

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Estimated Public Benefits Single-Family Housing Program Pool Round 4 2003

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 powers 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 2003, California's State ceiling is \$2.633 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 2003, the Committee reserved approximately \$624 million, or 23.7% of the State ceiling for the Single-Family Pool. The \$624 million of bond authority was allocated in four allocation rounds.

After Fourth Round allocations were made, there was a balance of \$86,460,327 remaining in the Rental Project Pool, which consisted of available amounts transferred from other non-housing pools to the Rental Project Pool. In order to ensure that no amount of allocation was lost, the Committee approved the transfer of this remaining balance to the Single Family Housing Program Pool and awarded the allocation to the California Housing Finance Agency (CalHFA) on a carryforward basis.

The CalHFA's single-family housing allocation award in 2004 will be reduced by half of the 2003 carryforward allocation amount; and the local issuers 2004 fair share pool will be increased by the same amount. This will ensure compliance with the Committee's requirement that the Single Family Housing Program Pool be split evenly between CalFHA and local issuers (CDLAC Procedures Section 18.II). This allocation will assist approximately 584 first-time homebuyers, of which at least 234 will be lower income households and approximately 181 will purchase newly constructed homes.

SUMMARY OF ROUND 4 ALLOCATIONS

Mortgage Revenue Bond Programs

<u>AMOUNT ALLOCATED</u>	<u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u>
\$86,460,327	584 Total number of below market interest rate loans 234 Total number of loans to low income households 181 Total number of loans to homebuyers purchasing newly constructed homes (31% of total)

TOTAL SINGLE-FAMILY HOUSING PROGRAM

<u>AMOUNT ALLOCATED</u>	<u>ESTIMATED NUMBER & DESCRIPTION OF PUBLIC BENEFITS</u>
<u>\$86,460,327</u>	584 Total number of below market interest rate loans 234 Total number of loans to low income households 181 Total number of loans to homebuyers purchasing newly constructed homes (31% of total)