

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits

2015 Summary

(Item 3)

State and local governmental agencies and joint powers authorities can issue tax-exempt housing revenue bonds. These bonds assist developers of multifamily rental housing units to acquire land and construct new units or purchase and rehabilitate existing units. The tax-exempt bonds are used to fund a loan with a below market interest rate. The low interest rate loan is used by the Project Sponsor to develop the project. Project Sponsors produce market rate and affordable rental housing for low and very low-income households by reducing rental rates to these individuals and families.

The California Debt Limit Allocation Committee is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2015, California's State ceiling is \$3.880 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Qualified Residential Rental Project Pool (Rental Project Pool). For calendar year 2015, the Committee reserved approximately \$1.25 billion or 32.2% of the State ceiling for the Rental Project Pool. The \$1.25 billion of bond authority will be allocated throughout the calendar year to three sub-pools i.e., General Pool (consists of projects having 50.1% or more of its total units designated as Restricted Rental Units); Mixed Income Pool (consists of projects having 50% or fewer of its total units designated as Restricted Rental Units); and the Rural Project Pool (consists of projects located in a rural area as defined by California Health and Safety Code Section 50199.21 and not including Mixed Income projects).

Private Activity Bond Volume Cap Programs

For program year 2015, the Committee awarded a total of \$2.861 billion (past year carryforward and current year cap) for rental projects, \$1,710,506,152 (past year carryforward and current year cap) allocation for SFH programs, \$35,935,183 under the IDB Program, and \$37,395,000 under the EXF Program (past year carryforward). After the December 16, 2015 allocations were made, there was a 2015 volume cap balance remaining of approximately \$1 billion. In order to ensure that no amount of 2015 allocation was lost, at the December 16, 2015 allocation meeting the Committee transferred the \$1 billion remaining balance, for future use, to the City and County of San Francisco for its multifamily housing program.

The public benefits for these awarded allocations are as follows:

Qualified Residential Rental Projects

The allocations awarded for the rental project pool for program year 2015 will fund 141 multifamily rental housing projects. These allocations financed an estimated 14,049 total units, of which approximately 13,710 were Restricted Rental Units. Restricted Rental Units are units within a Project that are restricted to households earning 60% or less of the Applicable Median Family Income. Of the 13,710 Restricted Rental Units, 6,361 will be restricted to very low income households with income at or below 50% of the area median income and approximately 7,277 units will be restricted to low income households with incomes at or below 60% of the area median income.

Of the estimated 14,049 units financed with the allocation, approximately 3,908 will be new construction units, 5,082 will be senior citizen units, 2,367 will be large family (3-4 bedrooms) units and 656 will be special needs units. In addition, this allocation will preserve approximately 1,044 income- and rent-restricted units that were at-risk of losing their existing affordability restrictions.

The Committee transferred a total of \$1 billion of unused 2015 volume cap to one (1) issuer for the Qualified Residential Rental Project Program.

Single Family Housing

The Committee awarded a total of \$1.710 billion of the 2015 State Ceiling and past year carryforward allocation under the Single-Family Housing Program for various city, county, statewide and multi-jurisdictional Mortgage Credit Certificate programs and one (1) statewide issuer for the Mortgage Revenue Bond Program. These allocations will assist approximately 8,456 first-time homebuyers; of whom at least 3,382 will be low income households, and approximately 1,657 will purchase newly constructed homes.

Industrial Development Bond Program

The Committee awarded a total of \$35,935,183 of the 2015 State Ceiling to six (6) IDB projects. These awarded allocations are anticipated to create a total of 197 new jobs in California, of which all 197 are skilled and semi-skilled jobs. The new jobs will produce a weighted average hourly wage of \$21.23.

Exempt Facility Program

There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business[1] under Regulatory Mandate[2], 2) Non-first Tier Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, and 4) All other Applications for Exempt Facilities. Of the four (4) 2015 allocation awards, three (3) Projects were First Tier Business under Regulatory Mandate and One (1) Project was Non-first Tier Under Regulatory Mandate. All projects were designated Pollution Control Projects.

The four (4) qualified exempt facility projects were awarded a total of \$37,395,000 in allocation.

^[1] "First Tier Business" means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

^[2] "Regulatory Mandate" means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. ("AB 939"), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.