

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
Public Benefit Analysis
Redevelopment Agency Housing Set Aside Programs and Projects
2004 Third Round

The Redevelopment Agency Housing Set Aside Program is designed to help redevelopment agencies leverage their housing set aside funds. The Program will allow redevelopment agencies to use housing set aside as security for the repayment of tax-exempt private activity bonds. Tax-exempt bond authority will assist cities and counties in their efforts to maximize the impact of housing set aside for the development of low income housing. The Program will allow funds to be loaned at a tax-exempt rate which will increase the amount of subsidy available to affordable housing projects. The public benefits of the Housing Set Aside Program are:

- The development of more affordable housing projects that might otherwise not occur due to lack of local subsidy;
- A greater number of affordable units than would be possible without this program;
- Deeper rent targeting than would be possible without this program; and
- The ability to recycle Housing Set Aside loan proceeds into new loans creating more opportunities for affordable housing.

Projects that are proposed to receive Housing Set Aside bond authority are reviewed to assure that one or more of the aforementioned public benefits will be achieved by an award of bond authority to the project.

The California Debt Limit Allocation Committee (“Committee”) is responsible for administering California’s annual tax-exempt private activity bond program, known as “the annual State ceiling”. For calendar year 2004, California’s State ceiling is \$2.838 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as “Program Pools”. On July 21, 2004, the Committee adopted new Procedures implementing the Redevelopment Agency Housing Set Aside Program in the Qualified Residential Rental Project Pool. If any part of the Qualified Residential Rental Project Pool remains unallocated after the Committee makes Allocations under Section 17.I-IV of the Committee’s Procedures, or the Committee elects to transfer additional Allocation to the Qualified Residential Rental Project Pool, the Committee may then consider Applications from a statewide issuer, joint powers authority, or redevelopment agency for an Allocation for a Redevelopment Agency Housing Set-Aside Program.

For calendar year 2004, the Committee transferred \$175 million, or 6.2% of the State ceiling, remaining from various program pools to the Redevelopment Agency Housing Set-Aside Program.

The Committee awarded a total of \$175,315,000 on a carryforward basis to two Redevelopment Agency Housing Set-Aside Program applicants in the Third Allocation Round of 2004. \$100 million was awarded to a joint powers authority for a statewide program that will loan bond proceeds to local redevelopment agencies across the State. In turn, the local agencies will pledge portions of their housing set aside funds as security for the repayment of the bond loans. The additional \$75.315 million was awarded to the City of San Jose for its local redevelopment agency housing set aside program. By leveraging the housing set aside funds on a tax-exempt basis, local redevelopment agencies are able to increase their bonding capacity over taxable debt. This will allow the agencies to fund additional affordable housing projects.

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2004 Third Round Benefits by Projects

Applicant/ Issuer	Allocation Amount	Program Name	Project City	Project County	Project Name	Affordable Units
Redevelopment Agency Housing Set Aside Program of the City of San Jose	\$75,315,000	Redevelopment Agency Housing Set Aside Program	San Jose	Santa Clara	Brooks House Apts. Cinnabar Commons Apts. Hacienda Villa Creek Apts. Oak Tree Village Apts. Fallen Leaves Apts. Evans Lane JSM Apts. Summer Crest Apts. Turnleaf Apts. Almaden Family Apts. Delmas Park Apts. Fairgrounds (HACSD)Apts. Fairgrounds (Roem) Apts. Paseo Senter I Apts.	63 243 79 174 159 236 65 151 223 122 169 130 115
California Statewide Communities Development Authority (CSDCA)	\$100,000,000	Redevelopment Agency Housing Set Aside Program (Statewide)	Statewide	Statewide	To-be-determined	To-be- determined
Total	\$175,315,000					1,929