

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 20, 2016

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2016 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 8)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2016 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 39,144,818 resulting in a State Ceiling for 2016 of \$3,914,481,800.

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 2016 pool amounts, staff surveyed key issuers to determine their estimated demand. However, due to the uncertain level of demand that may result from both recently adopted and potential program changes this year, it is difficult to project allocation usage for 2016. As a result, staff has reserved an estimated 31.3% of the 2016 allocation as "undesignated". This reservation will provide staff the flexibility to allocate additional volume cap 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 2016 allocation amounts generally consistent with the actual usage amounts for projects approved in 2015. In addition, QRRP applicants have access to over \$3.5 billion in unused carryforward allocation that was granted to high volume QRRP issuers in 2013, 2014 and 2015. This allocation may be utilized until exhausted through December 31, 2016, December 31, 2017 and December 31, 2018 respectively.

For QRRP, Staff recommends for the General Pool \$850 million; \$500 million for the Mixed Income Pool, and \$150 million for the Rural Project Pool. In addition, the California Housing Finance Agency (CalHFA) will be assigned the following direct QRRP reservations: General Pool \$136 million; Mixed Income Pool \$40 million; and the Rural Pool \$24 million. This shift in policy recognizes CalHFA's unique role and responsibility as the State's affordable housing bank and seeks to support CalHFA's conduit and lending programs.

- Staff recommends setting the **Single Family Program (SFH) Pool** at \$800 million. The pool amount will be split between statewide administrators and local program administrators. Potential statewide applicants include the CalHFA and the California Department of Veteran Affairs (Cal-Vet). Please see ATTACHMENT B for the local administrator (County) Fair Share amounts. Because CDLAC now allows SFH Applicants to access the Undesignated Pool when requests are in excess of their Fair Share (Non-Competitive Rounds only), no reservation will be set aside for the SFH Bonus Pool at this time.
- Historically, the **Extra Credit Teacher Program (ECTP)** solely administered by CalHFA involved a combination of a first mortgage and a subordinate loan. The first mortgage was funded with tax exempt bond proceeds or more currently, the first loan is securitized and becomes part of CalHFA's To Be Announced (TBA) delivery program. The subordinate loan was funded with Proposition 46 funds; administered by CalHFA. Currently, the original Proposition 46 funds have been depleted and CalHFA is exploring ways to better serve qualified teachers. For this reason, no reservation will be set aside for the ECT Program at this time. Should staff receive a request for allocation from CalHFA or another issuer during the program year, allocation 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 2015, **Industrial Development Bond (IDB)** allocations totaled over \$35,935,183 million. The California Industrial Development Financing Advisory Commission (CIDFAC) has indicated that for 2016, 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 2015, the **Exempt Facility Pool** allocations totaled over \$37,395,000 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 2016. As such, staff does not recommend a 2016 reservation for the Exempt Facility Program Pool at this time since CPCFA currently has a balance over \$2,434,953,562 billion in unused 2013 and 2014 carryforward allocation. The carryforward allocations are available for CPCFA's use through December 31, 2016 and December 31, 2017, respectively. Should staff receive a

request for allocation from an issuer other than CPCFA in the program year, than allocation may be requested from the Undesignated/Reserve Allocation Pool.

- In 2015, the **Student Loan Program Pool** received no applications. Currently, no demand is anticipated for 2016. As a result, staff does not recommend a 2016 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.
- For 2016, there is no issuer interest anticipated for the **Beginning Farmer Program**. As a result, staff does not recommend a 2016 reservation for the Program at this time. Should staff receive a request for allocation later during the program year, 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 2016 (please see ATTACHMENT A for more detailed information):

<u>State Ceiling Pool</u>	<u>Reservation</u>	<u>Percent of Ceiling*</u>
General Project Pool	\$ 850,000,000	21.71%
- CalHFA	\$136,000,000	3.47%
Mixed Income Pool	500,000,000	12.78%
- CalHFA	\$40,000,000	1.02%
Rural Project Pool	150,000,000	3.83%
- CalHFA	\$24,000,000	.61%
<i>Sub-Total – Multifamily Projects</i>	<i>\$1,700,000,000</i>	<i>43.42 %</i>
Single-Family Housing Program Pool	\$ 800,000,000	20.44%
Single-Family Housing Program Bonus Pool	<u>\$0</u>	<u>0%</u>
<i>Sub-Total – Single-Family Programs</i>	<i>\$800,000,000</i>	<i>20.44%</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>3.83%</u>
<i>Housing Total</i>	<i>\$2,650,000,000</i>	<i>67.69%</i>
Beginning Farmer Project Pool	\$0	0%
Small-Issue Industrial Development Project Pool	50,000,000	1.28%
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>1.28%</i>
Allocation on Hold (undesignated reserve)	<i>\$1,214,481,800</i>	<i>31.03%</i>
GRAND TOTAL	<i>\$3,914,481,800</i>	<i>100.0%</i>

