

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**November 17, 2010**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**SINGLE FAMILY HOUSING BOND PROGRAM**

*Prepared by: Sarah Lester*

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**Applicant:** California Department of Veterans Affairs (CDVA)

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**Contact Information:**

**Name:** Eric Tiche  
**Address:** 1227 O Street  
Sacramento, CA 95814  
**Phone:** (916) 653-1900

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**Allocation Amount Requested:** \$25,000,000

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**Participating Jurisdictions:** Statewide

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**Program Financing Information:**

**Proposed Issuance Date:** December 1, 2010  
**Bond Counsel:** Hawkins, Delafield & Wood LLP  
**Underwriter:** To be determined (by State Treasurer's Office)  
**Credit Enhancement Provider:** To be determined (by State Treasurer's Office)  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing:** November 9, 2009

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**Allocation Information:**

**Program Status:** Existing Program

**Type of housing units to be assisted/average mortgage amount:**

New construction units:	17 units (13%) with an average mortgage amount of \$254,000
Existing resale units:	115 units (87%) with an average mortgage amount of \$179,000
Rehabilitation units:	<u>0</u> units (0%) with an average mortgage amount of \$000,000
Total units:	132 units with and average mortgage amount of \$188,659

**The above numbers of units are:**       x   Estimates  
   Actual requirements imposed by the Issuer

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**Past Performance:**

The application indicates the applicant expects to meet the 2010 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee approve an amount of \$25,000,000 in 2010 tax-exempt bond allocation to the California Department of Veterans Affairs (CDVA) for the Single Family Housing Bond Program.

**DESCRIPTION OF PROPOSED PROGRAM:**

● ***Population to be served by the proposed Program (family size, income levels, etc.):***

According to the Applicant, the target market for CalVet Home Loans is Veterans. All veterans who desire to purchase a home in California who have served a minimum of 90 days of active duty and have received an honorable discharge or are currently serving honorably are eligible. Although income is not a restriction on eligibility, a significant portion of the veteran population falls into the low and moderate income definition that applies to QMB funds. That would include veterans currently on active duty, retired military, and

● ***Housing stock to be purchased (types, unit sizes, etc.):***

According to the Applicant, the The CalVet Home Loan program purchases single family residences including condominiums and manufactured housing permanently attached to a home site. They loan on both new and existing homes. CDVA also has a construction loan program, which allows the veteran to purchase a home site and have a home constructed. They also state that they have a rehabilitation program, which allows veterans to purchase a home and rehabilitate it. The rehabilitation program provides funds for needed repairs

● ***Specific reservations of bond proceeds such as low-income targeting, new construction, etc.***

According to the Applicant, CalVet does not impose any specific reservations on bond proceeds of other funding sources for sub-groups of the veteran population. The Applicant further states that 20% of the bond proceeds will be reserved for IRS-designated target areas.

● ***Expected duration bond proceeds will be available and anticipated monthly rate of loan originations:***

The Applicant states that the bond proceeds are expected to last 6 to 12 months. Based on the information provide in the application, the rate of loan originations will be approximately 15 loans per month.

● ***Program interest rates, downpayment requirements, and other fees:***

According to the application, based upon current market conditions, it is expected that a 5.75% interest rate will be offered.

● ***Other homebuyers assistance programs offered by participating jurisdiction(s):***

CalVet allows the use of most local homebuyer assistance programs.

● ***Any other features unique to the proposed Program:***

According to the Applicant:

- CalVet is a direct lender
- Low origination costs (origination fee is 1%)
- No underwriting, loan processing, credit report, document preparation, or wire transfer fees
- Low cost fire and hazard insurance that provides a guaranteed replacement cost coverage.
- Affordable disaster insurance program with low loss deductibles

**PURCHASE PRICE INFORMATION:**

The proposed maximum limits are: Maximum purchase price varies from county to county, and are based on the housing price survey. (See Attachment "I" attached)

Expected average sales price of the estimated units to be assisted:

New units	\$254,000
Existing units	\$179,000
Rehabilitated units	\$0

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:**

Maximum income limits will vary from County to County and are based on the higher of the 2010 Statewide median income or the County median income as published by HUD, and adjusted for family size by the California Department of Housing and Community Development.

**Applicable standard that defines the area median income:**

HUD statewide median                       HUD county MSA median

Local median as determined by a special study

**Percent of bond proceeds reserved for IRS-designated target areas in the jurisdiction(s):**      20%

**Proposed maximum income limits:**      (See Attachment "I" attached)