

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 5, 2007**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by Sarah Lester*

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**Applicant:** Housing Authority of the County of Tulare

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**Contact Information:**

**Name:** Margaret Lowe  
**Address:** 5140 W. Cypress Avenue  
Visalia, CA 93279  
**Phone:** (559) 627-3700 ext. 117

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**Allocation Amount Requested:** \$1,591,267      **Converted MCC Authority:** \$397,817

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**Applicant's Fair Share Amount:** \$1,591,267      **Converted MCC Authority:** \$397,817

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**Participating Jurisdictions:** County of Tulare

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**Allocation Information:**

**Date MCCs will be advertised:** October 5, 2007  
**Expected date of issuance of first MCC:** February 1, 2008  
**Program Status:** Existing program  
**Certificate tax credit rate:** 20%

**Type of housing units to be assisted/average mortgage amount:**

New construction units: 5 units (42%) with an average mortgage amount of \$165,000  
Existing resale units: 7 units (58%) with an average mortgage amount of \$165,000  
Rehabilitation units: 0 units ( %) with an average mortgage amount of \$0  
Totals units: 12 units with an average mortgage amount of \$165,000

**The above numbers of units are:**       X  estimates  
  \_\_\_ actual requirements imposed by the Issuer

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**Past Performance:**

The application indicates the applicant met the 2006 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2007 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee \$1,591,267 in tax-exempt bond allocation, on a carryforward basis, to the Housing Authority of the County of Tulare for the Mortgage Credit Certificate Program. This is the Applicant's 2007 fair share amount.

**DESCRIPTION OF PROPOSED PROGRAM:**

- **Population to be served by the proposed Program (family size, income levels, etc.):**  
 The proposed Program expects to serve a diverse ethnic composition with a minimum of 40% of the households lower income.
  - **Estimated number of first-time homebuyers to be assisted:** 12
  - **Housing stock to be purchased (types, unit sizes, etc.):**  
 According to the Applicant, the housing stock to be purchased will consist of 2-4 bedroom detached single family (fee simple lots) consisting of 1,200-2000 square feet. Purchase price for all existing homes will fall under \$292,500 with most of the MCCs going to resale units.
  - **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**  
 The program will reserve 15% of the certificates for federally designated target areas and 40% for families with incomes of at or below 80% of the area median income adjusted for family size.
  - **Expected duration MCCS will be available and anticipated monthly rate of issuance:**  
 According to the Applicant, MCCs will likely be issued at a rate of 3-4 MCCs per month.
  - **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
 According to the Applicant, the four largest jurisdictions participating in the MCC Program (Tulare County and Cities of Porterville, Tulare and Visalia) have participated financially either with specific homeownership programs or by providing redevelopment set aside funds for affordable housing development. Visalia has a downpayment assistance program using its CDBG and HOME funds. The program covers downpayments, closing costs and up to 20% of the purchase price with a deferred note carried back by the City. Porterville has a downpayment assistance program for households at 80% of county median. The City of Tulare and the County have redevelopment set aside funds for which homeownership assistance programs are currently being planned.
- The Applicant states that also available in the county are CalHFA and ACCESS (taxable bond or no-bond) loans through the California Rural Home Mortgage Finance Authority.
- **Any other features unique to the proposed Program:**  
 None indicated.

**PURCHASE PRICE INFORMATION:**

**The proposed maximum limits are:**

| Unit Type      | Average Area Purchase Price* | Non-Target Area Maximum Purchase Price | Target Area Maximum Purchase price |
|----------------|------------------------------|--|------------------------------------|
| New Units      | \$325,000                    | \$292,500                              | \$357,500                          |
| Existing Units | \$325,000                    | \$292,500                              | \$357,500                          |

\*This is established by (check one):  
 IRS safe harbor limitations  
 As determined by special survey  
 (See application attachment "H" attached)

**Expected average sales prices of the estimated units to be assisted:**

|                     |           |
|---------------------|-----------|
| New units           | \$205,000 |
| Existing units      | \$205,000 |
| Rehabilitated units | N/A       |

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$65,000

**Applicable standard that defines the area median income:**

- HUD statewide median                       HUD county MSA median  
 Local median as determined by a special study  
(See application attachment "I" attached)

**Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s):** 15%

**Proposed maximum income limits:**

| <u>Household Size</u> | <u>Non-Target Area</u> | <u>Target Area</u> |
|-----------------------|------------------------|--------------------|
| 1-2 persons           | \$65,000               | \$78,000           |
| 3+ persons            | \$74,750               | \$91,000           |

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

| <u>Year</u> | <u>Amount of Allocation Awarded</u> | <u>Amount of Allocation Used</u> | <u>Number of MCCs Issued</u> | <u>Status of Outstanding MCC Authority</u> |
|-------------|-------------------------------------|----------------------------------|------------------------------|--|
| 2004        | \$4,064,365                         | \$3,185,050                      | 25                           | \$219,829                                  |
| 2005        | \$0                                 | \$0                              | 0                            | \$N/A                                      |
| 2006        | \$0                                 | \$0                              | 0                            | \$N/A                                      |

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., the Applicant has:

1. Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
2. Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.