

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

February 21, 2007

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2007 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 5.)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2007 program year in accordance with Section 4. II. of the Committee's Procedures Implementing the Allocation of the State or Committee Ceiling on Qualified Private Activity Bonds.

BACKGROUND:

California's population as recently reported by the U.S. Census Bureau is 36,457,549, resulting in a State Ceiling for 2007 of \$3,098,891,665.

In accordance with the Procedures, 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 and the amounts that are expected to be available in each of the allocation rounds for the 2007 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 to:

1. Promote housing for lower income families and individuals;
2. Preserve and rehabilitate existing governmental assisted housing for lower income families and individuals; and
3. Provide mortgage tax credits or reduced interest rate mortgages to assist teachers, principals, vice principals, assistant principals, and classified employees who are willing to serve in high priority schools to purchase a home.

To see past year's results, please see attached Exhibit A, Comparison of 2006 Pool Reservations and Proposed 2007 Pool Reservations.

DISCUSSION:

In making recommendations for 2007 pool amounts, staff surveyed key issuers to determine their estimated demand. The following list estimates demand and recommends the amount for each program pool:

Although staff has spoken with the major issuers for **Rental Projects**, it is difficult to determine the pipeline of demand for multi-family projects. Large and repeat program applicants anticipate demand on par with last year.

Staff recommends for the General Pool \$1,305,891,665 in 2007. Based on last years activity, staff recommends \$300 million for the Mixed Income Pool, and \$135 million for the Rural Project Pool.

At the end of the year if Rental Pool bond authority remains unallocated, or the Committee elects to transfer additional allocation to the Rental Pool, the Committee may then consider

Redevelopment Agency Housing Set-Aside Program applications. Therefore, no allocation is recommended for the Housing Set-Aside Pool at this time.

Staff recommends setting the **Single Family Program Pool** at \$640 million. The major addition to this Pool is the CALVet single family housing program. HR 6111 approved on December 8, 2006 allows California Veterans for calendar year 2007 and prior to January 1, 2008 expanded program eligibility. During this one year window California Veterans are not required to be first time homebuyers and program eligibility is expanded to include all California Veterans with war time service. Prior to this eligibility expansion California Veteran eligibility was limited to Veterans that had war time service prior to 1977. Due to the increased Veteran program demand staff recommends \$140 million in allocation for the CALVet single family program. To accommodate the new Veteran's allocation staff is recommending the following allocation distribution for the remainder of the Single Family Program Pool. CalHFA \$310 million a reduction of \$60 million from their 2006 allocation. The Locals Single Family Pool of \$140 million and a Single Family Pool Bonus Allocation of \$50 million. The Bonus Pool will be allocated by the Committee based on Single Family program demand. The Extra Credit Teacher Program (ECTP) will not receive a 2007 allocation because that program has \$96,807,305 remaining from 2005 allocation and \$110 million remaining from 2006 allocation for a total allocation available for the Extra Credit Teachers Program of \$206,807,305. CalHFA the ECTP program administrator will continue to actively market that program with the existing allocation.

In 2006, **Industrial Development Bond** (IDB) demand totaled just over \$26 million. CIDFAC and the California I-Bank indicate that for 2007 IDB demand totals approximately \$100 million due to the change in tax law increasing the capital expenditure limit from \$10 million to \$20 million. This estimated demand amount includes both the Small Business Program (\$8 million) and the core IDB program (\$60 million). Therefore, staff is recommending \$68 million in allocation for the IDB pool. This recommendation has been discussed with and agreed to by CIDFAC and the California I-Bank staff.

In 2006, the **Exempt Facility Pool** amount was approximately \$396 million and allocations totaled over \$289 million in bond authority. CPCFA staff and the financial advisors working on Exempt Facility projects indicate that they expect high usage of bond authority in 2007. The 2007 pipeline for First Tier projects is \$500 million and Non-First Tier projects is approximately \$200 million. Staff anticipates that Exempt Facility demand for allocation will be greater than anticipated allocation. Therefore, staff recommends \$440 million bond authority for the Exempt Facility Pool and if usage of allocation is less than anticipated in other program areas, Exempt Facility projects may receive allocation later in the year. This recommendation has been discussed with and agreed to by CPCFA staff.

