

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits Single-Family Housing Program Pool 2007 Summary

State and local governmental agencies and joint powers authorities can issue tax-exempt mortgage revenue bonds (MRB) or mortgage credit certificates (MCC) to assist first-time homebuyers purchase homes. These agencies and authorities may issue MRBs, the proceeds of which back below market interest rate mortgages. As an alternative to issuing MRBs, state and local governmental agencies and joint power authorities may issue MCCs. The value of the credit equals up to 20% of the interest payments made annually on the program participant's first mortgage. Homebuyers use the MCC to reduce their federal tax liability by applying the credit to their net tax due. Homebuyers may purchase single-family homes; either free-standing detached homes, condominiums or townhouses. Program participants must meet program income limits and must purchase a home that falls within the program's purchase price limitations.

The California Debt Limit Allocation Committee is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2007, California's State ceiling is \$3.098 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Single-Family Housing Program Pool. For calendar year 2007, the Committee reserved approximately \$640 million or 20.7% of the State ceiling for the Single-Family Housing Pool. The \$640 million of bond authority will be allocated throughout the 2007 calendar year.

The Committee awarded a total of \$662,736,677 of the 2007 State Ceiling to the Single-Family Housing. Of this amount, \$65,632,318 was allocated to Mortgage Credit Certificate Programs and \$597,104,359 was allocated to Mortgage Revenue Bond Programs, which includes \$190,000,000 awarded to the California Department of Veterans Affairs. These allocations will assist approximately 2,467 first-time homebuyers, of which at least 989 will be lower income households and approximately 639 will purchase newly constructed homes.

After allocations were made on December 5, 2007, there was a balance of allocation remaining in various pools. In order to ensure that no amount of allocation was lost, the Committee approved the transfer of the remaining \$158,257,154 allocation from the various pools to the Single-Family Housing Program Pool and awarded the allocation to the California Housing Finance Agency on a carryforward basis, which means that the applicant was authorized to carry forward the Allocation to calendar year 2008. The carryforward allocation raised the Single-Family Housing Program Pool award of allocation to a total of \$820,993,831 in 2007. Of this total amount, \$755,361,513 was allocated to Mortgage Revenue Bond Programs and \$65,632,318 was allocated to Mortgage Credit Certificate Programs. The 2007 Single-Family Housing allocations will assist approximately 3,064 first-time homebuyers, of which at least 1,228 will be lower income households and approximately 782 will purchase newly constructed homes.

SUMMARY OF ALLOCATIONS

Mortgage Credit Certificate Programs

<u>AMOUNT ALLOCATED</u>	<u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u>
\$65,632,318	301 Total number of MCCs
	121 Total number of MCCs to low income households
	96 Total number of MCCs to homebuyers purchasing newly constructed homes (32% of total)

Mortgage Revenue Programs

<u>AMOUNT ALLOCATED</u>	<u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u>
\$755,361,513	2,763 Total number of below market interest rate loans
	1,107 Total number of loans to lower income households (40% of total)
	686 Total number of loans to homebuyers purchasing newly constructed homes (25% of total)

TOTAL SINGLE-FAMILY HOUSING PROGRAM

<u>AMOUNT ALLOCATED</u>	<u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u>
<u>\$820,993,831</u>	3,064 Total number of below market interest rate loans and MCCs
	1,228 Total number of loans and MCCs to low income households (40% of total)
	782 Total number of loans and MCCs to homebuyers purchasing newly constructed homes (26% of total)