

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 27, 2010

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2010 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 8.)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2010 program year in accordance with Section 4. II. of the Committee's Procedures 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 36,961,664, resulting in a State Ceiling for 2010 of **\$3,326,549,760**.

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 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 2010 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 2010. As a result, staff has reserved an estimated 42.3% of the 2010 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 2010 allocation amounts generally consistent with the actual amount for projects approved in 2009. In addition, QRRP applicants have access to over \$1.1 billion in unused carryforward allocation that was granted to high volume QRRP issuers in December of 2009. This allocation may be utilized until exhausted through December 31, 2012.

For QRRP, Staff recommends for the General Pool \$750 million; \$220 million for the Mixed Income Pool, and \$150 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. 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.

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 2010 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 2009, **Industrial Development Bond (IDB)** allocations totaled \$19.7 million. CIDFAC has indicated that for 2010, 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 2009, the **Exempt Facility Pool** allocations totaled over \$165 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 2010 as well. However, staff does not recommend a 2010 reservation for the Exempt Facility Program Pool at this time since CPCFA currently has a balance of \$622 million in unused 2008 carryforward allocation and was recently awarded \$677.4 million in 2009 carryforward allocation for the Exempt Facility Program. The carryforward allocations are available for CPCFA's use through December 31, 2011 and December 31, 2012 respectively.

In 2009, the **Student Loan Program Pool** received no applications. Currently, no demand is anticipated for 2010. As a result, staff does not recommend a 2010 reservation for the Student Loan Program Pool at this time. Should staff receive a request for allocation later in the program year, 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 2010 (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	\$ 750,000,000	22.5%
Mixed Income Pool	220,000,000	6.6%
Rural Project Pool	<u>150,000,000</u>	<u>4.5%</u>
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,120,000,000</i>	<i>33.7 %</i>
Single-Family Housing Program Pool	\$ 500,000,000	15%
Single-Family Housing Program Bonus Pool	<u>250,000,000</u>	<u>7.5%</u>
<i>Sub-Total – Single-Family Programs</i>	<i>\$750,000,000</i>	<i>22.5%</i>
Teacher Home Purchase Program Pool	<u>\$0</u>	<u>0%</u>
<i>Housing Total</i>	<i>\$1,870,000,000</i>	<i>56.2%</i>
Small-Issue Industrial Development Project Pool	\$ 50,000,000	1.5%
Exempt Facility Project Pool	\$0	0%
Student Loan Program Pool	<u>\$0</u>	<u>0%</u>
<i>Non-Housing Total</i>	<i>\$ 50,000,000</i>	<i>1.5%</i>
Allocation on Hold (undesignated reserve)	<i>\$1,406,549,760</i>	<i>42.3%</i>
GRAND TOTAL	<i>\$3,326,549,760</i>	<i>100.0%</i>

*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

ATTACHMENT A
Agenda Item No. 8
January 27, 2010

COMPARISON OF 2009 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2010 STATE CEILING AND POOLS

2009 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	\$1,382,023,275	41.8%	\$1,758,741,589	53.2%
Multifamily-Mixed	225,000,000	6.8%	\$50,656,000	1.5%
Multifamily-Rural	<u>115,000,000</u>	<u>3.5%</u>	<u>\$41,520,974</u>	<u>1.3%</u>
Multifamily Projects Subtotal:	\$1,722,023,275	52.1%	\$1,850,918,563	56.0%
Multifamily Total:		52.1%	\$1,850,918,563	56.0%
Single-Family-CalHFA/CALVET	\$250,000,000	7.6%	\$225,000,000	6.8%
Single-Family-Locals/CalVet	250,000,000	7.6%	\$230,559,138	7.0%
Single-Family-Bonus	<u>250,000,000</u>	<u>7.6%</u>	<u>\$304,434,528</u>	<u>9.2%</u>
Single-Family Subtotal:	\$750,000,000	22.7%	\$759,993,666	23.0%
Single-Family Total:		22.7%	\$759,993,666	23.0%
Extra Credit Program	\$0	0.0%	\$0	<u>0.0%</u>
Housing Total:	\$2,472,023,275	74.7%	\$2,610,912,229	78.9%
NON-HOUSING				
Industrial Dvlpmnt	\$150,000,000	4.5%	\$19,700,000	0.6%
Small Business Program	0	0.0%	\$0	0.0%
Exempt Facility	<u>225,000,000</u>	6.8%	<u>\$677,487,711 (a)</u>	20.5%
Student Loan		<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
	\$375,000,000	11.3%	\$697,187,711	21.1%
Non-Housing Total:				
Allocation on Hold	\$461,076,665	13.9%	\$0	0.0%
GRAND TOTAL	\$3,308,099,940	100.0%	\$3,308,099,940	100.0%

2010 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2010 Ceiling Pool Reservations</u>	<u>% of Cap*</u>	<u>Amount Difference from 2009 Final Reservations</u>
HOUSING			
Multifamily-General	\$750,000,000	22.5%	-\$1,008,741,589
Multifamily-Mixed	220,000,000	6.6%	169,344,000
Multifamily-Rural	<u>150,000,000</u>	<u>4.5%</u>	<u>108,479,026</u>
Multifamily Projects Subtotal:	\$1,120,000,000	33.7%	-\$730,918,563
Single-Family-CalHFA/CalVet	\$250,000,000	7.5%	\$25,000,000
Single-Family-Locals	250,000,000	7.5%	19,440,862
Single-Family-Bonus	<u>250,000,000</u>	<u>7.5%</u>	<u>-54,434,528</u>
Single-Family Subtotal:	\$750,000,000	22.5%	-\$9,993,666
Extra Credit Program	\$0	0.0%	\$0
Housing Total:	\$1,870,000,000	56.2%	-\$740,912,229
NON-HOUSING			
Industrial Dvlpmnt	\$50,000,000	1.5%	\$30,300,000
Exempt Facility	0	0.0%	-677,487,711
Student Loan	<u>0</u>	<u>0.0%</u>	<u>\$0</u>
	\$50,000,000	1.5%	-\$647,187,711
Allocation on Hold	\$1,406,549,760	42.3%	\$1,406,549,760
Non-Housing Total:			
GRAND TOTAL:	\$3,326,549,760	100.0%	\$18,449,820

* Percentages are rounded.