Staff is expecting the return of All Student Loan and Educational Financing Services, Inc. for allocation from the **Student Loan Program Pool** this year. This pool is competitive and it is anticipated that demand will exceed allocation. Staff recommends \$210,000,000 in the Student Loan Program 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 2007 (please see Exhibit A for more detailed information):

<u>State Ceiling Pool</u>	<u>Reservation</u>	<u>Percent of Ceiling*</u>	<u>2006 Reservation</u>
Qualified Residential Rental Project Pool	\$ 1,305,891,665	42.1%	\$1,200,000,000
Mixed Income Pool	300,000,000	9.7%	300,000,000
Rural Project Pool	135,000,000	4.4%	135,000,000
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,740,891,665</i>	<i>56.2 %</i>	<i>\$1,635,000,000</i>
Single-Family Housing Program Pool	\$ 590,000,000	19.1%	\$500,000,000
Single-Family Housing Program Bonus Pool	\$50,000,000	1.6%	<u>0</u>
<i>Sub-Total – Single-Family Programs</i>	<i>\$640,000,000</i>	<i>20.7%</i>	<i>\$500,000,000</i>
Teacher Home Purchase Program Pool	(\$206,807,305)		\$110,000,000
<i>Housing Total</i>	<i>\$2,380,891,665</i>	<i>76.8%</i>	<i>\$2,245,000,000</i>
Small-Issue Industrial Development Project Pool	\$ 60,000,000	1.9%	\$25,000,000
IDB Small Business Program	8,000,000	0.3%	15,000,000
<i>Sub-Total – Small-Issue Industrial Development</i>	<i>\$68,000,000</i>	<i>2.2%</i>	<i>\$40,000,000</i>
Exempt Facility Project Pool	\$440,000,000	14.2%	\$395,571,760
Student Loan Program Pool	\$210,000,000	6.8%	210,000,000
<i>Non-Housing Total</i>	<i>\$ 718,000,000</i>	<i>23.2%</i>	<i>605,571,760</i>
GRAND TOTAL	\$3,098,891,665	100.0%	\$2,890,571,760

*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

EXHIBIT A
Agenda Item No. 5.
February 21, 2007

COMPARISON OF 2006 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2007 STATE CEILING AND POOLS

2006 RESERVATIONS BY PROGRAM POOL:

	<u>Initial Reservations</u>	<u>Initial % of Cap*</u>	<u>Final Reservations</u>	<u>Final % of Cap*</u>
HOUSING				
Multifamily-General	\$1,200,000,000	41.5%	\$1,206,746,540	41.7%
Multifamily-Mixed	300,000,000	10.4%	\$295,280,000	10.2%
Multifamily-Rural	135,000,000	4.7%	\$98,104,503	3.4%
Multifamily Projects Subtotal:	\$1,635,000,000	56.6%	\$1,600,131,043	55.4%
Reserve Amt.- RDA Set Aside	\$0	0.0%	\$0	0.0%
Multifamily Subtotal:	\$1,635,000,000	56.6%	\$1,600,131,043	55.4%
Single-Family-CalHFA	\$250,000,000	8.6%	\$250,000,000	8.6%
Single-Family-Locals	250,000,000	8.6%	\$139,751,988	4.8%
Single-Family-CalVET				
Single-Family-Bonus	0	0.0%	0	0.0%
Single-Family Subt:*	\$500,000,000	17.3%	\$389,751,988	13.5%
Extra Credit Program	\$110,000,000	3.8%	\$110,000,000	3.8%
Housing Total:	\$2,245,000,000	77.7%	\$2,099,883,031	72.6%
NON-HOUSING				
Industrial Dvlpmnt	\$25,000,000	0.9%	\$26,463,000	0.9%
Small Business Program	\$15,000,000	0.5%	\$6,300,000	0.2%
Exempt Facility	395,571,760	13.7%	\$289,300,000	10.0%
Student Loan	210,000,000	7.3%	\$210,000,000	7.3%
Non-Housing Total:	\$645,571,760	22.3%	\$532,063,000	18.4%
**Carryforward to CalHFA	\$0	0.0%	\$258,625,729	8.9%
GRAND TOTAL	\$2,890,571,760	100.0%	\$2,890,571,760	100.0%