*Percentages are rounded.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

COMPARISON OF 2015 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2016 STATE CEILING AND POOLS

2015 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	21.9%	\$1,957,450,218 (a)	50.4%
Multifamily-Mixed	250,000,000	6.4%	\$263,068,394	6.8%
Multifamily-Rural	<u>150,000,000</u>	<u>3.9%</u>	<u>\$50,368,000</u>	<u>1.3%</u>
Multifamily Projects Subtotal:	\$1,250,000,000	32.2%	\$2,270,886,612	58.5%
Multifamily Total:		32.2%	\$2,270,886,612	58.5%
Single-Family-CalHFA/CALVET	\$300,000,000	7.7%	\$1,412,922,053 (b)	36.4%
Single-Family-Locals/CalVet	300,000,000	7.7%	\$160,506,152 (b)	4.1%
Single-Family-Bonus	<u>300,000,000</u>	<u>7.7%</u>	<u>\$0</u>	<u>0.0%</u>
Single-Family Subtotal:	\$900,000,000	23.2%	\$1,573,428,205	40.5%
Single-Family Total:		23.2%	\$1,573,428,205	40.5%
Extra Credit Program	<u>\$0</u>	0.0%	<u>\$0</u>	<u>0.0%</u>
Single-Family Improvement and Rehabilitation Program	\$150,000,000	3.9%	\$0	0.0%
Housing Total:	\$2,300,000,000	59.3%	\$3,844,314,817	99.1%
NON-HOUSING				
Industrial Dvlpmnt	\$50,000,000	1.3%	\$35,935,183	0.9%
Exempt Facility	0	0.0%	\$0	0.0%
Beginning Farmer	<u>50,000,000</u>	<u>1.3%</u>	<u>\$0</u>	<u>0.0%</u>
Non-Housing Total:	\$100,000,000	2.6%	\$35,935,183	0.9%
Allocation on Hold	\$1,480,250,000	38.1%	\$0	0.0%
GRAND TOTAL	\$3,880,250,000	100.0%	\$3,880,250,000	100.0%

2016 PROPOSED RESERVATIONS BY PROGRAM POOL:

	<u>Proposed 2015 Ceiling Pool Reservations</u>	<u>% of Cap*</u>
HOUSING		
Multifamily-General	\$850,000,000	21.7%
Multifamily-Mixed	500,000,000	12.8%
Multifamily-Rural	150,000,000	3.8%
Multifamily-General (CalHFA)	\$136,000,000	3.5%
Multifamily-Mixed (CalHFA)	40,000,000	1.0%
Multifamily-Rural (CalHFA)	<u>24,000,000</u>	<u>0.6%</u>
Multifamily Projects Subtotal:	\$1,700,000,000	43.4%
Single-Family-CalHFA/CalVet	\$400,000,000	10.2%
Single-Family-Locals	400,000,000	10.2%
Single-Family-Bonus	<u>0</u>	<u>0.0%</u>
Single-Family Subtotal:	\$800,000,000	20.4%
Extra Credit Program	<u>\$0</u>	<u>0.0%</u>
Single-Family Improvement and Rehabilitation Program	\$150,000,000	<u>3.8%</u>
Housing Total:	\$2,650,000,000	67.7%
NON-HOUSING		
Beginning Farmer	\$0	0.0%
Industrial Dvlpmnt	\$50,000,000	1.3%
Exempt Facility	0	0.0%
Student Loan	<u>0</u>	<u>0.0%</u>
Non-Housing Total:	\$50,000,000	1.3%
Allocation on Hold	\$1,214,481,800	31.0%
GRAND TOTAL:	\$3,914,481,800	100.0%

* Percentages are rounded.

(a) On December 16, 2015, the Committee approved the lump sum award of allocation, on a carryforward basis, to the City and County of San Francisco. The award totaled \$1 billion.

(b) On December 16, 2015, the Committee approved the lump sum award of allocation, on a carryforward basis, to various single family housing issuers. The awards totaled \$1,065,920,053.

