

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**January 26, 2011**

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2011 STATE  
CEILING AMONG THE STATE CEILING POOLS**

**(Agenda Item No. 11)**

**ACTION:**

Establish the amounts for each of the State Ceiling Pools for the 2011 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 37,253,956, resulting in a State Ceiling for 2011 of **\$3,539,125,820**.

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 2011 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 2011. As a result, staff has reserved an estimated 42% of the 2011 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 2011 allocation amounts generally consistent with the actual amount for projects approved in 2010. In addition, QRRP applicants have access to over \$2.7 billion in unused carryforward allocation that was granted to high volume QRRP issuers in 2009 and 2010. This allocation may be utilized until exhausted through December 31, 2012 and December 31, 2013 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 2011 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 2010, **Industrial Development Bond (IDB)** allocations totaled over \$45 million. The California Industrial Development Financing Advisory Commission (CIDFAC) has indicated that for 2011, 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 2010, the **Exempt Facility Pool** allocations totaled over \$439 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 high usage of bond authority in 2011 as well. However, staff does not recommend a 2011 reservation for the Exempt Facility Program Pool at this time since CPCFA currently has a balance of \$1.02 billion in unused 2008 and 2009 carryforward allocation and was recently awarded \$1.09 billion in 2010 carryforward allocation for the Exempt Facility Program. The carryforward allocations are available for CPCFA's use through December 31, 2011, December 31, 2012 and December 31, 2013 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 2010, the **Student Loan Program Pool** received no applications. Currently, no demand is anticipated for 2011. As a result, staff does not recommend a 2011 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 2011 (please see ATTACHMENT A for more detailed information):

<b><u>State Ceiling Pool</u></b>	<b><u>Reservation</u></b>	<b><u>Percent of Ceiling*</u></b>
<b>Qualified Residential Rental Project Pool</b>	\$ 850,000,000	24%
<b>Mixed Income Pool</b>	250,000,000	7.1%
<b>Rural Project Pool</b>	150,000,000	4.2%
<i>Sub-Total – Multifamily Projects</i>	<b><i>\$1,250,000,000</i></b>	<b><i>35.3 %</i></b>
<b>Single-Family Housing Program Pool</b>	\$ 500,000,000	14.1%
<b>Single-Family Housing Program Bonus Pool</b>	250,000,000	7.1%
<i>Sub-Total – Single-Family Programs</i>	<b><i>\$750,000,000</i></b>	<b><i>21.2%</i></b>
<b>Teacher Home Purchase Program Pool</b>	\$0	0%
<i>Housing Total</i>	<b><i>\$2,000,000,000</i></b>	<b><i>56.5%</i></b>
<b>Small-Issue Industrial Development Project Pool</b>	\$ 50,000,000	1.4%
<b>Exempt Facility Project Pool</b>	\$0	0%
<b>Student Loan Program Pool</b>	\$0	0%
<i>Non-Housing Total</i>	<b><i>\$ 50,000,000</i></b>	<b><i>1.4%</i></b>
<b>Allocation on Hold (undesignated reserve)</b>	<b><i>\$1,489,125,820</i></b>	<b><i>42.1%</i></b>
<b>GRAND TOTAL</b>	<b><i>\$3,539,125,820</i></b>	<b><i>100.0%</i></b>

