

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 23, 2008

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2008 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 5.)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2008 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 36,553,215, resulting in a State Ceiling for 2007 of \$3,107,023,275.

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 2008 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 2007 Pool Reservations and Proposed 2008 Pool Reservations.

DISCUSSION:

In making recommendations for 2008 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 \$1,382,023,275 in 2007; \$225 million for the Mixed Income Pool, and \$115 million for the Rural Project Pool.

Staff recommends setting the **Single Family Program Pool** at \$500 million. The pool amount will be split evenly between CalHFA and local program administrators. Please see Exhibit B for County Fair Share amounts.

CalHFA will request approximately \$110 million in **Extra Credit Program** allocation. Therefore, staff is recommending \$110 million for the Extra Credit Program.

In 2007, **Industrial Development Bond** (IDB) allocations totaled just over \$97.6 million. CIDFAC and the California I-Bank indicate that for 2008 IDB demand totals approximately \$200 million. This estimated demand amount includes both the Small Business Program (\$20 million) and the core IDB program (\$180 million). Staff anticipates that Industrial Development Bond demand for allocation will be greater than anticipated allocation. Therefore, staff is recommending \$120 million in allocation for the IDB pool and if usage of allocation is less than anticipated in other program areas, Exempt Facility projects may receive additional allocation later in the year.

In 2007, the **Exempt Facility Pool** allocations totaled over \$465 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 2008 as well. The 2008 pipeline for First Tier projects is \$894 million and Non-First Tier projects is approximately \$1.1 billion. Staff anticipates that Exempt Facility demand for allocation will be greater than anticipated allocation. Therefore, staff recommends \$430 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 additional 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 \$225,000,000 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 2008 (please see Exhibit A for more detailed information):

<u>State Ceiling Pool</u>	<u>Reservation</u>	<u>Percent of Ceiling*</u>
Qualified Residential Rental Project Pool	\$ 1,382,023,275	44.5%
Mixed Income Pool	225,000,000	7.2%
Rural Project Pool	115,000,000	3.7%
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,722,023,275</i>	<i>55.4 %</i>
Single-Family Housing Program Pool	\$ 500,000,000	16.1%
Single-Family Housing Program Bonus Pool	0	0%
<i>Sub-Total – Single-Family Programs</i>	<i>\$500,000,000</i>	<i>16.1%</i>
Teacher Home Purchase Program Pool	<u>\$110,000,000</u>	3.5%
<i>Housing Total</i>	<i>\$2,332,023,275</i>	<i>75.1%</i>
Small-Issue Industrial Development Project Pool	\$ 100,000,000	3.2%
IDB Small Business Program	20,000,000	0.6%
<i>Sub-Total – Small-Issue Industrial Development</i>	<i>\$120,000,000</i>	<i>3.8%</i>
Exempt Facility Project Pool	\$430,000,000	13.8%
Student Loan Program Pool	<u>\$225,000,000</u>	7.2%
<i>Non-Housing Total</i>	<i>\$ 775,000,000</i>	<i>24.9%</i>
GRAND TOTAL	<i>\$3,107,023,275</i>	<i>100.0%</i>

*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

EXHIBIT A
Agenda Item No. 5
January 23, 2008

COMPARISON OF 2007 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2008 STATE CEILING AND POOLS