COMPARISON OF 2015 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2016 STATE CEILING AND POOLS

**2016 COUNTY FAIR SHARE AMOUNTS FOR
 LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2015 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2016 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	39,071,323	100.0000000%	\$400,000,000
ALAMEDA	1,619,244	4.1443286%	\$16,577,314
ALPINE	1,165	0.0029817%	\$11,927
AMADOR	37,302	0.0954716%	\$381,886
BUTTE	224,301	0.5740809%	\$2,296,324
CALAVERAS	44,881	0.1148694%	\$459,478
COLUSA	22,312	0.0571058%	\$228,423
CONTRA COSTA	1,116,385	2.8573002%	\$11,429,201
DEL NORTE	27,089	0.0693322%	\$277,329
EL DORADO	182,917	0.4681618%	\$1,872,647
FRESNO	980,980	2.5107417%	\$10,042,967
GLENN	29,000	0.0742232%	\$296,893
HUMBOLDT	134,825	0.3450741%	\$1,380,296
IMPERIAL	184,760	0.4728788%	\$1,891,515
INYO	18,697	0.0478535%	\$191,414
KERN	884,436	2.2636449%	\$9,054,579
KINGS	149,813	0.3834347%	\$1,533,739
LAKE	65,023	0.1664213%	\$665,685
LASSEN	30,988	0.0793114%	\$317,245
LOS ANGELES	10,192,374	26.0865853%	\$104,346,341
<i>County of Los Angeles</i>	<i>6,234,352</i>	<i>61.1668292%</i>	<i>\$63,825,348</i>
<i>City of Los Angeles</i>	<i>3,958,022</i>	<i>38.8331708%</i>	<i>\$40,520,993</i>
MADERA	154,982	0.3966643%	\$1,586,657
MARIN	261,663	0.6697060%	\$2,678,824
MARIPOSA	18,097	0.0463179%	\$185,271
MENDOCINO	88,379	0.2261991%	\$904,797
MERCED	270,156	0.6914432%	\$2,765,773
MODOC	9,566	0.0244834%	\$97,934
MONO	13,762	0.0352228%	\$140,891
MONTEREY	435,658	1.1150326%	\$4,460,131
NAPA	141,625	0.3624781%	\$1,449,913
NEVADA	97,946	0.2506851%	\$1,002,741
ORANGE	3,165,203	8.1010899%	\$32,404,360
PLACER	371,558	0.9509737%	\$3,803,895
PLUMAS	19,675	0.0503566%	\$201,427
RIVERSIDE	2,331,040	5.9661148%	\$23,864,459
SACRAMENTO	1,489,308	3.8117675%	\$15,247,070
SAN BENITO	57,572	0.1473510%	\$589,404
SAN BERNARDINO	2,127,735	5.4457716%	\$21,783,086

**2016 COUNTY FAIR SHARE AMOUNTS FOR
LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

<u>COUNTY</u>	<u>2015 COUNTY POPULATION</u>	<u>COUNTY % OF STATE POPULATION</u>	<u>2016 COUNTY FAIR SHARE AMOUNTS</u>
CALIFORNIA	39,071,323	100.0000000%	\$400,000,000
SAN DIEGO	3,275,546	8.3835042%	\$33,534,017
<i>City of Oceanside</i>	171,682	5.2413247%	\$1,757,627
<i>City of San Diego</i>	1,368,061	41.7658919%	\$14,005,781
<i>County of San Diego</i>	1,735,803	52.9927835%	\$17,770,609
SAN FRANCISCO	862,470	2.2074246%	\$8,829,698
SAN JOAQUIN	728,509	1.8645619%	\$7,458,248
SAN LUIS OBISPO	276,142	0.7067639%	\$2,827,056
SAN MATEO	762,327	1.9511164%	\$7,804,466
SANTA BARBARA	445,444	1.1400791%	\$4,560,317
SANTA CLARA	1,915,407	4.9023346%	\$19,609,339
SANTA CRUZ	274,594	0.7028019%	\$2,811,208
SHASTA	178,795	0.4576118%	\$1,830,447
<i>County of Shasta</i>	87,685	49.0421992%	\$897,692
<i>City of Redding</i>	91,110	50.9578008%	\$932,756
SIERRA	3,166	0.0081031%	\$32,413
SISKIYOU	44,563	0.1140555%	\$456,222
SOLANO	429,384	1.0989748%	\$4,395,899
<i>County of Solano</i>	334,682	77.9446835%	\$3,426,369
<i>City of Vacaville</i>	94,702	22.0553165%	\$969,529
SONOMA	500,487	1.2809574%	\$5,123,830
STANISLAUS	537,957	1.3768589%	\$5,507,436
SUTTER	97,701	0.2500581%	\$1,000,232
TEHAMA	63,975	0.1637390%	\$654,956
TRINITY	13,583	0.0347646%	\$139,059
TULARE	465,013	1.1901645%	\$4,760,658
TUOLUMNE	54,511	0.1395166%	\$558,067
VENTURA	852,964	2.1830947%	\$8,732,379
YOLO	212,747	0.5445093%	\$2,178,037
YUBA	75,621	0.1935460%	\$774,184
TOTALS:	39,071,323	100.0000000%	\$400,000,000

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.