

April 14, 2020
CALIFORNIA DEBT LIMIT COMMITTEE
ITEM 9
CARRYFORWARD DEFICIENCIES

Background

When bond issuers revert or partially revert their allocation, it comes back to the committee to be aggregated and assigned (generally at the end of the year) to specific issuers based on their estimated demand for lump sum allocation in the following year. This is referred to as lump sum carryforward. The lump sum carryforward allocation is used prior to current year volume cap to award allocation to specific projects. As it is awarded, they are generally tracked in an allocation tracking spreadsheet. This spreadsheet has gone through multiple iterations with a significant and frequent changes in leadership. Occasionally, carryforward assigned to an awarded project may be more than what actually gets reconciled with the issuers when working on their IRS filings.

The other type of carryforward is current-year carryforward. This is when projects are awarded allocation from the current years volume cap but the bond closing deadline is in the following year. This type of carryforward happens in later rounds (towards the end of the year). As in the case with lump sum carryforward current year volume cap may be exhausted prior to execution of the current year carryforward resolution.

The projects over-allocated on carryforward require a shore-up so that bonds may be issued for these projects.

Discussion

The City and County of San Francisco was awarded 4 projects in 2019 with bond issuance deadlines in 2020. Two of the projects were over-allocated due to the shortage of 2019 volume cap. The two projects (South Park Scattered Sites and Frederick Douglas Haynes Apartments) have a combined allocation deficit of \$73,565,524.

The California Housing Finance Agency (CalHFA) has one project assigned in 2019 to close in 2020 with a carryforward shortage. Coldstream Commons was awarded \$18,000,000 in the March 2019 allocation meeting with a 90 day extension moving the closing deadline to 2020. CalHFA will be able to apply a \$6,730,000 2019 carryforward balance to the project which leaves a project allocation deficit of \$6,397,742.

Recommendation

Staff recommends awarding \$73,565,524 of 2020 volume cap for the two projects with the City and County of San Francisco to cover the deficit in allocation and \$6,397,742 of 2020 volume cap for one project with CalHFA to cover the project's deficit in allocation. This should be drawn from the General QRRP pool and may use balances recovered from item 6 in this agenda.