

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 15, 2014

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2014 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 7)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2014 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 38,332,521 resulting in a State Ceiling for 2014 of \$3,833,252,100.

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 2014 pool amounts, staff surveyed key issuers to determine their estimated demand. However, due to uncertain financial market trends, it is difficult to project allocation usage for 2014. As a result, staff has reserved an estimated 38.7% of the 2014 allocation as "undesignated". This reservation will provide staff the flexibility to allocate additional volume cap to various program pools (including any potential new 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 2014 allocation amounts generally consistent with the actual usage amounts for projects approved in 2013. In addition, QRRP applicants have access to over \$6.3 billion in unused carryforward allocation that was granted to high volume QRRP issuers in 2011, 2012 and 2013. This allocation may be utilized until exhausted through December 31, 2014, December 31, 2015 and December 31, 2016 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 \$1.050 billion due to the emerging ability of issuers to restart their first position mortgage programs using mortgage revenue bonds. The pool amount will be split 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.

Historically, the **Extra Credit Teacher Program (ECTP)** involved a combination of a first mortgage funded with tax exempt bond proceeds and a subordinate loan funded with Proposition 46 funds; administered by CalHFA. For a time, Proposition 46 proceeds were not available; however, CalHFA has recently secured some savings, which they intend to deploy alongside their existing allocation of mortgage credit certificates. Though it is uncertain at this time, CalHFA may request additional MCC authority through the ECTP at a later date if it is needed. As a result, staff does not recommend a 2014 reservation for this program at this time. Should CalHFA or another issuing agency request allocation, then the needed volume cap may be requested from the Undesignated/Reserve Allocation Pool.

In 2013, the **Single Family Home Improvement and Rehabilitation Bond Program (HIRB)** was developed to assist low- to moderate-income households with securing qualified home improvement or qualified rehabilitation loans. State and local government agencies and joint powers authorities may issue MCCs or MRBs to back below market interest rate loans. Based on anticipated demand, staff is recommending \$150 million in allocation for the HIRB Pool.

In 2013, **Industrial Development Bond (IDB)** allocations totaled over \$3.8 million. The California Industrial Development Financing Advisory Commission (CIDFAC) has indicated that for 2014, IDB demand shall be approximately \$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, which can be transferred from the Undesignated/Reserve Allocation Pool.

In 2013, the **Exempt Facility Pool** allocations totaled over \$38 million in bond authority. The California Pollution Control Financing Authority (CPCFA) staff and financial advisors working on Exempt Facility projects have indicated that they do not expect a higher level of usage of bond authority in 2014. As such, staff does not recommend a 2014 reservation for the Exempt Facility Program Pool at this time since CPCFA currently has a balance of \$2.9 billion in unused 2011 and 2012 carryforward allocation and was recently awarded 1.1 billion in 2013 carryforward allocation for the Exempt Facility Program. The carryforward allocations are available for CPCFA's use through December 31, 2014, December 31, 2015 and December 31, 2016, 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 2013, the **Student Loan Program Pool** received no applications. Currently, no demand is anticipated for 2014. As a result, staff does not recommend a 2014 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.

RECOMMENDATION:

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 2014 (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	\$ 850,000,000	22.17%
Mixed Income Pool	250,000,000	6.53%
Rural Project Pool	<u>150,000,000</u>	<u>3.91%</u>
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,250,000,000</i>	<i>32.61 %</i>
Single-Family Housing Program Pool	\$ 600,000,000	15.65%
Single-Family Housing Program Bonus Pool	<u>300,000,000</u>	<u>7.83%</u>
<i>Sub-Total – Single-Family Programs</i>	<i>\$900,000,000</i>	<i>23.48%</i>
Extra Credit Teacher Home Purchase Program Pool	<u>\$0</u>	<u>0%</u>
Single-Family Home Improvement and Rehabilitation Program	<u>\$150,000,000</u>	<u>3.91%</u>
<i>Housing Total</i>	<i>\$2,300,000,000</i>	<i>60%</i>
Small-Issue Industrial Development Project Pool	\$ 50,000,000	1.30%
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>1.30%</i>
Allocation on Hold (undesignated reserve)	<i>\$1,483,252,100</i>	<i>38.70%</i>
GRAND TOTAL	<i>\$3,833,252,100</i>	<i>100.0%</i>

*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

COMPARISON OF 2013 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2014 STATE CEILING AND POOLS