2007 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2007 Ceiling Pool Reservations</u>	<u>% of Cap*</u>	<u>Amount Difference from 2006 Final Reservations</u>
HOUSING			
Multifamily-General	\$1,305,891,665	42.1%	\$99,145,125
Multifamily-Mixed	300,000,000	9.7%	4,720,000
Multifamily-Rural	135,000,000	4.4%	36,895,497
Multifamily Projects Subtotal:	\$1,740,891,665	56.2%	\$140,760,622
Reserve Amt.- RDA Set Aside	\$0	0.0%	\$0
Multifamily Subtotal:	\$1,740,891,665	56.2%	\$140,760,622
Single-Family-CalHFA	\$310,000,000	10.0%	\$60,000,000
Single-Family-Locals	140,000,000	4.5%	248,012
Single-Family-CalVET	140,000,000	4.5%	\$140,000,000
Single-Family-Bonus	50,000,000	1.6%	0
Single-Family Subt:	\$640,000,000	20.7%	\$200,248,012
Extra Credit Program	*	0.0%	
Housing Total:	\$2,380,891,665	76.8%	\$341,008,634
NON-HOUSING			
Industrial Dvlpmnt	\$60,000,000	1.9%	\$33,537,000
Small Business Program	8,000,000	0.3%	\$1,700,000
Exempt Facility	440,000,000	14.2%	150,700,000
Student Loan	210,000,000	6.8%	0
Non-Housing Total:	\$718,000,000	23.2%	\$185,937,000
GRAND TOTAL:	\$3,098,891,665	100.0%	\$208,319,905

* Percentages are rounded.

** On December 13, 2006, the Committee approved the transfer and award, on a carryforward basis, of the allocation that is available on December 31, 2006 to the Single Family Housing Program Pool for the CA Housing Finance Agency.

* Allocation available for Extra Credit Program=	2005	\$96,807,305
	2006	\$110,000,000
	Total	\$206,807,305