\*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

REVISED  
COMPARISON OF 2010 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2011 STATE CEILING AND POOLS

2010 RESERVATIONS BY PROGRAM POOL:

	<u>Initial Reservations</u>	<u>Initial % of Cap*</u>	<u>Final Usage</u>	<u>Final % of Cap*</u>
<b>HOUSING</b>				
Multifamily-General	\$750,000,000	22.5%	\$1,849,905,397 (a)	55.6%
Multifamily-Mixed	150,000,000	4.5%	\$0	0.0%
Multifamily-Rural	<u>220,000,000</u>	<u>6.6%</u>	<u>\$0</u>	<u>0.0%</u>
Multifamily Projects Subtotal:	<b>\$1,120,000,000</b>	33.7%	<b>\$1,849,905,397</b>	55.6%
<b>Multifamily Total:</b>		33.7%	<b>\$1,849,905,397</b>	55.6%
Single-Family-CalHFA/CALVET	\$250,000,000	7.5%	\$250,000,000	7.5%
Single-Family-Locals/CalVet	250,000,000	7.5%	\$103,733,759	3.1%
Single-Family-Bonus	<u>250,000,000</u>	<u>7.5%</u>	<u>\$24,127,779</u>	<u>0.7%</u>
Single-Family Subtotal:	<b>\$750,000,000</b>	22.5%	<b>\$377,861,538</b>	11.4%
<b>Single-Family Total:</b>		22.5%	<b>\$377,861,538</b>	11.4%
Extra Credit Program	<b>\$0</b>	0.0%	<b>\$0</b>	<u>0.0%</u>
<b>Housing Total:</b>	<b>\$1,870,000,000</b>	56.2%	<b>\$2,227,766,935</b>	67.0%
<b>NON-HOUSING</b>				
Industrial Dvlpmnt	\$90,000,000	2.7%	\$45,045,000	1.4%
Exempt Facility	530,000,000	15.9%	\$1,053,737,825 (b)	31.7%
Student Loan	<u>0</u>	0.0%	\$0	0.0%
		<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
<b>Non-Housing Total:</b>	<b>\$620,000,000</b>	18.6%	<b>\$1,098,782,825</b>	33.0%
Allocation on Hold	<b>\$836,549,760</b>	25.1%	<b>\$0</b>	0.0%
<b>GRAND TOTAL</b>	<b>\$3,326,549,760</b>	<b>100.0%</b>	<b>\$3,326,549,760</b>	<b>100.0%</b>

2011 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2011 Ceiling Pool Reservations</u>	<u>% of Cap*</u>	<u>Amount Difference from 2010 Final Reservations</u>
<b>HOUSING</b>			
Multifamily-General	\$850,000,000	24.0%	-\$999,905,397
Multifamily-Mixed	250,000,000	7.1%	250,000,000
Multifamily-Rural	<u>150,000,000</u>	<u>4.2%</u>	<u>150,000,000</u>
<b>Multifamily Projects Subtotal:</b>	<b>\$1,250,000,000</b>	<b>35.3%</b>	<b>-\$599,905,397</b>
Single-Family-CalHFA/CalVet	\$250,000,000	7.1%	\$0
Single-Family-Locals	250,000,000	7.1%	146,266,241
Single-Family-Bonus	<u>250,000,000</u>	<u>7.1%</u>	<u>225,872,221</u>
<b>Single-Family Subtotal:</b>	<b>\$750,000,000</b>	<b>21.2%</b>	<b>\$372,138,462</b>
Extra Credit Program	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Housing Total:</b>	<b>\$2,000,000,000</b>	<b>56.5%</b>	<b>-\$227,766,935</b>
<b>NON-HOUSING</b>			
Industrial Dvlpmnt	\$50,000,000	1.4%	\$4,955,000
Exempt Facility	0	0.0%	0
Student Loan	<u>0</u>	<u>0.0%</u>	<u>\$0</u>
	<b>\$50,000,000</b>	<b>1.4%</b>	<b>\$4,955,000</b>
Allocation on Hold	<b>\$1,489,125,820</b>	<b>42.1%</b>	<b>\$1,489,125,820</b>
<b>Non-Housing Total:</b>	<b>\$1,539,125,820</b>	<b>43.5%</b>	<b>\$1,489,125,820</b>
<b>GRAND TOTAL:</b>	<b>\$3,539,125,820</b>	<b>100.0%</b>	<b>\$212,576,060</b>

\* Percentages are rounded.

(a) On December 15, 2010, the Committee approved the lump sum award of allocation, on a carryforward basis, to various multifamily housing issuers. The awards totaled \$1,825,000,000.

(b) On December 15, 2010, the Committee approved the transfer and allocation award, on a carryforward basis, of allocation that was available on December 31, 2010 to the Exempt Facility Program Pool for the California Pollution Control Financing Authority. The award totaled \$1,094,117,360.

