

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 28, 2009

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2009 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 5.)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2009 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 36,756,666, resulting in a State Ceiling for 2009 of **\$3,308,099,940**.

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 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 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 2008 Pool Reservations and Proposed 2009 Pool Reservations.

DISCUSSION:

In making recommendations for 2009 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 2009. As a result, staff has reserved an estimated 21.5% of the 2009 allocation as "unassigned". 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 **Rental Projects**, it is difficult to determine the pipeline of demand for multi-family projects at this time. As a result, staff has reserved 2009 allocation amounts consistent with those of 2008.

Staff recommends for the General Pool \$1,382,023,275; \$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 statewide administrators and local program administrators. Statewide administrator, CalHFA will receive \$225 million, while statewide administrator, CalVet will receive \$25 million for 2009. Please see Exhibit B for local administrator (County) Fair Share amounts.

CalHFA has reported that the **Extra Credit Program** has a sufficient amount of unused allocation for 2009. As a result, staff does not recommend a 2009 reservation for this program. Should demand increase in this program, allocation may be requested from the unassigned allocation pool.

In 2008, **Industrial Development Bond (IDB)** allocations totaled just over \$98.3 million. CIDFAC has indicated that for 2009 IDB demand totals approximately \$150 million. Therefore, staff is recommending \$150 million in allocation for the IDB program pool.

In 2008, the **Exempt Facility Pool** allocations totaled over \$385 million in bond authority. CPCFA staff and financial advisors working on Exempt Facility projects have indicated that they expect high usage of bond authority in 2009 as well. The 2009 pipeline for Exempt Facility projects is approximately \$700 million. Staff does not recommend a 2009 reservation for the Exempt Facility Program Pool at this time. On December 3, 2008 the Committee awarded all unused 2008 allocation, on a carryforward basis, to CPCFA for the Exempt Facility Program. The carryforward allocation is available for CPCFA's use through December 31, 2011. The Exempt Facility Program Pool may receive additional allocation later in the year if allocation is available and it is determined that Issuers, other than CPCFA exhibit demand.

Staff anticipates the return of ALL Student Loan for allocation from the **Student Loan Program Pool** this year. The student loan provider has indicated that for 2009 anticipated demand totals \$500 million. However, Staff recommends \$225,000,000 in the Student Loan Program Pool at this time. Should demand increase in this program, allocation may be requested from the unassigned 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 2009 (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	41.8%
Mixed Income Pool	225,000,000	6.8%
Rural Project Pool	115,000,000	3.5%
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,722,023,275</i>	<i>52.1 %</i>
Single-Family Housing Program Pool	\$ 500,000,000	15.1%
Single-Family Housing Program Bonus Pool	0	0%
<i>Sub-Total – Single-Family Programs</i>	<i>\$500,000,000</i>	<i>15.1%</i>
Teacher Home Purchase Program Pool	\$0	0%
<i>Housing Total</i>	<i>\$2,222,023,275</i>	<i>67.2%</i>
Small-Issue Industrial Development Project Pool	\$ 150,000,000	4.5%
Exempt Facility Project Pool	\$0	0%
Student Loan Program Pool	\$225,000,000	6.8%
<i>Non-Housing Total</i>	<i>\$ 375,000,000</i>	<i>11.3%</i>
Allocation on Hold (unassigned reserve)	<i>\$711,076,665</i>	<i>21.5%</i>
GRAND TOTAL	<i>\$3,308,099,940</i>	<i>100.0%</i>

*Percentages are rounded.