

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017

CONSIDERATION OF STAFF'S RECOMMENDATION TO TRANSFER AND AWARD UNUSED ALLOCATION TO VARIOUS ISSUERS

ACTION:

Approve the transfer and award of all unused allocation remaining in program pools on December 13, 2017 to various Qualified Residential Rental Project (QRRP) Programs.

BACKGROUND:

After the December 20, 2017 allocation meeting, there will be an unknown amount of 2017 volume cap that will be issued before January 1, 2018. The amount of the allocation made on December 20, 2017 is expected to be approximately \$900 million. However, it is unlikely that all of the issuers receiving bond allocation on December 20th will issue prior to January 1, 2018 and it is likely that the outstanding 2017 state ceiling available as carryforward allocation will be small, potentially under \$500 million.

Staff surveyed twelve (12) of CDLAC's multifamily issuers, those that are the most active issuers as well as issuers in areas that recently obtained voter approval in 2016 and 2017 to issue bonds to fund multifamily housing. In addition, Staff surveyed eight (8) active issuers involved in single family housing and one (1) active issuer for exempt facilities. Staff received requests for carryforward allocation from each group: six (6) responses for multifamily housing, two (2) responses for single family housing and one (1) response for exempt facilities. Staff acknowledges that some of the anticipated 2018 demand identified by the issuers is based upon program volume that may or may not ultimately come to fruition. Staff also recognizes that the future of private activity bonds is currently unknown given the tax reform bill that is currently being negotiated in Congress.

Given the small amount of 2017 state ceiling that is expected to be available as carryforward allocation effective December 31, 2017, Staff recommends that the carryforward allocation be awarded only to QRRP issuers. The six (6) QRRP issuers provided Staff with information on their expected pipeline and that pipeline is the basis for the calculation used to determine the amount of the recommended carryforward. In addition, since the amount of remaining state ceiling is currently unknown, Staff recommends that the carryforward allocation to be awarded be stated as a percentage of remaining 2017 state ceiling. The final amount available for carryforward allocation will likely increase, as Projects that have received bond authority may issue only a portion of their allocation or fail to issue bonds entirely. In order to ensure that no amount of 2017 allocation is lost, Staff is recommending that the remaining 2017 state ceiling, as of December 31, 2017, be made available to the following QRRP issuers in the percentages listed below for immediate use:

NAME OF ISSUER	RECOMMENDED TRANSFER AMOUNT
California Public Finance Authority (QRRP)	13%
California Housing Finance Agency (QRRP)	22%
California Statewide Communities Development Authority (QRRP)	17%
California Municipal Finance Authority (QRRP)	35%
San Diego Housing Commission (QRRP)	5%
City of Los Angeles (QRRP)	8%
Total	100%

*This carryforward allocation will be applied to future individual QRRP requests for allocation made by the issuer to the Committee until the amounts are exhausted.

COMMENT: Staff's proposal will ensure that no amount of the 2017 State Ceiling is unallocated. Given that most of the 2017 state ceiling is expected to be awarded at the December 20, 2017 committee meeting, and there is expected to be little remaining carryforward at year end, Staff recommends that the 2017 State Ceiling allocation that is available for carryforward be awarded to QRRP issuers only.

RECOMMENDATION:

Staff recommends that any 2017 state allocation that is unused effective December 31, 2017 be transferred to the six (6) aforementioned QRRP issuers in the percentages listed by each issuer's name on a carryforward basis. Any and all allocation remaining thereafter will be transferred to the California Housing Finance Agency for use in the Multifamily Housing – General pool, also on a carryforward basis.

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