

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

March 24, 2010

H.R. 3221 STATUS REPORT
(Agenda Item No. 4.)

Informational Item

On July 30, 2008, the Housing Assistance Tax Act of 2008 (the “Act”) was enacted. The Act modified certain rules (the “Qualified Mortgage Bond Rules”) in the Internal Revenue Code of 1986 (the “Code”) that apply to tax-exempt qualified mortgage bonds and qualified veterans’ mortgage bonds; both issued to finance mortgage loans for single-family residences. The Act also provided **\$1.178 billion to California** in additional volume cap (the “Allocation”), for the purpose of issuing tax-exempt bonds for three categories of eligible housing programs: helping homeowners refinance sub-prime loans, providing below-market rate loans to first time homebuyers, and construction of low-income rental housing.

On December 3, 2008, CDLAC awarded Allocation to multifamily and single-family housing issuers (the “Applicants”) on a carryforward basis. However, the Act limited the life of the Allocation and required that the Allocation be issued no later than December 31, 2010. For the single-family housing program, CDLAC awarded the Allocation for the purposes of refinancing qualified subprime loans as defined by the Act and originating loans for real estate owned properties. The remainder of the Allocation was awarded to multifamily housing projects for general program purposes. To ensure full utilization of the Allocation, Applicants were also authorized by the Internal Revenue Service to modify the use of the Allocation and/or transfer it to another Applicant, if necessary. The CDLAC resolution requires CDLAC approval prior to either such action.

To date, there remains \$944,480,156 in unused Allocation (see Attachment A). Staff has discussed the status of each award of Allocation with the respective Applicant.

For those Applicants with no current multifamily housing project pipeline or single family housing program demand, staff has requested that the Allocation be returned to CDLAC with no penalty. Staff will recommend that these unused balances be awarded and transferred to qualified residential rental project allocation recipients at the March CDLAC allocation meeting to ensure full utilization of this limited resource.

ATTACHMENT A

Status of Outstanding H.R. 3221 Awarded Allocation

<u>Applicant</u>	<u>Program Type</u>	<u>Allocation Awarded</u>	<u>Allocation Used</u>	<u>Outstanding Allocation</u>	<u>Plan of Usage</u>
County of Contra Costa	QRRP	\$51,520,000	\$0	\$51,520,000	The Applicant has returned the unused allocation to CDLAC for re-allocation to another Issuer.
County of Alameda	QRRP	\$23,512,591	\$20,110,776	\$3,401,815	The Applicant has returned the unused allocation to CDLAC for re-allocation to another Issuer.
Community Development Commission of Mendocino County	MCC	\$1,097,578	\$0	\$1,097,578	The Applicant plans to return the allocation to CDLAC for re-allocation to another Issuer
Independent Cities Finance Authority	MRB	\$24,652,535	\$0	\$24,652,535	The Applicant plans to return the allocation to CDLAC for re-allocation to another Issuer.
California Housing Finance Agency	MRB	\$863,808,228	\$0	\$863,808,228	The Applicant plans to use its allocation in conjunction with the New Bond Issue Program. Bonds will be issued prior to 12/31/2010