

## Memo

The Capital Area HFC (the “CAHFC”) is a nonprofit housing finance corporation formed by a group of nine counties (including Williamson County) and the City of San Marcos. Part of the CAHFC’s mission under state law is to facilitate the financing of housing for low- and moderate-income residents within its jurisdiction. One of the ways in which the CAHFC facilitates single-family homeownership within its jurisdiction is through mortgage revenue bond issuances where the proceeds of the bonds are used to facilitate single family mortgage loans to low- and moderate-income homebuyers at below-market interest rates. While the intent of these programs is an important part of the CAHFC’s mission, such programs are costly to establish and administer. Instead of establishing a new mortgage origination program, the CAHFC has determined that the most effective way to serve its sponsor jurisdictions is to partner with the Texas Department of Housing and Community Affairs (“TDHCA”), which has an established, statewide mortgage revenue bond program, My First Texas Home Program (“MFTH”), which is targeted to first-time homebuyers and veterans.

In order to issue tax-exempt mortgage revenue bonds, an issuer such as the CAHFC or TDHCA must obtain an allocation of private activity bond volume cap from the Texas Bond Review Board. The CAHFC has applied for and been awarded with an allocation of private activity bond volume cap and has determined to assign the volume cap allocation to TDHCA for use in a forthcoming mortgage revenue bond issuance by TDHCA. The proceeds of the bonds issued by TDHCA will be allocated to mortgage loans originated in the CAHFC’s jurisdiction, including Williamson County. The Texas Government Code provides the process by which a housing finance corporation, such as the CAHFC, may assign an allocation of volume cap to TDHCA. As part of this process, the housing finance corporation’s sponsoring political subdivisions must approve of the assignment by resolution. Accordingly, the CAHFC is requesting that Commissioners Court consider the resolution provided by the CAHFC which would authorize the transfer of volume cap to TDHCA.

- CAHFC Benefit:
  - CAHFC will benefit economically through an ongoing fee (4.75bps) received against loans originated, on their behalf, within the CAHFC’s jurisdiction.
  - TDHCA will handle the servicing of the loans, marketing of the program, reporting and compliance tracking for the life of the loan, the CAHFC hands all responsibilities to TDHCA and gets credit for the loans closed.
  - More importantly, the CAHFC can actively and meaningfully participate in financing below-market mortgages to first time homebuyers and veterans.
- TDHCA Benefit:
  - Leveraging existing volume cap, which will assist TDHCA in maintain current bond and MCC issuance levels in an environment where volume cap is becoming increasingly scarce.
- My First Texas Home Program
  - First time homebuyers and veterans only
  - 30-year, low interest rate mortgages
  - Down payment assistance and/or closing cost assistance options of up to 5% of mortgage loan.
    - Assistance options to the borrower in the form of a 0% interest, deferred, repayable 2<sup>nd</sup> lien or a 3-year forgivable 2<sup>nd</sup> lien with a 36-month affordability period.

- Combine with Mortgage Credit Certificate (MCC) Option
- Meet income and property value limits as shown below:

As of July 2023, per Redfin housing data, the current median home price in Williamson County is \$430,000.

TDHCA sets the income and purchase limits for the Program. As of June 19, 2023, income limits and purchase price limits are as follows:

- Targeted Area Income Limits: <sup>1</sup>
  - 1 or 2 person households: 120% AMI (\$140,160)
  - 3 or more persons: 140% AMI (\$163,520)
- Non-Targeted Area Income Limits: <sup>2</sup>
  - 1 or 2 person households: 100% AMI (\$116,800)
  - 3 or more persons: 115% AMI (\$134,320)
- Non-Targeted Area Purchase Limits
  - \$582,624
- Targeted Area Purchase Limits
  - \$712,097

The mortgage rates for the MFTH program are dependent upon current market conditions. The mortgage rates and amounts of DPA is updated regularly and can be found on the Texas Homebuyer Program website under “Rate Notice”.

- As of 8/31/2023, Freddie Mac Primary Mortgage Market Survey for 30-Yr fixed rate mortgage was **7.18%**
- My First Texas Home (MFTH) - 30 Year – Deferred Repayable 2nd Lien DPA
  - MFTH Bond Loan 3pts DPA
    - **6.375%**
  - MFTH Bond Loan 4pts DPA
    - **6.750%**

Helpful Links:

- <https://thetexashomebuyerprogram.com/products/my-first-texas-home>
- <https://thetexashomebuyerprogram.com/uploads/Rate-Notice.pdf?v=1694180673>

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<sup>1</sup> **Targeted Area** is defined as a census tract in which 70% or more of the families have incomes that are 80% or less of the statewide median income or an area on chronic economic distress. Homebuyers purchasing properties located in a Targeted Area purchase price and income limits are generally higher.

- **Williamson County does not have any designated Targeted Areas**

<sup>2</sup> **Non-Targeted Area** is defined as a census tract that does not lie in a Targeted Area.