THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE May 28, 2008 Staff Report REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by Sarah Lester County of Solano **Applicant: Contact Information:** Lark Ferrell Name: 1000 Webster Street, 2nd Floor Address: Fairfield, CA 94533 **Phone:** (707) 428-7457 **Allocation Amount Requested: Converted MCC Authority:** \$4,000,000 \$1,000,000 **Applicant's Fair Share Amount:** \$2,172,994 **Converted MCC Authority:** \$543,248 **Participating Jurisdictions:** Cities of Dixon, Fairfield, Rio Vista, Suisun City and the County of Solano Allocation Information: Date MCCs will be advertised: March 1, 2008 Expected date of issuance of first MCC: May 29, 2008 **Program Status:** Existing **Certificate tax credit rate:** 15% Type of housing units to be assisted/average mortgage amount: New construction units: 0 units (0%) with an average mortgage amount of \$0 Existing resale units: 13 units (100%) with an average mortgage amount of \$275,000 <u>0</u> units (0%) with an average mortgage amount of \$0 Rehabilitation units: Totals units: 13 units with an average mortgage amount of \$275,000 The above numbers of units are: **X** estimates actual requirements imposed by the Issuer **Past Performance:**

The application has not requested MCC allocation in the past three years.

The application indicates the applicant expects to meet the 2008 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve a reduced amount of \$2,172,994 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.

DESCRIPTION OF PROPOSED PROGRAM:

The proposed Program expects to serve a diverse ethnic composition. The average family size is 5 persons and 40% of the homebuyers will be households with incomes at or below 80% of the area median income.

- Estimated number of first-time homebuyers to be assisted: 13
- *Housing stock to be purchased (types, unit sizes, etc.):* According to the Applicant, it is anticipated that approximately 70% of homes assisted will be existing detached homes. The homes are anticipated to have three bedrooms and two baths. The average purchase price for these homes is expected to be in the range of \$285,000 t0 \$300,000. The remaining 30% of assisted homes are expected to be smaller existing attached condominium units. According to the applicant, these homes typically have two bedrooms and one bath and have average purchase prices below \$200,000.
- *Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:* The program will reserve 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 are expected to be available for 8 months and will likely be issued at a rate of 3 MCCs per month. However, based on the County's fair share amount and the information contained in the application, it is anticipated that MCCs will be issued at a rate of approximately 1 MCCs per month.
- Other homebuyers assistance programs offered by participating jurisdiction(s): According to the Applicant, the City of Dixon operates a down payment assistance program to help low income households purchase homes. The program is funded by \$500,000 from the Dixon Redevelopment Agency and provides deferred loans to eligible homebuyers. The City of Fairfield also offers buyers of resale Below Market Rate (BMR) homes a deferred loan funded by the Fairfield Redevelopment Agency.
- Any other features unique to the proposed Program: None indicated.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

| Unit <u>Type</u> | Average Area <u>Purchase Price</u> * | Non-Target Area Maximum <u>Purchase Price</u> | Target Area Maximum <u>Purchase price</u> |
|---------------------|---|---|---|
| New Units | \$477,355 | \$0 | \$0 |
| Existing Units | \$477,355 | \$0 | \$0 |
| *This is establish | ned by (check one): | <u>X</u> IRS safe harbor lin | mitations |

<u>X</u> 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 | Not Applicable |
|---------------------|----------------|
| Existing units | \$280,000 |
| Rehabilitated units | Not Applicable |

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$74,300

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): 0%

Proposed maximum income limits:

| Household Size | Non-Target Area | Target Area |
|----------------|-----------------|-------------|
| 1-2 persons | \$74,300 | \$0 |
| 3+ persons | \$85,445 | \$0 |

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

| Year | Amount of | Amount of | Number of | Status of Outstanding |
|-------|--------------------|------------------------|--------------------|-----------------------|
| | Allocation Awarded | <u>Allocation Used</u> | <u>MCCs Issued</u> | <u>MCC Authority</u> |
| 2005* | \$0 | \$ | | \$ |
| 2006* | \$0 | \$ | | \$ |
| 2007* | \$0 | \$ | | \$ |

* Applicant did not apply for 2005, 2006 and 2007 MCC allocation.

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.