

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 18, 2012

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2012 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 11)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2012 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 37,691,912 resulting in a State Ceiling for 2012 of **\$3,580,731,640**.

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 2012 pool amounts, staff surveyed key issuers to determine their estimated demand. However, due to the instability in the financial markets, it is difficult to project allocation usage for 2012. As a result, staff has reserved an estimated 43% of the 2012 allocation as "undesignated". This reservation will provide staff the flexibility to provide additional allocation 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 2012 allocation amounts generally consistent with the actual amount for projects approved in 2011. In addition, QRRP applicants have access to over \$3.08 billion in unused carryforward allocation that was granted to high volume QRRP issuers in 2009, 2010 and 2011. This allocation may be utilized until exhausted through December 31, 2012, December 31, 2013 and December 31, 2014 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 \$500 million. The pool amount will be split evenly 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, \$250 million will be set aside for the SFH Bonus Pool.

CalHFA has reported that the **Extra Credit Teacher Program (ECTP)** has been suspended due to a freeze in bond funded Proposition programs. The ECTP offered a combination of a first mortgage funded with tax exempt bond proceeds and a subordinate loan funded with Proposition 46 funds. However, Proposition 46 proceeds have been exhausted and it is unknown when additional funds will become available. As a result, staff does not recommend a 2012 reservation for this program. Should Proposition 46 funds or an alternative funding source become available for the ECTP at a later date, allocation may be requested from the Undesignated/Reserve allocation pool.

In 2011, **Industrial Development Bond (IDB)** allocations totaled over \$13.7 million. The California Industrial Development Financing Advisory Commission (CIDFAC) has indicated that for 2012, IDB demand shall be a minimum of \$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.

In 2011, the **Exempt Facility Pool** allocations totaled over \$73.5 million in bond authority. The California Pollution Control Financing Authority (CPCFA) staff and financial advisors working on Exempt Facility projects have indicated that they expect a higher level of usage of bond authority in 2012. However, staff does not recommend a 2012 reservation for the Exempt Facility Program Pool at this time since CPCFA currently has a balance of \$1.73 billion in unused 2009 and 2010 carryforward allocation and was recently awarded \$1.09 billion in 2011 carryforward allocation for the Exempt Facility Program. The carryforward allocations are available for CPCFA's use through December 31, 2012, December 31, 2013 and December 31, 2014 respectively. Should staff receive a request for allocation from an issuer other than CPCFA in the program year, then allocation may be requested from the Undesignated/Reserve Allocation Pool.

In 2011, the **Student Loan Program Pool** received no applications. Currently, no demand is anticipated for 2012. As a result, staff does not recommend a 2012 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.

RECOMMENDATIONS:

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 2012 (please see ATTACHMENT A for more detailed information):

<u>State Ceiling Pool</u>	<u>Reservation</u>	<u>Percent of Ceiling*</u>
Qualified Residential Rental Project Pool	\$ 850,000,000	23.7%
Mixed Income Pool	250,000,000	7.0%
Rural Project Pool	150,000,000	4.2%
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,250,000,000</i>	<i>34.9 %</i>
Single-Family Housing Program Pool	\$ 500,000,000	14.0%
Single-Family Housing Program Bonus Pool	250,000,000	7.0%
<i>Sub-Total – Single-Family Programs</i>	<i>\$750,000,000</i>	<i>21.0%</i>
Teacher Home Purchase Program Pool	\$0	0%
<i>Housing Total</i>	<i>\$2,000,000,000</i>	<i>55.9%</i>
Small-Issue Industrial Development Project Pool	\$ 50,000,000	1.4%
Exempt Facility Project Pool	\$0	0%
Student Loan Program Pool	\$0	0%
<i>Non-Housing Total</i>	<i>\$ 50,000,000</i>	<i>1.4%</i>
Allocation on Hold (undesignated reserve)	<i>\$1,530,731,640</i>	<i>42.7%</i>
GRAND TOTAL	<i>\$3,580,731,640</i>	<i>100.0%</i>

*Percentages are rounded.

