

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits Single-Family Housing Program Pool July 22, 2009 Allocation

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 2009, California's State ceiling is \$3.308 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 2009, the Committee reserved approximately \$500 million or 15.1% of the State ceiling for the Single-Family Housing Pool. The \$500 million of bond authority will be allocated throughout the 2009 calendar year.

The Committee awarded a total of \$15,822,586 of the 2009 State Ceiling on July 22, 2009 to the Single-Family Housing Program to three (3) local Mortgage Credit Certificate Programs. These allocations will assist approximately 87 first-time homebuyers, of which at least 35 will be lower income households and approximately 19 will purchase newly constructed homes.

SUMMARY OF ALLOCATIONS

Mortgage Credit Certificate Programs

| <u>AMOUNT ALLOCATED</u> | <u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u> |
|-----------------------------|---|
| \$15,822,586 | 87 Total number of MCCs 35 Total number of MCCs to low income households 19 Total number of MCCs to homebuyers purchasing newly constructed homes (22% of total) |

TOTAL SINGLE-FAMILY HOUSING PROGRAM

| <u>AMOUNT ALLOCATED</u> | <u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u> |
|-----------------------------|---|
| <u>\$15,822,586</u> | 87 Total number of below market interest rate loans and MCCs 35 Total number of loans and MCCs to low income households (40% of total) 19 Total number of loans and MCCs to homebuyers purchasing newly constructed homes (22% of total) |