2007 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	\$1,305,891,665	42.1%	\$1,182,402,292	38.2%
Multifamily-Mixed	\$300,000,000	9.7%	\$235,442,000	7.6%
Multifamily-Rural	\$135,000,000	4.4%	\$99,026,976	3.2%
Multifamily Projects Subtotal:	\$1,740,891,665	56.2%	\$1,516,871,268	48.9%
Multifamily Subtotal:	\$1,740,891,665	56.2%	\$1,516,871,268	48.9%
Single-Family-CalHFA	\$310,000,000	10.0%	\$456,419,692 (a)	14.7%
Single-Family-Locals/CalVet	\$280,000,000	9.0%	\$328,421,997	10.6%
Single-Family-Bonus	\$50,000,000	1.6%	\$24,313,334	0.0%
Single-Family Subt:*	\$640,000,000	20.7%	\$809,155,023	25.3%
Extra Credit Program	\$0	0.0%	\$0	0.0%
Housing Total:	\$2,380,891,665	76.8%	\$2,326,026,291	74.3%
NON-HOUSING				
Industrial Dvlpmnt	\$60,000,000	1.9%	\$91,420,374	3.0%
Small Business Program	\$8,000,000	0.3%	\$6,275,000	0.2%
Exempt Facility	\$440,000,000	14.2%	\$465,170,000	15.0%
Student Loan	\$210,000,000	6.8%	\$210,000,000	6.8%
Non-Housing Total:	\$718,000,000	23.2%	\$772,865,374	24.9%
Allocation on Hold	\$0	0.0%	\$0	0.0%
GRAND TOTAL	\$3,098,891,665	100.0%	\$3,098,891,665	99.2%

2008 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2008 Ceiling Pool Reservations</u>	<u>% of Cap*</u>	<u>Amount Difference from 2007 Final Reservations</u>
HOUSING			
Multifamily-General	\$1,382,023,275	44.5%	\$199,620,983
Multifamily-Mixed	225,000,000	7.2%	-10,442,000
Multifamily-Rural	115,000,000	3.7%	15,973,024
Multifamily Projects Subtotal:	\$1,722,023,275	55.4%	\$205,152,007
Multifamily Subtotal:	\$1,722,023,275	55.4%	\$205,152,007
Single-Family-CalHFA	\$250,000,000	8.0%	-\$206,419,692 (a)
Single-Family-Locals	250,000,000	8.0%	-78,421,997 (a)
Single-Family-Bonus	0	0.0%	0
Single-Family Subt:	\$500,000,000	16.1%	-\$284,841,689
Extra Credit Program	\$110,000,000	3.5%	\$110,000,000
Housing Total:	\$2,332,023,275	75.1%	\$30,310,318
NON-HOUSING			
Industrial Dvlpmnt	\$100,000,000	3.2%	\$8,579,626
Small Business Program	20,000,000	0.6%	\$13,725,000
Exempt Facility	430,000,000	13.8%	-35,170,000
Student Loan	225,000,000	7.2%	\$15,000,000
Non-Housing Total:	\$775,000,000	24.9%	\$2,134,626
Allocation on Hold	\$0	0.0%	\$0
GRAND TOTAL:	\$3,107,023,275	100.0%	\$8,131,610

* Percentages are rounded.

(a) On December 5, 2007, the Committee approved the transfer and allocation award, on a carryforward basis, of allocation that was available on December 31, 2007 to the Single Family Housing Program Pool for the CA Housing Finance Agency. The award totaled \$158,257,154.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