COMPARISON OF 2011 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2012 STATE CEILING AND POOLS

2011 RESERVATIONS BY PROGRAM POOL:

	<u>Initial Reservations</u>	<u>Initial % of Cap*</u>	<u>Final Usage</u>	<u>Final % of Cap*</u>
HOUSING				
Multifamily-General	\$850,000,000	24.0%	\$2,013,176,918 (a)	56.9%
Multifamily-Mixed	250,000,000	7.1%	\$0	0.0%
Multifamily-Rural	<u>150,000,000</u>	<u>4.2%</u>	<u>\$2,600,000</u>	<u>0.1%</u>
Multifamily Projects Subtotal:	\$1,250,000,000	35.3%	\$2,015,776,918	57.0%
Multifamily Total:		35.3%	\$2,015,776,918	57.0%
Single-Family-CalHFA/CALVET	\$250,000,000	7.1%	\$250,000,000	7.1%
Single-Family-Locals/CalVet	250,000,000	7.1%	\$170,828,220	4.8%
Single-Family-Bonus	<u>250,000,000</u>	<u>7.1%</u>	<u>\$12,166,681</u>	<u>0.3%</u>
Single-Family Subtotal:	\$750,000,000	21.2%	\$432,994,901	12.2%
Single-Family Total:		21.2%	\$432,994,901	12.2%
Extra Credit Program	<u>\$0</u>	0.0%	<u>\$0</u>	<u>0.0%</u>
Housing Total:	\$2,000,000,000	56.5%	\$2,448,771,819	69.2%
NON-HOUSING				
Industrial Dvlpmnt	\$50,000,000	1.4%	\$13,775,000	0.4%
Exempt Facility	0	0.0%	\$1,076,579,001 (b)	30.4%
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>
Non-Housing Total:	\$50,000,000	1.4%	\$1,090,354,001	30.8%
Allocation on Hold	\$1,489,125,820	42.1%	\$0	0.0%
GRAND TOTAL	\$3,539,125,820	100.0%	\$3,539,125,820	100.0%

2012 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2012 Ceiling Pool Reservations</u>	<u>% of Cap*</u>	<u>Amount Difference from 2011 Final Reservations</u>
HOUSING			
Multifamily-General	\$850,000,000	23.7%	-\$1,163,176,918
Multifamily-Mixed	250,000,000	7.0%	250,000,000
Multifamily-Rural	<u>150,000,000</u>	<u>4.2%</u>	<u>147,400,000</u>
Multifamily Projects Subtotal:	\$1,250,000,000	34.9%	-\$765,776,918
Single-Family-CalHFA/CalVet	\$250,000,000	7.0%	\$0
Single-Family-Locals	250,000,000	7.0%	79,171,780
Single-Family-Bonus	<u>250,000,000</u>	<u>7.0%</u>	<u>237,833,319</u>
Single-Family Subtotal:	\$750,000,000	20.9%	\$317,005,099
Extra Credit Program	<u>\$0</u>	<u>0.0%</u>	<u>\$0</u>
Housing Total:	\$2,000,000,000	55.9%	-\$448,771,819
NON-HOUSING			
Industrial Dvlpmnt	\$50,000,000	1.4%	\$36,225,000
Exempt Facility	0	0.0%	0
Student Loan	<u>0</u>	<u>0.0%</u>	<u>\$0</u>
Non-Housing Total:	\$50,000,000	1.4%	\$36,225,000
Allocation on Hold	\$1,530,731,640	42.7%	\$1,530,731,640
GRAND TOTAL:	\$3,580,731,640	100.0%	\$41,605,820

* Percentages are rounded.

(a) On December 14, 2011, the Committee approved the lump sum award of allocation, on a carryforward basis, to various multifamily housing issuers. The awards totaled \$1.6 billion.

(b) On December 14, 2011, the Committee approved the transfer and allocation award, on a carryforward basis, of allocation that was available on December 31, 2011 to the Exempt Facility Program Pool for the California Pollution Control Financing Authority. The award totaled an estimated \$1.09 billion.