(a) On December 16, 2009, the Committee approved the transfer and allocation award, on a carryforward basis, of allocation that was available on December 31, 2009 to the Exempt Facility Program Pool for the California Pollution Control Financing Authority. The award totaled \$677,487,711.

**2010 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2009 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2010 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	38,292,687	100.0000000%	\$250,000,000
ALAMEDA	1,556,657	4.0651548%	\$10,162,887
ALPINE	1,201	0.0031364%	\$7,841
AMADOR	38,080	0.0994446%	\$248,611
BUTTE	220,748	0.5764756%	\$1,441,189
CALAVERAS	45,987	0.1200934%	\$300,234
COLUSA	21,997	0.0574444%	\$143,611
CONTRA COSTA	1,060,435	2.7692886%	\$6,923,221
DEL NORTE	29,547	0.0771609%	\$192,902
EL DORADO	180,185	0.4705468%	\$1,176,367
FRESNO	942,298	2.4607780%	\$6,151,945
GLENN	29,239	0.0763566%	\$190,892
HUMBOLDT	132,755	0.3466850%	\$866,712
IMPERIAL	179,254	0.4681155%	\$1,170,289
INYO	18,049	0.0471343%	\$117,836
KERN	827,173	2.1601331%	\$5,400,333
KINGS	154,743	0.4041059%	\$1,010,265
LAKE	64,025	0.1671990%	\$417,998
LASSEN	35,550	0.0928376%	\$232,094
LOS ANGELES	10,393,185	27.1414356%	\$67,853,589
<i>County of Los Angeles</i>	<i>6,327,600</i>	<i>60.8822031%</i>	<i>\$41,310,760</i>
<i>City of Los Angeles</i>	<i>4,065,585</i>	<i>39.1177969%</i>	<i>\$26,542,829</i>
MADERA	152,331	0.3978070%	\$994,518
MARIN	258,618	0.6753718%	\$1,688,429
MARIPOSA	18,306	0.0478055%	\$119,514
MENDOCINO	90,206	0.2355698%	\$588,924
MERCED	256,450	0.6697101%	\$1,674,275
MODOC	9,698	0.0253260%	\$63,315
MONO	13,504	0.0352652%	\$88,163
MONTEREY	431,892	1.1278707%	\$2,819,677
NAPA	137,571	0.3592618%	\$898,155
NEVADA	98,718	0.2577986%	\$644,496
ORANGE	3,139,017	8.1974321%	\$20,493,580
PLACER	339,577	0.8867933%	\$2,216,983
PLUMAS	20,632	0.0538797%	\$134,699
RIVERSIDE	2,107,653	5.5040614%	\$13,760,153
SACRAMENTO	1,433,187	3.7427172%	\$9,356,793
SAN BENITO	58,016	0.1515067%	\$378,767
SAN BERNARDINO	2,060,950	5.3820982%	\$13,455,245

**2010 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2009 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2010 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	38,292,687	100.0000000%	\$250,000,000
SAN DIEGO	3,173,407	8.2872403%	\$20,718,101
<i>City of Oceanside</i>	179,681	5.6620849%	\$1,173,076
<i>City of San Diego</i>	1,353,993	42.6668562%	\$8,839,762
<i>County of San Diego</i>	1,639,733	51.6710589%	\$10,705,262
SAN FRANCISCO	845,559	2.2081475%	\$5,520,369
SAN JOAQUIN	689,480	1.8005527%	\$4,501,382
SAN LUIS OBISPO	270,429	0.7062158%	\$1,765,539
SAN MATEO	745,858	1.9477818%	\$4,869,455
SANTA BARBARA	431,312	1.1263561%	\$2,815,890
SANTA CLARA	1,857,621	4.8511116%	\$12,127,779
SANTA CRUZ	268,637	0.7015360%	\$1,753,840
SHASTA	183,023	0.4779581%	\$1,194,895
<i>County of Shasta</i>	92,125	50.3352038%	\$601,453
<i>City of Redding</i>	90,898	49.6647962%	\$593,442
SIERRA	3,358	0.0087693%	\$21,923
SISKIYOU	45,973	0.1200569%	\$300,142
SOLANO	426,729	1.1143877%	\$2,785,969
<i>County of Solano</i>	330,279	77.3978333%	\$2,156,280
<i>City of Vacaville</i>	96,450	22.6021667%	\$629,689
SONOMA	486,630	1.2708171%	\$3,177,043
STANISLAUS	526,383	1.3746306%	\$3,436,577
SUTTER	96,554	0.2521474%	\$630,368
TEHAMA	62,836	0.1640940%	\$410,235
TRINITY	13,959	0.0364534%	\$91,134
TULARE	441,481	1.1529120%	\$2,882,280
TUOLUMNE	56,335	0.1471169%	\$367,792
VENTURA	836,080	2.1833934%	\$5,458,483
YOLO	200,709	0.5241445%	\$1,310,361
YUBA	72,900	0.1903758%	\$475,939
TOTALS:	38,292,687	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.