EXHIBIT B
Agenda Item No. 5.
January 23, 2008

PRELIMINARY
2008 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS

<u>COUNTY</u>	<u>2007 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2008 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	37,662,518	100.0000000%	\$250,000,000
ALAMEDA	1,526,148	4.0521667%	\$10,130,417
ALPINE	1,261	0.0033482%	\$8,370
AMADOR	38,435	0.1020511%	\$255,128
BUTTE	218,069	0.5790080%	\$1,447,520
CALAVERAS	46,028	0.1222117%	\$305,529
COLUSA	21,951	0.0582834%	\$145,709
CONTRA COSTA	1,042,341	2.7675818%	\$6,918,955
DEL NORTE	29,341	0.0779050%	\$194,763
EL DORADO	178,674	0.4744080%	\$1,186,020
FRESNO	917,515	2.4361489%	\$6,090,372
GLENN	28,915	0.0767739%	\$191,935
HUMBOLDT	131,959	0.3503722%	\$875,931
IMPERIAL	172,672	0.4584717%	\$1,146,179
INYO	18,383	0.0488098%	\$122,025
KERN	801,648	2.1285035%	\$5,321,259
KINGS	151,381	0.4019407%	\$1,004,852
LAKE	64,276	0.1706630%	\$426,658
LASSEN	36,375	0.0965814%	\$241,454
LOS ANGELES	10,331,939	27.4329481%	\$68,582,370
County of Los Angeles	[6,313,859]	[61.2978763%]	[\$42,039,536]
City of Los Angeles	[4,018,080]	[38.7021236%]	[\$26,542,834]
MADERA	148,721	0.3948780%	\$987,195
MARIN	255,982	0.6796731%	\$1,699,183
MARIPOSA	18,254	0.0484673%	\$121,168
MENDOCINO	90,291	0.2397370%	\$599,343
MERCED	251,510	0.6677992%	\$1,669,498
MODOC	9,721	0.0258108%	\$64,527
MONO	13,985	0.0371324%	\$92,831
MONTEREY	425,960	1.1309918%	\$2,827,480
NAPA	135,969	0.3610194%	\$902,549
NEVADA	99,766	0.2648947%	\$662,237
ORANGE	3,098,121	8.2260060%	\$20,565,015
PLACER	324,495	0.8615860%	\$2,153,965
PLUMAS	21,128	0.0560982%	\$140,246
RIVERSIDE	2,031,625	5.3942888%	\$13,485,722
SACRAMENTO	1,406,804	3.7352893%	\$9,338,223
SAN BENITO	57,803	0.1534762%	\$383,690
SAN BERNARDINO	2,028,013	5.3846984%	\$13,461,746

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<u>COUNTY</u>	<u>2007 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2008 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	37,662,518	100.0000000%	\$250,000,000
SAN DIEGO	3,098,269	8.2263990%	\$20,565,997
City of Oceanside	[176,644]	[5.7380836%]	[\$1,180,094]
City of San Diego	[1,316,837]	[42.7930573%]	[\$8,800,819]
County of San Diego	[1,604,788]	[51.4688589%]	[\$10,585,084]
SAN FRANCISCO	808,844	2.1476100%	\$5,369,025
SAN JOAQUIN	679,687	1.8046775%	\$4,511,694
SAN LUIS OBISPO	264,900	0.7033518%	\$1,758,380
SAN MATEO	733,496	1.9475490%	\$4,868,873
SANTA BARBARA	424,425	1.1269162%	\$2,817,290
SANTA CLARA	1,808,056	4.8006774%	\$12,001,694
SANTA CRUZ	264,125	0.7012941%	\$1,753,235
SHASTA	181,401	0.4816486%	\$1,204,122
County of Shasta	[91,356]	[50.3588724%]	[\$606,382]
City of Redding	[90,045]	[49.6411275%]	[\$597,740]
SIERRA	3,485	0.0092532%	\$23,133
SISKIYOU	45,953	0.1220126%	\$305,031
SOLANO	424,823	1.1279729%	\$2,819,932
County of Solano	[328,334]	[77.0583673%]	[\$2,172,994]
City of Vacaville	[96,489]	[22.9416326%]	[\$646,938]
SONOMA	481,765	1.2791630%	\$3,197,908
STANISLAUS	521,497	1.3846578%	\$3,461,645
SUTTER	93,919	0.2493699%	\$623,425
TEHAMA	61,774	0.1640198%	\$410,050
TRINITY	14,171	0.0376263%	\$94,066
TULARE	429,006	1.1390794%	\$2,847,699
TUOLUMNE	57,223	0.1519362%	\$379,841
VENTURA	825,512	2.1918662%	\$5,479,665
YOLO	193,983	0.5150558%	\$1,287,640
YUBA	70,745	0.1878393%	\$469,598
TOTALS:	37,662,518	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.