2013 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	\$850,000,000	23.5%	\$264,236,508 (a)	32.7%
Multifamily-Mixed	250,000,000	6.9%	\$0	0.0%
Multifamily-Rural	<u>150,000,000</u>	<u>4.2%</u>	<u>\$3,000,000</u>	<u>0.4%</u>
Multifamily Projects Subtotal:	\$1,250,000,000	34.6%	\$267,236,508	33.0%
Multifamily Total:		34.6%	\$267,236,508	33.0%
Single-Family-CalHFA/CALVET	\$250,000,000	6.9%	\$200,000,000	24.7%
Single-Family-Locals/CalVet	250,000,000	6.9%	\$102,750,980	12.7%
Single-Family-Bonus	<u>250,000,000</u>	<u>6.9%</u>	<u>\$0</u>	<u>0.0%</u>
Single-Family Subtotal:	\$750,000,000	20.8%	\$302,750,980	37.4%
Single-Family Total:		20.8%	\$302,750,980	37.4%
Extra Credit Program	<u>\$0</u>	0.0%	<u>\$0</u>	<u>0.0%</u>
Single-Family Improvement and Rehabilitation Program	\$250,000,000	6.9%	\$0	0.0%
Housing Total:	\$2,250,000,000	55.3%	\$569,987,488	70.5%
NON-HOUSING				
Industrial Dvlpmnt	\$50,000,000	1.4%	\$3,891,340	0.5%
Exempt Facility	0	0.0%	\$235,000,000 (b)	29.1%
Student Loan	<u>0</u>	<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
		<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
Non-Housing Total:	\$50,000,000	1.4%	\$238,891,340	29.5%
Allocation on Hold	\$1,313,935,850	36.4%	\$0	0.0%
GRAND TOTAL	\$3,613,935,850	93.1%	\$808,878,828	100.0%

2014 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2014 Ceiling Pool Reservations</u>	<u>% of Cap*</u>	<u>Amount Difference from 2013 Final Reservations</u>
HOUSING			
Multifamily-General	\$850,000,000	22.2%	\$585,763,492
Multifamily-Mixed	250,000,000	6.5%	250,000,000
Multifamily-Rural	<u>150,000,000</u>	<u>3.9%</u>	<u>147,000,000</u>
Multifamily Projects Subtotal:	\$1,250,000,000	32.6%	\$982,763,492
Single-Family-CalHFA/CalVet	\$300,000,000	7.8%	\$100,000,000
Single-Family-Locals	300,000,000	7.8%	197,249,020
Single-Family-Bonus	<u>300,000,000</u>	<u>7.8%</u>	<u>300,000,000</u>
Single-Family Subtotal:	\$900,000,000	23.5%	\$597,249,020
Extra Credit Program	<u>\$0</u>	<u>0.0%</u>	<u>\$0</u>
Single-Family Improvement and Rehabilitation Program	\$150,000,000	<u>3.9%</u>	<u>\$150,000,000</u>
Housing Total:	\$2,300,000,000	60.0%	\$1,730,012,512
NON-HOUSING			
Industrial Dvlpmnt	\$50,000,000	1.3%	\$46,108,660
Exempt Facility	0	0.0%	0
Student Loan	<u>0</u>	<u>0.0%</u>	<u>\$0</u>
Non-Housing Total:	\$50,000,000	1.3%	\$46,108,660
Allocation on Hold	\$1,483,252,100	38.7%	\$1,483,252,100
GRAND TOTAL:	\$3,833,252,100	100.0%	\$3,024,373,272

* Percentages are rounded.

(a) On December 11, 2013, the Committee approved the lump sum award of allocation, on a carryforward basis, to various multifamily housing issuers. The awards totaled \$1.65 billion.

(b) On December 11, 2013, the Committee approved the transfer and allocation award, on a carryforward basis, of allocation that was available on December 31, 2013 to the Exempt Facility Program Pool for the California Pollution Control Financing Authority. The final award total will be an estimated \$1 billion.

