

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

May 26, 2010

Consideration and Approval of Revision to CDLAC Resolution 08-222 for the Sacramento Housing and Redevelopment Agency – Single Family Housing Program (Agenda Item No. 5)

ACTION:

Approve a modification to resolution #08-222 expanding eligible allocation usage to include non-REO properties for purchase.

BACKGROUND:

On December 3, 2008, the Committee awarded the Sacramento Housing and Redevelopment Agency (SHRA) \$ 17,101,115 in 2008 Housing Act Volume Cap (H.R. 3221) for a Mortgage Credit Certificate (MCC) REO Program on a carry-forward basis.

DISCUSSION:

Throughout 2009, the SHRA converted their Allocation in three equal installments. With the first installment completely issued, the second and third installments must be issued by June 26, 2010 and November 16, 2010 respectively. Currently, SHRA has outstanding authority to issue approximately nine (9) more certificates. In order to comply with I.R.S. Code, 20% of the certificates must be issued for use in federally designated target areas. Due to the current conditions in the real estate industry, the SHRA has had difficulty issuing certificates to purchase REO properties that also exist in federally designated target areas.

The SHRA is requesting a modification to the resolution that would lift the use restrictions and permit certificates be issued to non-REO properties for purchase. With this restriction lifted, the SHRA believes they will be able to satisfy the requirement that 20% of certificates be issued in federally designated target areas.

RECOMMENDATIONS:

Staff recommends the approval of a modification to resolution #08-222 allowing outstanding certificates be issued to non-REO properties.

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