

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits Single-Family Housing Program Pool July 15, 2015 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 2015, California's State ceiling is \$3.880 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 2015, the Committee reserved approximately \$900 million or 23.2% of the State ceiling for the Single-Family Housing Pool. The \$900 million of bond authority will be allocated throughout the 2015 calendar year.

The Committee awarded \$1,123,400 of the 2015 State Ceiling to one (1) local Mortgage Credit Certificate (MCC) Program issuer and authorized the transfer of \$200,000,000 of unused 2013 California Housing Finance Agency carryforward Single Family Mortgage Revenue Bond allocation for its statewide MCC Program. This allocation will assist approximately 1,005 first-time homebuyers, of which at least 402 will be lower income households.

SUMMARY OF ALLOCATIONS

Mortgage Credit Certificate Programs

| <u>AMOUNT ALLOCATED</u> | <u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u> |
|-----------------------------|--|
| \$201,123,400 | 1,005 Total number of MCCs 402 Total number of MCCs to low income households 202 Total number of MCCs to homebuyers purchasing newly constructed homes (20% of total) |

TOTAL SINGLE-FAMILY HOUSING PROGRAM

| <u>AMOUNT ALLOCATED</u> | <u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u> |
|-----------------------------|--|
| <u>\$201,123,400</u> | 1,005 Total number of MCCs 402 Total number of MCCs to low income households 202 Total number of MCCs to homebuyers purchasing newly constructed homes (20% of total) |
