

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**January 15, 2020**

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2019 STATE  
CEILING AMONG THE STATE CEILING POOLS**

**(Agenda Item No. 5)**

**ACTION:**

Establish the amounts for each of the State Ceiling Pools for the 2020 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 39,512,223 resulting in a State Ceiling of \$4,148,783,415 for 2020. While the multiplier supplied by the IRS of \$105 per capita remained the same as in 2019, the State's population declined from 39,557,045 to the current number. In accordance with the Regulations, at the beginning of each calendar year the Committee must establish and announce the amounts the Committee expects to apportion 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 as well as legislative and gubernatorial priorities.

The Committee considered the following governmental priorities:

1. Promote new construction of rental units for low & moderate income families and individuals, workforce housing and special needs housing; and
2. Preserve and rehabilitate existing government-assisted housing for the same populations.

**DISCUSSION:**

In making recommendations for the 2020 pool amounts, staff surveyed the entire development community with more specific outreach to the Issuers to determine estimated demand. Staff is recommending that all pools be competitive in 2020 with the exception of the IDB pool that is too small to divide into separate rounds. Staff has reserved 5% of the 2020 allocation as "undesignated". This reservation will provide staff the flexibility to allocate additional volume cap to various program pools as needed. As always, the Committee has the right to reallocate at a future meeting if circumstances warrant. The following list estimates demand and provides a recommendation for each program pool.

- **Qualified Residential Rental Projects (QRRP).** QRRPs will again take center stage. With AB101 monies stewarded by CalHFA and HCD, we expect to see substantial increases in new construction demand for affordable and mixed-income units. The Committee directed staff to create pools for 2020 that included new construction, preservation, and "other" for rehab projects that do not qualify as preservation, and other projects.

For QRRP, staff recommends allocation of \$2,334,425,456 for the General Pool, \$749,780,135 for the Mixed Income Pool and \$207,439,171 for the Rural Project Pool. The General Pool will further sub-allocate \$387,415,719 to the 2020 Other Affordable sub-pool for projects other than new construction or preservation, \$1,424,692,225 to the New Construction sub-pool, and \$522,317,512 to the Preservation sub-pool. The tripling in size of the Mixed Income pool is due to the inclusion of the CalHFA Mixed Income Program.

- Staff recommends setting the **Single Family Program (SFH) Pool** at \$0. This is in keeping with the Committee action at the December 23, 2019 meeting that transferred the Single Family recommendation to Multifamily and set the relative proportions between housing and non-housing pools at Housing (84.34%), and Non-Housing at (15.66%).
- With the dissolution of the California Industrial Development Financing Advisory Commission (CIDFAC) in AB-1547, the **Industrial Development Bond (IDB)** program, CDLAC is now the administrator allocation for the program. \$10,000,000 of the 2020 Ceiling will go toward IDB projects based on demand.
- **Exempt Facility Pool (EXF)** will receive an allocation of \$639,699,482. Several issuers have project demand for pollution control, solid waste, and other facilities. In addition, we expect to allocate \$300 million to the Virgin Trains project in January. If the Committee does not approve train project, the \$300 million of 2020 volume cap as well as the \$300 million of 2019 volume cap will revert to the Committee for reallocation.

**RECOMMENDATION:**

Staff recommends apportionment of the 2020 State Ceiling Pools per the attached chart which further includes apportionment by allocation round.

*Larry Flood*