PRELIMINARY
2007 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS

	2006	COUNTY %	2007
<u>COUNTY</u>	<u>COUNTY</u>	<u>OF STATE</u>	<u>COUNTY FAIR</u>
	<u>POPULATION</u>	<u>POPULATION</u>	<u>SHARE AMOUNTS</u>
CALIFORNIA	37,444,385	100.0000000%	\$140,000,000
ALAMEDA	1,514,909	4.0457575%	\$5,664,060
ALPINE	1,256	0.0033543%	\$4,696
AMADOR	38,377	0.1024907%	\$143,487
BUTTE	216,961	0.5794220%	\$811,191
CALAVERAS	45,928	0.1226566%	\$171,719
COLUSA	21,766	0.0581289%	\$81,380
CONTRA COSTA	1,034,874	2.7637628%	\$3,869,268
DEL NORTE	29,328	0.0783242%	\$109,654
EL DORADO	177,909	0.4751286%	\$665,180
FRESNO	909,399	2.4286659%	\$3,400,132
GLENN	28,767	0.0768259%	\$107,556
HUMBOLDT	131,361	0.3508163%	\$491,143
IMPERIAL	169,888	0.4537075%	\$635,191
INYO	18,327	0.0489446%	\$68,522
KERN	796,331	2.1267034%	\$2,977,385
KINGS	149,758	0.3999478%	\$559,927
LAKE	64,018	0.1709682%	\$239,356
LASSEN	36,515	0.0975180%	\$136,525
LOS ANGELES	10,292,723	27.4880279%	\$38,483,239
County of Los Angeles	[6,309,221]	[61.2978763%]	[\$23,589,408]
City of Los Angeles	[3,983,502]	[38.7021236%]	[\$14,893,831]
MADERA	147,201	0.3931190%	\$550,367
MARIN	254,769	0.6803931%	\$952,550
MARIPOSA	18,156	0.0484879%	\$67,883
MENDOCINO	89,961	0.2402523%	\$336,353
MERCED	249,116	0.6652960%	\$931,414
MODOC	9,910	0.0264659%	\$37,052
MONO	13,755	0.0367345%	\$51,428
MONTEREY	423,478	1.1309519%	\$1,583,333
NAPA	135,228	0.3611436%	\$505,601
NEVADA	99,584	0.2659518%	\$372,332
ORANGE	3,083,894	8.2359318%	\$11,530,304
PLACER	322,428	0.8610850%	\$1,205,519
PLUMAS	21,093	0.0563315%	\$78,864
RIVERSIDE	2,004,608	5.3535610%	\$7,494,985
SACRAMENTO	1,396,353	3.7291386%	\$5,220,794
SAN BENITO	57,534	0.1536519%	\$215,113
SAN BERNARDINO	2,016,277	5.3847246%	\$7,538,614

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

EXHIBIT B
Agenda Item No. 5.
February 21, 2007

PRELIMINARY
2007 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS

	2006	COUNTY %	2007
COUNTY	COUNTY	OF STATE	COUNTY FAIR
<u>COUNTY</u>	<u>POPULATION</u>	<u>POPULATION</u>	<u>SHARE AMOUNTS</u>
CALIFORNIA	37,444,385	100.0000000%	\$140,000,000
SAN DIEGO	3,084,634	8.2379080%	\$11,533,071
City of Oceanside	[176,999]	[5.7380836%]	[\$661,777]
City of San Diego	[1,320,009]	[42.7930573%]	[\$4,935,354]
County of San Diego	[1,587,626]	[51.4688589%]	[\$5,935,940]
SAN FRANCISCO	802,651	2.1435817%	\$3,001,014
SAN JOAQUIN	674,323	1.8008655%	\$2,521,212
SAN LUIS OBISPO	263,824	0.7045756%	\$986,406
SAN MATEO	729,366	1.9478648%	\$2,727,011
SANTA BARBARA	421,656	1.1260861%	\$1,576,520
SANTA CLARA	1,791,869	4.7854144%	\$6,699,580
SANTA CRUZ	263,385	0.7034032%	\$984,764
SHASTA	180,757	0.4827346%	\$675,828
County of Shasta	[91,027]	[50.3588724%]	[\$340,339]
City of Redding	[89,730]	[49.6411275%]	[\$335,489]
SIERRA	3,495	0.0093338%	\$13,067
SISKIYOU	45,941	0.1226913%	\$171,768
SOLANO	423,033	1.1297635%	\$1,581,669
County of Solano	[325,982]	[77.0583673%]	[\$1,218,808]
City of Vacaville	[97,051]	[22.9416326%]	[\$362,861]
SONOMA	480,805	1.2840510%	\$1,797,671
STANISLAUS	519,276	1.3867927%	\$1,941,510
SUTTER	93,142	0.2487476%	\$348,247
TEHAMA	61,424	0.1640406%	\$229,657
TRINITY	14,196	0.0379122%	\$53,077
TULARE	425,600	1.1366190%	\$1,591,267
TUOLUMNE	57,347	0.1531525%	\$214,413
VENTURA	821,698	2.1944492%	\$3,072,229
YOLO	192,285	0.5135216%	\$718,930
YUBA	71,938	0.1921196%	\$268,967
TOTALS:	37,444,385	100.0000000%	\$140,000,000

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.