**2011 COUNTY FAIR SHARE AMOUNTS FOR  
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2010 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2011 COUNTY FAIR SHARE AMOUNTS</u>
<b>CALIFORNIA</b>	<b>38,648,090</b>	<b>100.0000000%</b>	<b>\$250,000,000</b>
ALAMEDA	1,574,857	4.0748637%	\$10,187,159
ALPINE	1,189	0.0030765%	\$7,691
AMADOR	38,022	0.0983800%	\$245,950
BUTTE	221,768	0.5738136%	\$1,434,534
CALAVERAS	45,870	0.1186863%	\$296,716
COLUSA	22,206	0.0574569%	\$143,642
CONTRA COSTA	1,073,055	2.7764761%	\$6,941,190
DEL NORTE	29,673	0.0767774%	\$191,944
EL DORADO	182,019	0.4709651%	\$1,177,413
FRESNO	953,761	2.4678089%	\$6,169,522
GLENN	29,434	0.0761590%	\$190,398
HUMBOLDT	133,400	0.3451658%	\$862,915
IMPERIAL	183,029	0.4735784%	\$1,183,946
INYO	18,110	0.0468587%	\$117,147
KERN	839,587	2.1723894%	\$5,430,973
KINGS	156,289	0.4043900%	\$1,010,975
LAKE	64,053	0.1657339%	\$414,335
LASSEN	35,889	0.0928610%	\$232,152
LOS ANGELES	10,441,080	27.0157723%	\$67,539,431
<i>County of Los Angeles</i>	<i>6,346,316</i>	<i>60.7821796%</i>	<i>\$41,051,938</i>
<i>City of Los Angeles</i>	<i>4,094,764</i>	<i>39.2178204%</i>	<i>\$26,487,493</i>
MADERA	153,655	0.3975746%	\$993,937
MARIN	260,651	0.6744214%	\$1,686,054
MARIPOSA	18,192	0.0470709%	\$117,677
MENDOCINO	90,289	0.2336183%	\$584,046
MERCED	258,495	0.6688429%	\$1,672,107
MODOC	9,777	0.0252975%	\$63,244
MONO	13,617	0.0352333%	\$88,083
MONTEREY	435,878	1.1278125%	\$2,819,531
NAPA	138,917	0.3594408%	\$898,602
NEVADA	98,680	0.2553296%	\$638,324
ORANGE	3,166,461	8.1930595%	\$20,482,649
PLACER	347,102	0.8981091%	\$2,245,273
PLUMAS	20,428	0.0528564%	\$132,141
RIVERSIDE	2,139,535	5.5359398%	\$13,839,850
SACRAMENTO	1,445,327	3.7397113%	\$9,349,278
SAN BENITO	58,388	0.1510760%	\$377,690
SAN BERNARDINO	2,073,149	5.3641694%	\$13,410,423

2011 COUNTY FAIR SHARE AMOUNTS FOR  
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS

<u>COUNTY</u>	<u>2010 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2011 COUNTY FAIR SHARE AMOUNTS</u>
<b>CALIFORNIA</b>	<b>38,648,090</b>	<b>100.0000000%</b>	<b>\$250,000,000</b>
SAN DIEGO	3,224,432	8.3430565%	\$20,857,641
<i>City of Oceanside</i>	183,095	5.6783644%	\$1,184,373
<i>City of San Diego</i>	1,376,173	42.6795479%	\$8,901,947
<i>County of San Diego</i>	1,665,164	51.6420877%	\$10,771,321
SAN FRANCISCO	856,095	2.2151030%	\$5,537,757
SAN JOAQUIN	694,293	1.7964484%	\$4,491,121
SAN LUIS OBISPO	273,231	0.7069715%	\$1,767,429
SAN MATEO	754,285	1.9516747%	\$4,879,187
SANTA BARBARA	434,481	1.1241979%	\$2,810,495
SANTA CLARA	1,880,876	4.8666726%	\$12,166,681
SANTA CRUZ	272,201	0.7043065%	\$1,760,766
SHASTA	184,247	0.4767299%	\$1,191,825
<i>County of Shasta</i>	92,686	50.3052967%	\$599,551
<i>City of Redding</i>	91,561	49.6947033%	\$592,274
SIERRA	3,303	0.0085463%	\$21,366
SISKIYOU	46,010	0.1190486%	\$297,621
SOLANO	427,837	1.1070068%	\$2,767,517
<i>County of Solano</i>	330,532	77.2565253%	\$2,138,087
<i>City of Vacaville</i>	97,305	22.7434747%	\$629,430
SONOMA	493,285	1.2763503%	\$3,190,876
STANISLAUS	530,584	1.3728596%	\$3,432,149
SUTTER	99,154	0.2565560%	\$641,390
TEHAMA	63,100	0.1632681%	\$408,170
TRINITY	13,898	0.0359604%	\$89,901
TULARE	447,814	1.1586963%	\$2,896,741
TUOLUMNE	56,086	0.1451197%	\$362,799
VENTURA	844,713	2.1856526%	\$5,464,132
YOLO	202,953	0.5251307%	\$1,312,827
YUBA	73,380	0.1898671%	\$474,668
<b>TOTALS:</b>	<b>38,648,090</b>	<b>100.0000000%</b>	<b>\$250,000,000</b>

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.