**2014 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2013 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2014 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	38,204,597	100.0000000%	\$300,000,000
ALAMEDA	1,565,181	4.0968394%	\$12,290,518
ALPINE	1,106	0.0028949%	\$8,685
AMADOR	36,204	0.0947635%	\$284,290
BUTTE	221,955	0.5809641%	\$1,742,892
CALAVERAS	45,520	0.1191480%	\$357,444
COLUSA	21,584	0.0564958%	\$169,487
CONTRA COSTA	1,082,384	2.8331250%	\$8,499,375
DEL NORTE	27,935	0.0731195%	\$219,358
EL DORADO	183,376	0.4799841%	\$1,439,952
FRESNO	958,866	2.5098184%	\$7,529,455
GLENN	28,212	0.0738445%	\$221,534
HUMBOLDT	134,819	0.3528869%	\$1,058,661
IMPERIAL	179,086	0.4687551%	\$1,406,265
INYO	18,875	0.0494050%	\$148,215
KERN	866,977	2.2693002%	\$6,807,901
KINGS	150,479	0.3938767%	\$1,181,630
LAKE	64,443	0.1686787%	\$506,036
LASSEN	32,726	0.0856598%	\$256,980
LOS ANGELES	10,019,365	26.2255482%	\$78,676,645
<i>County of Los Angeles</i>	<i>6,155,526</i>	<i>61.4362886%</i>	<i>\$48,336,010</i>
<i>City of Los Angeles</i>	<i>3,863,839</i>	<i>38.5637114%</i>	<i>\$30,340,634</i>
MADERA	153,045	0.4005932%	\$1,201,779
MARIN	255,887	0.6697807%	\$2,009,342
MARIPOSA	18,480	0.0483711%	\$145,113
MENDOCINO	88,673	0.2321003%	\$696,301
MERCED	263,026	0.6884669%	\$2,065,401
MODOC	9,268	0.0242589%	\$72,777
MONO	14,175	0.0371029%	\$111,309
MONTEREY	424,713	1.1116804%	\$3,335,041
NAPA	139,099	0.3640897%	\$1,092,269
NEVADA	97,893	0.2562336%	\$768,701
ORANGE	3,104,680	8.1264566%	\$24,379,370
PLACER	365,107	0.9556625%	\$2,866,987
PLUMAS	19,275	0.0504520%	\$151,356
RIVERSIDE	2,267,760	5.9358302%	\$17,807,491
SACRAMENTO	1,447,759	3.7894890%	\$11,368,467
SAN BENITO	57,286	0.1499453%	\$449,836
SAN BERNARDINO	2,076,399	5.4349454%	\$16,304,836

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LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2013 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2014 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	38,204,597	100.0000000%	\$300,000,000
SAN DIEGO	3,182,072	8.3290291%	\$24,987,087
<i>City of Oceanside</i>	<i>169,350</i>	<i>5.3220040%</i>	<i>\$1,329,814</i>
<i>City of San Diego</i>	<i>1,326,238</i>	<i>41.6784410%</i>	<i>\$10,414,228</i>
<i>County of San Diego</i>	<i>1,686,484</i>	<i>52.9995550%</i>	<i>\$13,243,045</i>
SAN FRANCISCO	831,156	2.1755392%	\$6,526,618
SAN JOAQUIN	703,919	1.8424982%	\$5,527,495
SAN LUIS OBISPO	271,794	0.7114170%	\$2,134,251
SAN MATEO	742,719	1.9440566%	\$5,832,170
SANTA BARBARA	432,238	1.1313769%	\$3,394,131
SANTA CLARA	1,853,677	4.8519737%	\$14,555,921
SANTA CRUZ	271,501	0.7106501%	\$2,131,950
SHASTA	178,403	0.4669674%	\$1,400,902
<i>County of Shasta</i>	<i>87,733</i>	<i>49.1768636%</i>	<i>\$688,920</i>
<i>City of Redding</i>	<i>90,670</i>	<i>50.8231364%</i>	<i>\$711,982</i>
SIERRA	3,053	0.0079912%	\$23,974
SISKIYOU	45,243	0.1184229%	\$355,269
SOLANO	423,265	1.1078902%	\$3,323,671
<i>County of Solano</i>	<i>330,588</i>	<i>78.1042609%</i>	<i>\$2,595,927</i>
<i>City of Vacaville</i>	<i>92,677</i>	<i>21.8957391%</i>	<i>\$727,742</i>
SONOMA	492,337	1.2886852%	\$3,866,056
STANISLAUS	527,326	1.3802685%	\$4,140,805
SUTTER	96,991	0.2538726%	\$761,618
TEHAMA	63,434	0.1660376%	\$498,113
TRINITY	13,439	0.0351764%	\$105,529
TULARE	456,347	1.1944819%	\$3,583,446
TUOLUMNE	54,278	0.1420719%	\$426,216
VENTURA	840,320	2.1995259%	\$6,598,578
YOLO	206,195	0.5397125%	\$1,619,138
YUBA	73,272	0.1917884%	\$575,365
TOTALS:	38,204,597	100.0000000%	\$300,000,000

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.