**2012 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2011 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2012 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	37,578,616	100.0000000%	\$250,000,000
ALAMEDA	1,525,655	4.0599020%	\$10,149,755
ALPINE	1,109	0.0029511%	\$7,378
AMADOR	37,366	0.0994342%	\$248,586
BUTTE	220,570	0.5869562%	\$1,467,390
CALAVERAS	45,002	0.1197543%	\$299,386
COLUSA	21,564	0.0573837%	\$143,459
CONTRA COSTA	1,061,132	2.8237655%	\$7,059,414
DEL NORTE	28,520	0.0758942%	\$189,736
EL DORADO	181,653	0.4833946%	\$1,208,486
FRESNO	941,965	2.5066517%	\$6,266,629
GLENN	28,201	0.0750453%	\$187,613
HUMBOLDT	134,484	0.3578737%	\$894,684
IMPERIAL	178,169	0.4741234%	\$1,185,308
INYO	18,470	0.0491503%	\$122,876
KERN	848,553	2.2580741%	\$5,645,185
KINGS	152,739	0.4064519%	\$1,016,130
LAKE	63,703	0.1695193%	\$423,798
LASSEN	34,283	0.0912301%	\$228,075
LOS ANGELES	9,857,567	26.2318522%	\$65,579,630
<i>County of Los Angeles</i>	<i>6,346,316</i>	<i>64.3801457%</i>	<i>\$42,220,262</i>
<i>City of Los Angeles</i>	<i>4,094,764</i>	<i>41.5392967%</i>	<i>\$27,241,317</i>
MADERA	152,281	0.4052331%	\$1,013,083
MARIN	254,114	0.6762197%	\$1,690,549
MARIPOSA	17,963	0.0478011%	\$119,503
MENDOCINO	87,669	0.2332949%	\$583,237
MERCED	258,678	0.6883649%	\$1,720,912
MODOC	9,522	0.0253389%	\$63,347
MONO	14,164	0.0376916%	\$94,229
MONTEREY	419,710	1.1168852%	\$2,792,213
NAPA	137,732	0.3665170%	\$916,292
NEVADA	98,155	0.2611991%	\$652,998
ORANGE	3,043,964	8.1002557%	\$20,250,639
PLACER	355,687	0.9465144%	\$2,366,286
PLUMAS	19,774	0.0526204%	\$131,551
RIVERSIDE	2,226,552	5.9250506%	\$14,812,626
SACRAMENTO	1,430,537	3.8067847%	\$9,516,962
SAN BENITO	55,684	0.1481800%	\$370,450
SAN BERNARDINO	2,059,630	5.4808565%	\$13,702,141

**2012 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2011 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2012 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	37,578,616	100.0000000%	\$250,000,000
SAN DIEGO	3,131,254	8.3325421%	\$20,831,355
<i>City of Oceanside</i>	<i>183,095</i>	<i>5.8473378%</i>	<i>\$1,218,080</i>
<i>City of San Diego</i>	<i>1,376,173</i>	<i>43.9495806%</i>	<i>\$9,155,293</i>
<i>County of San Diego</i>	<i>1,571,986</i>	<i>50.2030816%</i>	<i>\$10,457,982</i>
SAN FRANCISCO	814,088	2.1663597%	\$5,415,899
SAN JOAQUIN	693,589	1.8457013%	\$4,614,253
SAN LUIS OBISPO	270,739	0.7204603%	\$1,801,151
SAN MATEO	725,245	1.9299407%	\$4,824,852
SANTA BARBARA	425,840	1.1331977%	\$2,832,994
SANTA CLARA	1,805,861	4.8055548%	\$12,013,887
SANTA CRUZ	264,824	0.7047199%	\$1,761,800
SHASTA	177,675	0.4728088%	\$1,182,022
<i>County of Shasta</i>	<i>86,114</i>	<i>48.4671451%</i>	<i>\$572,892</i>
<i>City of Redding</i>	<i>91,561</i>	<i>51.5328549%</i>	<i>\$609,130</i>
SIERRA	3,179	0.0084596%	\$21,149
SISKIYOU	44,750	0.1190837%	\$297,709
SOLANO	413,635	1.1007191%	\$2,751,798
<i>County of Solano</i>	<i>316,330</i>	<i>76.4756367%</i>	<i>\$2,104,454</i>
<i>City of Vacaville</i>	<i>97,305</i>	<i>23.5243633%</i>	<i>\$647,343</i>
SONOMA	486,479	1.2945634%	\$3,236,408
STANISLAUS	518,461	1.3796703%	\$3,449,176
SUTTER	95,351	0.2537374%	\$634,343
TEHAMA	63,798	0.1697721%	\$424,430
TRINITY	13,555	0.0360710%	\$90,178
TULARE	448,965	1.1947353%	\$2,986,838
TUOLUMNE	54,393	0.1447446%	\$361,861
VENTURA	830,215	2.2092751%	\$5,523,188
YOLO	201,645	0.5365951%	\$1,341,488
YUBA	72,554	0.1930726%	\$482,681
TOTALS:	37,578,616	100.0000000%	\$250,000,000

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.