



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

FOR IMMEDIATE RELEASE
July 30, 2008

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Treasurer Lockyer Will Move Quickly to Ensure State Receives Maximum Benefit from Federal Package to Help Homeowners and Housing Market Aid Measure Provides \$1.2 Billion in Tax-Exempt Bonds, \$146 Million in Tax Credits

SACRAMENTO – State Treasurer Bill Lockyer today said his office will move quickly to ensure California families fully benefit from roughly \$1.2 billion in tax-exempt bond financing and about \$146 million in tax credits the state will receive under emergency federal legislation to aid homeowners and the ailing housing market. President Bush signed the bill into law today.

“This measure could not come at a better time for California families,” said Lockyer. “The financing will lend crucial help to homeowners struggling with mortgages gone bad and families looking to buy their first home, and provide a much-needed boost for our state’s slumping housing market. My office will move quickly to fully allocate both sources of funding so Californians and our economy get the most out of this package.”

The federal measure will provide California about \$1.2 billion in supplemental tax-exempt bond financing for three categories of eligible housing programs: helping homeowners refinance subprime loans; providing below-market rate loans to first-time homebuyers; construction of low-income rental housing. The California Debt Limit Allocation Committee (CDLAC), chaired by Lockyer as State Treasurer, will decide how to distribute the financing among those categories.

Details on how the program will be implemented have yet to be determined. But Lockyer said CDLAC will put implementation on a fast track to ensure the state meets the legislation’s year-end deadline for allocating the financing. Under the expedited timetable, CDLAC will accept applications in October and work with state and local government bond issuers to allocate all of the financing in December. Once the allocation is made, issuers will have until December 2010 to sell the bonds.

To help attract capital investment in low-income housing, the federal measure also authorizes California to allocate tax credits that will carry a total value of approximately \$146 million through 2019. The California Tax Credit Allocation Committee (CTCAC), also chaired by Lockyer as Treasurer, will distribute the credits to specific projects at its October meeting.

States annually receive a maximum amount of tax-exempt bond financing they can allocate. The cap is based on each state’s population and is set pursuant to federal law. The financing provided under the emergency federal measure augments California’s 2008 allocation of \$3.1 billion. CDLAC administers the state’s tax-exempt bond program and has overall responsibility for making allocation decisions.

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CTCAC administers two low-income housing tax credit programs, one under federal law and the other under state law. Both programs aim to encourage private investment in affordable rental housing for households meeting certain income requirements. The tax credits authorized under the emergency measure are in addition to those already provided by CTCAC this year.

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