling.

^[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.