#### THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

# September 24, 2008 Staff Report

# REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by John Weir

**Applicant:** Housing Authority of the County of Santa Barbara

**Contact Information:** 

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Allocation Amount Requested: \$20,000,000 Converted MCC Authority: \$5,000,000

**Applicant's Fair Share Amount:** \$ 2,817,290 **Converted MCC Authority:** \$ 704,322

**Participating Jurisdictions:** Cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, Solvang, and the County of Santa Barbara.

#### **Allocation Information:**

**Date MCCs will be advertised: Expected date of issuance of first MCC:**July 22, 2008
October 31, 2008

**Program Status:** Existing Certificate tax credit rate: 20%

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

New construction units:

Existing resale units:

Rehabilitation units:

Totals units:

3 units (20%) with an average mortgage amount of \$ 250,000

10 units (80%) with an average mortgage amount of \$ 260,000

2 units (0%) with an average mortgage amount of \$N/A

13 units with an average mortgage amount of \$257,917

**The above numbers of units are:** X estimates

actual requirements imposed by the Issuer

#### **Past Performance:**

The application indicates the applicant met the 2007 minimum performance requirement that at least 40% of the program participants are lower-income households.

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 \$2,817,290 in tax-exempt bond allocation, which is the Applicant's 2008 fair share amount.

## **DESCRIPTION OF PROPOSED PROGRAM:**

According to the applicant, the proposed Program expects to serve a diverse ethnic composition. The population to be served predominantly includes seniors, single heads of households, and those supporting large families on limited incomes.

- Estimated number of first-time homebuyers to be assisted: 13
- Housing stock to be purchased (types, unit sizes, etc.):

  According to the Applicant, the housing stock to be purchased will consist of detached single family dwellings and condominiums, with a range of 1200 to 1900 square feet and resale prices averaging \$200,000 to \$350,000 depending on age, size and location.
- Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.: The program will reserve 20% 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 1 MCCs per month.
- Other homebuyers assistance programs offered by participating jurisdiction(s):
  According to the Applicant, other assistance programs include First Time Homebuyer assistance via deferred interest loans, BMR units and HOME funds.
- Any other features unique to the proposed Program: None indicated.

## **PURCHASE PRICE INFORMATION:**

## The proposed maximum limits are:

Unit Type		rage Area hase Price*	Non-Target Area Maximum <u>Purchase Price</u>	Target Area Maximum <u>Purchase price</u>
New Units Existing Units	\$ \$	477,355 477,355	\$ 429,619 \$ 429,619	\$ 525,090 \$ 525,090
*This is established by (check one):			<ul><li>(X) IRS safe harbor limitations</li><li>( ) As determined by special survey</li></ul>	

(See application attachment "H" attached)

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

New units	\$300,000
Existing units	\$310,000
Rehabilitated units	\$N/A

## **MAXIMUM INCOME LIMITATIONS:**

Area median income on which maximum program limits are based: \$67,800

## Applicable standard that defines the area median income:

- (X) 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): 20%

## **Proposed maximum income limits:**

<u>Household Size</u>	Non-Target Area		<u>Target Area</u>	
1-2 persons	\$	67,800	\$80,360	
3+ persons	\$	77,970	\$93,564	

## **DESCRIPTION OF PUBLIC BENEFITS:**

## **Past Program Performance:**

Year	Amount of Allocation Awarded	Amount of Allocation Used	Number of MCCs Issued	Status of Outstanding MCC Authority
2005	\$ 4,841,886	\$4,801,698	25	\$10,047
2006	\$0	\$0	0	\$0
2007	\$0	\$0	0	\$0

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.